香港交易及結算所有限公司及香港聯合交易所有限公司對本公佈的內容概不負責，對其準確性或完整性亦不發表任何聲明，並明確表示概不就因本公佈全部或任何部分內容而產生或因依賴該等內容而引致的任何損失承擔任何責任。

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恒大地產集團®
EVERGRANDE REAL ESTATE GROUP

Evergrande Real Estate Group Limited
恒大地產集團有限公司

(於開曼群島註冊成立的有限責任公司)

(股份代號：3333)

建議發行
擔保優先票據

本公司擬進行國際發售一次性還款的擔保優先票據，並將於2010年1月13日起向亞洲、歐洲及美國機構投資者進行一連串路演簡介會。有關這次發售，本公司將向若干機構投資者提供本集團尚未公開的最新企業及財務資料，包括自本公司於2009年11月5日進行首次公開發售以來之前未有公開的最新風險因素、管理層討論及分析、項目資料、關連方交易及債務資料。本公佈隨附該等近期資料的節錄，並大約於向機構投資者發放有關資料的同時在本公司網頁*www.evergrande.com*可供查閱。

建議發行票據之完成須視乎市況及投資者興趣而定。美銀美林作為獨家全球協調人，及美銀美林、高盛及中銀國際作為聯席牽頭經辦人兼聯席賬簿管理人負責經辦建議發行票據。本公司擬應用發行所得款項以悉數償還結構擔保貸款尚未償還的本金，以及為集團現有及新增物業項目提供資金及作一般企業用途。本公司或會因應市況變化而調整其收購及發展計劃，並因而重新調配所得款項用途。

本公司已經收到新加坡交易所原則上同意票據於新加坡交易所上市。票據被准許於新交所上市不應被視為本公司或票據的價值指標。

由於截至本公佈日期尚未就建議發行票據訂立任何具約束力的協議，故建議發行票據不一定會實現。本公司投資者及股東於買賣本公司證券時務須審慎行事。倘簽訂購買協議，本公司將就建議發行票據另行刊發公佈。

建議發行票據

緒言

本公司擬進行國際發售一次性還款的擔保優先票據，並將於2010年1月13日起向亞洲、歐洲及美國機構投資者進行一連串路演簡介會。有關這次發售，本公司將向若干機構投資者提供本集團尚未公開的最新企業及財務資料，包括自本公司於2009年11月5日進行首次公開發售以來之前未有公開的最新風險因素、管理層討論及分析、項目資料、關連方交易及債務資料。本公佈隨附該等近期資料的節錄，並大約於向機構投資者發放有關資料的同時在本公司網頁*www.evergrande.com*可供查閱。

建議發行票據之完成須視乎市況及投資者興趣而定。美銀美林作為獨家全球協調人，及美銀美林、高盛及中銀國際作為聯席牽頭經辦人兼聯席賬簿管理人負責經辦建議發行票據。

票據將僅會由(i)美銀美林及高盛於美國境內(a)根據美國證券法項下第144A條例所提供的註冊豁免向合資格機構買家以要約形式發售，及(b)在豁免進行證券法之註冊規定之交易中，透過彼等各自之美國經紀商聯屬公司向數目有限之機構認可投資者以要約形式發售，以及(ii)由美銀美林、高盛及中銀國際根據證券法項下S規例於美國境外以要約形式發售。票據概不會向香港公眾人士發售，而票據亦不會向本公司任何關連人士配售。

進行建議發行票據之原因

本集團是優質住宅物業項目最大開發商之一，並為標準化運營的精品地產領導者，項目遍布中國各大城市。本集團在1996年創立於廣東省廣州市，憑藉規模優勢、強大的品牌優勢，以及管理團隊的領導，得以成為全國首屈一指的物業開發商。多年來，本集團通過緊密型集團化管理模式，實施標準化運營及優質產品，將本集團在廣州開發精品地產的成功經驗迅速複製到全國項目。通過標準化運營模式，本集團能夠同步管理截至2009年9月30日遍布24個具高增長潛力城市中的17個省會或直轄市、處於不同發展及銷售階段的地產項目，當中包括廣州、天津、重慶、瀋陽、成都、武漢、南京、西安、長沙、太原及昆明等。於2009年9月30日後，本集團已擴展業務至海南省省會海口市。

建議發行票據旨在讓本公司集資作下文所載用途，同時多元化擴展其資金渠道及延長債務到期期限。進行建議發行票據之所得款項將由本公司用作悉數償還結構擔保貸款尚未償還的本金，以及為集團現有及新增物業項目提供資金及作一般企業用途。本公司或會因應市況變化而調整其收購及發展計劃，並因而重新調配所得款項用途。

上市

本公司已經收到新加坡交易所原則上同意票據於新加坡交易所上市。票據被准許於新交所上市不應被視為本公司或票據的價值指標。本公司並無尋求安排票據在香港上市。

一般事項

由於截至本公佈日期尚未就建議發行票據訂立任何具約束力的協議，故建議發行票據不一定會實現。本公司投資者及股東於買賣本公司證券時務須審慎行事。

倘簽訂購買協議，本公司將就建議發行票據另行刊發公佈。

釋義

於本公佈內，除文義另有所指外，下列詞彙具備以下涵義：

「董事局」	指	董事局
「中銀國際」	指	中銀國際亞洲有限公司，為有關發售及銷售票據的聯席牽頭經辦人兼聯席賬簿管理人之一
「美銀美林」	指	Merrill Lynch International，為有關發售及銷售票據的獨家全球協調人以及聯席牽頭經辦人兼聯席賬簿管理人之一
「本公司」	指	恒大地產集團有限公司，於開曼群島註冊成立的有限公司，其股份在聯交所主板上市
「關連人士」	指	具上市規則所賦予涵義
「董事」	指	本公司董事
「高盛」	指	高盛(亞洲)有限責任公司，為有關發售及銷售票據的聯席牽頭經辦人兼聯席賬簿管理人之一
「本集團」	指	本公司及其子公司
「香港」	指	中國香港特別行政區
「初步買家」	指	美銀美林、高盛及中銀國際
「上市規則」	指	聯交所證券上市規則
「票據」	指	將由本公司發行的擔保優先票據
「發售價」	指	最終銷售票據的價格
「中國」	指	中華人民共和國
「建議發行票據」	指	本公司建議發行票據
「購買協議」	指	由(其中包括)本公司、美銀美林、高盛及中銀國際就建議發行票據訂立的協議
「證券法」	指	1933年美國證券法(經修訂)

「新交所」	指	新加坡證券交易所有限公司(Singapore Exchange Securities Trading Limited)
「聯交所」	指	香港聯合交易所有限公司
「結構擔保貸款」	指	本集團於2007年借入的本金總額約4.329億美元的結構擔保貸款，其中約1.756億美元已由本公司以其首次公開發售所得款項償還
「美元」	指	美元

承董事會命
恒大地產集團有限公司
主席
許家印

香港，2010年1月11日

於本公佈日期，執行董事為許家印博士、夏海鈞先生、李鋼先生、謝惠華先生、徐湘武先生、徐文先生、賴立新先生及何妙玲女士；獨立非執行董事為余錦基先生、周承炎先生及何琦先生。

TABLE OF CONTENTS

CERTAIN DEFINITIONS, CONVENTIONS AND CURRENCY PRESENTATION

We have prepared this document using a number of conventions, which you should consider when reading the information contained herein. When we use the terms "we," "us," "our," the "Company" and words of similar import, we are referring to Evergrande Real Estate Group Limited itself, or to Evergrande Real Estate Group Limited and its consolidated subsidiaries, as the context requires.

Market data, industry forecast and PRC and property industry statistics in this document have been obtained from both public and private sources, including market research, publicly available information and industry publications. Although we believe this information to be reliable, it has not been independently verified by us and neither we and our advisors make any representation as to the accuracy or completeness of that information. In addition, third-party information providers may have obtained information from market participants and such information may not have been independently verified. Due to possibly inconsistent collection methods and other problems, such statistics herein may be inaccurate. You should not unduly rely on such market data, industry forecast and PRC and property industry statistics.

In this document, all references to "US$" and "U.S. dollars" are to United States dollars, the official currency of the United States of America, or the United States or U.S.; all references to "HK$" and "H.K. dollars" are to Hong Kong dollars, the official currency of the Hong Kong Special Administrative Region of the PRC, or Hong Kong or HK; and all references to "RMB" or "Renminbi" are to Renminbi, the official currency of the People's Republic of China, or China or the PRC.

We record and publish our financial statements in Renminbi. Unless otherwise stated in this document, all translations from Renminbi amounts to U.S. dollars were made at the rate of RMB 6.8302 to US$1.00, the noon buying rate in New York City for cable transfers payable in Renminbi as certified for customs purposes by the Federal Reserve Bank of New York on June 30, 2009, and all translations from H.K. dollars into U.S. dollars were made at the rate of HK$7.7500 to US$1.00, the noon buying rate in New York City for cable transfers payable in H.K. dollars as certified for customs purposes by the Federal Reserve Bank of New York on June 30, 2009. No representation is made that the Renminbi amounts referred to herein have been, could have been or could be converted into U.S. dollars or H.K. dollars, or vice versa, at any particular rate or at all. For further information relating to the exchange rates, see the section entitled "Exchange Rate Information."

References to "PRC" and "China," for the statistical purposes of this document, except where the context otherwise requires, do not include Hong Kong, Macau Special Administrative Region of the PRC, or Macau, or Taiwan. "PRC government" or "State" means the central government of the PRC, including all political subdivisions (including provincial, municipal and other regional or local governments) and instrumentalities thereof, or, where the context requires, any of them.

Our financial statements are prepared in accordance with Hong Kong Financial Reporting Standards, or HKFRS, which differ in certain respects from generally accepted accounting principles in certain other countries. The material differences between HKFRS and generally accepted accounting principles in the United States, or U.S. GAAP, are described in the section entitled "Summary of Certain Differences between HKFRS and U.S. GAAP."

References to "share" are to, unless the context indicates otherwise, an ordinary share, with a nominal value of US$0.01, in our share capital.

References to the "Reorganization" are to the corporate reorganization we underwent shortly before our initial public offering listed on The Stock Exchange of Hong Kong Limited, or the Hong Kong Stock Exchange, in November 2009, or our IPO.

References to the "Structured Secured Loan" are to our structured secured loan in the original principal amount of approximately US$432.9 million we raised in August 2007 as disclosed in more detail in the sections entitled "Our Corporate History and Structure — Reorganization and Introduction of Investors — Structured Secured Loan," "Description of Material Indebtedness and Other Obligations — Structured Secured Loan" and "Management's Discussion and Analysis of Financial Condition and Results of Operations — Indebtedness — Structured Secured Loan."

A property is considered sold after we have executed the purchase contract with a customer and have delivered the property to the customer. All site area and gross floor area, or GFA, information presented in this document represent the site area and GFA of the entire project, including those attributable to the minority shareholders of our non-wholly owned project companies.

In this document, unless the context otherwise requires, all references to "affiliate" are to person or entity directly or indirectly controlled by, or under the direct or indirect common control of, another person or entity; all references to "subsidiary" are used with the meaning ascribed to it in the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange, as amended, or the Listing Rules, which includes: (i) a "subsidiary undertaking" as defined in the twenty-third schedule to the Companies Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, or the Companies Ordinance, (ii) any entity which is accounted for and consolidated in the audited consolidated accounts of another entity as a subsidiary pursuant to HKFRS or International Financial Reporting Standards, as applicable and (iii) any entity which will, as a result of acquisition of its equity interest by another entity, be accounted for and consolidated in the next audited consolidated accounts of such other entity as a subsidiary pursuant to HKFRS or International Financial Reporting Standards, as applicable; all references to "associate" are used with the meaning ascribed thereto under the Listing Rules, which includes: (i) in relation to an individual, his spouse and children under the age of 18, certain trustees, his or his family holding companies, as well as companies over which he, his family, trustee interests and holding companies exercise at least 30% voting power, (ii) in relation to a company, its subsidiaries, its holding companies, subsidiaries of such holding companies, certain trustees, as well as companies over which such company and its subsidiaries, trustee interests, holding companies and subsidiaries of such holding companies together exercise at least 30% voting power and (iii) in the context of connected transactions, certain connected persons and enlarged family members of a director, chief executive or substantial shareholder of a listed issuer; and all references to controlling shareholder are used with the meaning ascribed thereto under the Listing Rules, including any person or group of persons who are entitled to exercise 30% or more of the voting power at our general meetings or are in a position to control the composition of a majority of our board of directors, and "controlling interest" will be construed accordingly.

In this document, a land grant contract refers to a state-owned land use rights grant contract (國有土地使用權出讓合同) between a developer and the relevant PRC governmental land administrative authorities, typically the local state-owned land bureaus.

In this document, a land use rights certificate refers to a state-owned land use rights certificate (國有土地使用證) issued by a local real estate and land resources bureau with respect to the land use rights; a construction land planning permit refers to a construction land planning permit (建設用地規劃許可證) issued by local urban zoning and planning bureaus or equivalent authorities in China; a construction works planning permit refers to a construction works planning permit (建設工程規劃許可證) issued by local urban zoning and planning bureaus or equivalent authorities in China; a construction permit refers to a construction works commencement permit (建築工程施工許可證) issued by local construction committees or equivalent authorities in China; a pre-sale permit refers to a commodity property pre-sale permit (商品房預售許可證) issued by local housing and building administrative bureaus or equivalent authorities with respect to the pre-sale of relevant properties; a certificate of completion refers to a construction project planning inspection and clearance certificate (建設工程規劃驗收合格證) issued by local urban zoning and planning bureaus or equivalent authorities or equivalent certificate issued by relevant authorities in China with respect to the completion of property projects subsequent to their on-site examination and inspection; and a property ownership certificate refers to a property ownership and land use rights certificate (房地產權證) issued by a local real estate and land resources bureau with respect to the land use rights and the ownership rights of the buildings on the relevant land.

Totals presented in this document may not total correctly because of rounding of numbers.

FORWARD-LOOKING STATEMENTS

This document contains forward-looking statements that are, by their nature, subject to significant risks and uncertainties. These forward-looking statements include statements relating to:

- our business and operating strategies;
- our capital expenditure and property development plans;
- the amount and nature of, and potential for, future development of our business;
- our operations and business prospects;
- various business opportunities that we may pursue;
- the interpretation and implementation of the existing rules and regulations relating to land appreciation tax and its future changes in enactment, interpretation or enforcement;
- the prospective financial information regarding our businesses;
- availability and costs of bank loans and other forms of financing;
- our dividend policy;
- projects under development or held for future development;
- the regulatory environment of our industry in general;
- the performance and future developments of the property market in China or any region in China in which we may engage in property development;
- changes in political, economic, legal and social conditions in China, including the specific policies of the PRC central and local governments affecting the regions where we operate, which affect land supply, availability and cost of financing, pre-sale, pricing and volume of our property development projects;
- significant delay in obtaining the various permits, proper legal titles or approvals for our properties under development or held for future development;
- timely repayments by our purchasers of mortgage loans guaranteed by us;
- changes in competitive conditions and our ability to compete under these conditions;
- the performance of the obligations and undertakings of the third-party contractors under various construction, building, interior decoration, material and equipment supply and installation contracts;
- changes in currency exchange rates; and
- other factors beyond our control.

In some cases, you can identify forward-looking statements by such terminology as "may," "will," "should," "could," "would," "expect," "intend," "plan," "anticipate," "going forward," "ought to," "seek," "project," "forecast," "believe," "estimate," "predict," "potential" or "continue" or the negative of these terms or other comparable terminology. Such statements reflect the current views of our management with respect to future events, operations, results, liquidity and capital resources and are not guarantee of future performance and some of which may not materialize or may change. Although we believe that the expectations reflected in these forward-looking statements are reasonable, we cannot assure you that those expectations will prove to be correct, and you are cautioned not to place undue reliance on such statements. In addition, unanticipated events may adversely affect the actual results we achieve. Important factors that could cause actual results to differ materially from our expectations are disclosed under the section entitled "Risk Factors" in this document. Except as required by law, we undertake no obligation to update or otherwise revise any forward-looking statements contained in this document, whether as a result of new information, future events or otherwise after the date of this document. All forward-looking statements contained in this document are qualified by reference to the cautionary statements set forth in this section.

SUMMARY

This summary does not contain all the information that may be important to you.

Overview

We are one of the largest developers of quality residential property projects and a leader in adopting a standardized operational model to manage our various projects in different cities across China. Founded in Guangzhou, Guangdong Province, in 1996, we have become a leading national property developer through our economies of scale and widely recognized brand name under the leadership of our management team. Over the years, our focus on centralized management system, standardized operational model and quality products has allowed us to quickly replicate our success in Guangzhou and across China. Through our standardized operational model, we have been able to simultaneously manage projects in various development and sale stages in 24 cities with high-growth prospects as of September 30, 2009, of which 17 are provincial capitals or municipalities, including Guangzhou, Tianjin, Chongqing, Shenyang, Chengdu, Wuhan, Nanjing, Xi'an, Changsha, Taiyuan and Kunming. Subsequent to September 30, 2009, we further expanded our operations into Haikou city, the provincial capital of Hainan province.

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

According to a report published on October 9, 2009 by China Real Estate Appraisal, a non-profit professional evaluation institution, and CRIC Holdings Limited, or CRIC, we were ranked No. 1 among property developers in China in terms of the total land reserves and GFA under construction as of September 30, 2009. We were also ranked No. 1 among property developers in China in terms of GFA pre-sold for the nine months ended September 30, 2009, and were among the top five property developers in China in terms of aggregate value of the sales and pre-sales contracts entered into, or contracted sales, for the nine months ended September 30, 2009. In addition, we were ranked No. 1 among property developers in China in terms of GFA pre-sold and contracted sales for the three months ended September 30, 2009. CRIC is a subsidiary of E-House China Holdings Limited, or E-House, a New York Stock Exchange listed company, which specializes in providing third-party real estate information and consulting services in the PRC property market. We have not commissioned China Real Estate Appraisal and CRIC for this report. For more information about our relationship with E-House, you may refer to the section entitled "Business — Property Development — Sales and Marketing."

We have the largest land reserves among all PRC property developers, with a total GFA of approximately 51.2 million square meters of high-quality and low-cost land as of September 30, 2009 with an average cost of approximately RMB 445 per square meter. Subsequent to September 30, 2009, we further acquired land with a total GFA of approximately 3,852,842 square meters with an average cost of approximately RMB 577 per square meter. We focus on provincial capitals and municipalities with high-growth potentials and our land reserves cover the most provincial capitals and municipalities among all PRC property developers. As of September 30, 2009, we had a total of 54 property projects, more than 83% of which were urban projects in provincial capitals or municipalities. As of September 30, 2009, we had completed development of a total GFA of approximately 4.1 million square meters since our inception, and we had properties under development with a total GFA of 41.9 million square meters, and properties held for future development with a total GFA of 9.3 million square meters.

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

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

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

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

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

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

We strive to provide high-quality residential products to the market by focusing on every step of the development process, from site selection, planning, landscaping, construction to fitting-out and property management. We aim to deliver "best-in-class" end-products to our customers. Over the years, our products have gained a wide brand recognition among consumers as reflected by our strong contracted sales and sales records. For the year ended December 31, 2009, our contracted sales amounted to approximately RMB 30.3 billion, as compared to approximately RMB 6.0 billion for the year ended December 31, 2008, representing an approximately five-time increase. Based on our management account, our total cash (including cash equivalents and restricted cash) amounted to RMB 12,701 million as of December 30, 2009, representing approximately 149.0% increase from that of June 30, 2009.

Our Competitive Strengths

We believe that we possess the following principal strengths that enable us to compete in the residential property markets in China:

- We are a leader of the standardized operational model for large-scale quality property developments;

- We have strategically acquired large low-cost land reserves, with 51.2 million square meters in 24 cities across China as of September 30, 2009, focusing on provincial capitals with high growth potentials;

- We have leveraged our industry-leading brand name and strategic partnerships with renowned suppliers to develop quality products that are well-recognized by the market;

- We offer a comprehensive product mix that caters to different market segment demands;
- We are able to effectively control our costs at every stage of the project development;
- We possess a highly experienced and stable management team with proven execution capabilities to adapt and respond to market changes; and
- We have proven capability to develop projects and achieve asset turnover rapidly.

You should refer to the section entitled "Business — Our Competitive Strengths" for further information about these strengths.

Our Business Strategies

Our principal business strategies are:

- Continue to optimize and leverage our standardized operational model;
- Maintain a comprehensive product offering with a primary focus on residential properties;
- Focus on product quality to enhance our brand;
- Maintain sufficient stock of low-cost land reserves for future development needs;
- Continue to pursue scale and rapid property project development; and
- Focus strategically on geographic locations with attractive demand fundamentals.

You should refer to the section entitled "Business — Business Strategies" for further information about these strategies.

General Information

We were incorporated in the Cayman Islands on June 26, 2006 as an exempted company with limited liability, with registered number MC-169971. Our principal place of business in China is at 23rd Floor, Talent Building, 45 Tianhe Road, Guangzhou, Guangdong Province 510075, PRC. Our place of business in Hong Kong is at 1201 Two Pacific Place, 88 Queensway, Hong Kong. Our registered office is located at Ugland House, P.O. Box 309, Grand Cayman, KY1-1104, Cayman Islands. Our website is www.evergrande.com. Information contained on our website does not constitute part of this document.

Summary Consolidated Financial and Other Data

The following table presents our summary financial and other data. The summary consolidated statement of comprehensive income data for the years ended December 31, 2006, 2007, 2008 and the six months ended June 30, 2009 and the summary consolidated balance sheet data as of December 31, 2006, 2007, 2008 and June 30, 2009 set forth below (except for EBITDA data) have been derived from our consolidated financial statements for such years/period and as of such dates, as audited by PricewaterhouseCoopers, independent certified public accountants, and included elsewhere in this document. The summary consolidated statement of comprehensive income data for the six months ended June 30, 2008 set forth below (except for EBITDA data) have been derived from our unaudited consolidated financial statements included elsewhere in this document. The unaudited consolidated financial statements for the six months ended June 30, 2008 contain all adjustments that our management believes are necessary for the fair presentation of such information. Results for interim period are not indicative of results for the full year. Our financial statements have been prepared and presented in accordance with HKFRS, which differ in certain respects from U.S. GAAP and generally accepted accounting principles in other jurisdictions. The summary financial data below should be read in conjunction with the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and the notes to those statements included elsewhere in this document.

Summary Consolidated Statement of Comprehensive Income and Other Financial Data

	Year ended December 31,				Six months ended June 30,		
	2006	2007	2008		2008	2009	
	(RMB)	(RMB)	(RMB)	(US$)	(RMB) (unaudited)	(RMB)	(US$)
	(in thousands)						
Revenue	1,983,304	3,166,692	3,606,791	528,065	2,525,413	1,635,130	239,397
Cost of sales	(1,426,278)	(1,945,261)	(2,124,420)	(311,033)	(1,585,279)	(1,089,782)	(159,553)
Gross profit	557,026	1,221,431	1,482,371	217,032	940,134	545,348	79,844
Fair value gains on investment properties	300,103	657,067	77,415	11,334	107,912	299,657	43,872
Other gains	25,904	796,877	531,090	77,756	485,883	301,094	44,083
Selling and marketing costs	(63,640)	(220,651)	(665,299)	(97,405)	(278,161)	(415,259)	(60,797)
Administrative expenses	(150,964)	(470,579)	(545,273)	(79,833)	(218,146)	(349,034)	(51,102)
Other operating expenses	(19,572)	(23,356)	(34,439)	(5,042)	(24,243)	(6,187)	(906)
Operating profit	648,857	1,960,789	845,865	123,842	1,013,379	375,619	54,994
Fair value change on embedded financial derivatives	(2,515)	(562,684)	—	—	—	—	—
(Provisions)/reversals of financial guarantees	—	—	(65,997)	(9,663)	(32,315)	146,341	21,426
Finance (costs)/income, net	(55,809)	118,765	186,520	27,308	183,980	(12,308)	(1,802)
Profit before income tax	590,533	1,516,870	966,388	141,487	1,165,044	509,652	74,618
Income tax (expenses)/credit	(265,074)	(437,766)	(333,958)	(48,894)	(304,480)	12,708	1,861
Profit for the year/period	325,459	1,079,104	632,430	92,593	860,564	522,360	76,479
Other comprehensive income:							
Gain/loss recognised directly in equity	—	—	—	—	—	—	—
Total comprehensive income for the year/period	325,459	1,079,104	632,430	92,593	860,564	522,360	76,479
Attributable to:							
Shareholders of the Company	325,459	1,081,533	524,760	76,829	759,883	500,172	73,229
Minority interests	—	(2,429)	107,670	15,764	100,681	22,188	3,250
	325,459	1,079,104	632,430	92,593	860,564	522,360	76,479
Dividends	493,518	—	125,651	18,396	125,651	—	—
Other Financial Data							
EBITDA(1)	366,136	1,350,336	809,912	118,578	923,510	109,172	15,983
EBITDA margin(2)	18.5%	42.6%	22.5%	22.5%	36.6%	6.7%	6.7%

(1) EBITDA for any period consists of profit from operating activities before fair value gains on the investment properties plus depreciation and amortization expenses. EBITDA is not a standard measure under HKFRS. EBITDA is a widely used financial indicator of a company's ability to service and incur debt. EBITDA should not be considered in isolation or construed as an alternative to cash flows, net income or any other measure of financial performance or as an indicator of our operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities. EBITDA does not account for taxes, interest expense or other non-operating cash expenses. In evaluating EBITDA, we believe that investors should consider, among other things, the components of EBITDA such as sales and operating expenses and the amount by which EBITDA exceeds capital expenditures and other charges. We have included EBITDA because we believe it is a useful supplement to cash flow data as a measure of our performance and our ability to generate cash flow from operations to cover debt service and taxes. EBITDA presented herein may not be comparable to similarly titled measures presented by other companies. Investors should not compare our EBITDA to EBITDA presented by other companies because not all companies use the same definition. See the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations — Non-GAAP Financial Measures" for a reconciliation of our profit for the year/period under HKFRS to our definition of EBITDA.

(2) EBITDA margin is calculated by dividing EBITDA by revenue.

Summary Consolidated Balance Sheet Data

	December 31,			June 30,	
	2006	2007	2008	2009	
	(RMB)	(RMB)	(RMB) (in thousands)	(RMB)	(US$)
ASSETS					
Non-current assets					
Property and equipment	46,781	217,978	450,141	389,815	57,072
Land use rights	378,622	470,820	250,868	278,606	40,790
Investment properties	847,487	1,571,468	1,741,390	2,148,108	314,501
Other receivables	—	—	281,849	290,351	42,510
Deferred income tax assets	19,957	123,904	324,364	401,461	58,777
	1,292,847	2,384,170	3,048,612	3,508,341	513,650
Current assets					
Land use rights	1,158,544	6,514,092	8,644,245	10,202,174	1,493,686
Properties under development	1,083,477	3,287,017	9,049,192	11,320,250	1,657,382
Completed properties held for sale	290,339	986,962	2,240,713	3,291,744	481,940
Trade and other receivables and prepayments	1,918,580	4,845,432	3,590,360	2,931,573	429,207
Income tax recoverable	8,128	—	31,816	100,707	14,744
Restricted cash	386,092	1,725,849	1,167,942	2,126,399	311,323
Cash and cash equivalents	1,655,970	1,640,863	749,718	2,974,188	435,447
	6,501,130	19,000,215	25,473,986	32,947,035	4,823,729
Total assets	7,793,977	21,384,385	28,522,598	36,455,376	5,337,379
EQUITY					
Capital and reserves attributable to shareholders of the Company					
Share capital	125,000	125,000	209,332	209,332	30,648
Share premium	—	—	6,000,560	6,000,560	878,534
Reserves	(744,315)	(640,465)	389,837	389,837	57,075
Retained earnings	110,981	1,153,145	1,662,139	2,162,311	316,581
	(508,334)	637,680	8,261,868	8,762,040	1,282,838
Minority interests	—	213,593	321,263	244,651	35,819
Total equity	(508,334)	851,273	8,583,131	9,006,691	1,318,657
LIABILITIES					
Non-current liabilities					
Borrowings	1,425,721	8,915,516	4,226,413	3,877,886	567,756
Convertible Preferred Shares	2,830,322	3,153,928	—	—	—
Embedded financial derivatives	294,232	816,436	—	—	—
Deferred income tax liabilities	422,762	482,137	451,527	441,987	64,711
	4,973,037	13,368,017	4,677,940	4,319,873	632,467
Current liabilities					
Borrowings	829,662	646,200	6,213,843	6,294,425	921,558
Trade and other payables	857,081	4,194,060	4,469,168	5,122,154	749,926
Receipt in advance from customers	1,472,096	1,763,544	3,503,265	10,765,988	1,576,233
Financial guarantee liabilities	—	—	197,403	51,062	7,476
Current income tax liabilities	170,435	561,291	877,848	895,183	131,062
	3,329,274	7,165,095	15,261,527	23,128,812	3,386,255
Total liabilities	8,302,311	20,533,112	19,939,467	27,448,685	4,018,722
Total equity and liabilities	7,793,977	21,384,385	28,522,598	36,455,376	5,337,379
Net current assets	3,171,856	11,835,120	10,212,459	9,818,223	1,437,474
Total assets less current liabilities	4,464,703	14,219,290	13,261,071	13,326,564	1,951,124

You should carefully consider the risks and uncertainties described below and other information contained in this document before making an investment decision. The risks and uncertainties described below may not be the only ones that we face. Additional risks and uncertainties that we are not aware of or that we currently believe are immaterial may also adversely affect our business, financial condition or results of operations. If any of the possible events described below occur, our business, financial condition or results of operations could be materially and adversely affected.

Risks Relating to Our Business

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

Our business is subject to extensive governmental regulation. As with other PRC property developers, we must comply with various requirements mandated by the PRC laws and regulations, including the policies and procedures established by local authorities designed to implement such laws and regulations. In particular, the PRC government exerts considerable direct and indirect influence on the development of the PRC property sector by imposing industry policies and other economic measures, such as control over the supply of land for property development, control of foreign exchange, property financing, taxation and foreign investment. Through these policies and measures, the PRC government may restrict or reduce land available for property development, raise benchmark interest rates of commercial banks, place additional limitations on the ability of commercial banks to make loans to property developers and property purchasers, and impose additional taxes and levies on property sales and restrict foreign investment in the PRC property sector. Many of the property industry policies carried out by the PRC government are unprecedented and are expected to be refined and improved over time. Other political, economic and social factors may also lead to further adjustments and changes of such policies. Although in the second half of 2008 and in 2009, in order to combat the impact of the global economic slowdown, the PRC government adopted measures to encourage domestic consumption in the residential property market and support real estate development, we cannot assure you that such economic rescue measures will be long-lived. Such property industry policies, including their refinement and adjustment, may not necessarily have a positive effect on our operations or our future business development. The favorable policy changes since the second half of 2008 may be revised or terminated by the PRC government from time to time as a result of changes in market conditions. For example, in December 2009 and January 2010, the PRC government adjusted some of its policies in order to enhance regulation in the property market, restrain property purchases for investment or speculation purposes and keep property prices from rising too quickly in certain cities. At the same time, the PRC government abolished certain preferential treatment relating to business taxes payable upon transfers of residential properties by property owners and imposed more stringent requirements on the payment of land premium by property developers. In addition, we cannot assure you that the PRC government will not adopt additional and more stringent industry policies, regulations and measures in the future. If we fail to adapt our operations to new policies, regulations and measures that may come into effect from time to time with respect to the real property industry, or such policy changes disrupt our business or cause us to incur additional costs, our business prospects, results of operations and financial condition may be materially and adversely affected.

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

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

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

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

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

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

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

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

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

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

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

Our gearing ratio, as calculated by dividing our total borrowings by our total assets, was 28.9%, 44.7%, 36.6% and 27.9%, respectively, as of December 31, 2006, 2007 and 2008 and June 30, 2009. Although we have recorded net operating cash inflow for the six months ended June 30, 2009, we recorded net operating cash outflow in the years ended December 31, 2006, 2007 and 2008. Additionally, in November 2009, the PRC government raised the minimum down-payment of land premium to 50% and now requires the land premium to be fully paid within one year after the signing of land grant contract, subject to limited exceptions. Such change of policy may materially and adversely affect our cash flow. Therefore, we cannot assure you that we will be able to generate sufficient cash flow from operations to support the repayment of our current indebtedness. If we are unable to make scheduled payments in connection with our debt and other fixed payment obligations as they become due, we may need to renegotiate the terms and conditions of such obligations or to obtain additional equity or debt financing. We cannot assure you that our renegotiation efforts would be successful or timely or that we would be able to refinance our obligations on acceptable terms or at all. If financial institutions decline to lend additional funds to us or to refinance our existing loans when they mature as a result of our credit risk and we fail to raise financing through other means, our financial condition, cash flow position and our business prospects may be materially and adversely affected.

In addition, some of our financing arrangements contain provisions that may not work to our advantage when we encounter difficulties in servicing our debt obligations. For example, our Structured Secured Loan contains an offshore tranche in the aggregate principal amount of US$254.3 million at present and an onshore tranche in the aggregate principal amount of RMB 20 million. The offshore loan is secured by a pledge of shares of some of our offshore subsidiaries and equity interests of some of our PRC subsidiaries, and the onshore loan is secured by a pledge of our land use rights related to our Evergrande Splendor Qidong project. Both the onshore loan and the offshore loan contain cross-default provisions that will make a default in one loan a default in the other as well. As a result, our Structured Secured Loan documentation makes our onshore collateral effectively available for enforcement purposes in the event of a default under the offshore loan. Although we intend to fully repay the Structured Secured Loan, we cannot assure you that we will not enter into similar financing arrangements so long as they are fair and reasonable to our company and shareholders as a whole and otherwise permitted under the Indenture.

Certain events of default occurred in 2008 under the Structured Secured Loan, such as our failure to maintain certain financial ratios during the current global economic downturn and financial crisis. We obtained a forbearance agreement with the lenders of the Structured Secured Loan in December 2008 for them not to accelerate the repayment of the Structured Secured Loan. As a result of occurrence of the events of default and in connection with our IPO, we have obtained additional waivers from the Structured Secured Loan lenders with respect to the existing or purported defaults, events of default or cross-defaults under the various investment and loan agreements. You may find additional information on the key terms of the Structured Secured Loan, such events of default and waivers under the sections entitled "Our Corporate History and Structure — Reorganization and Introduction of Investors — Structured Secured Loan," "Description of Material Indebtedness and Other Obligations — Structured Secured Loan" and "Management's Discussion and Analysis of Financial Condition and Results of Operations — Indebtedness — Structured Secured Loan." Although it is never our intention to default under any of our agreements, we cannot assure you that we will be able to maintain the relevant financial ratios from time to time and that we will not default. If we are unable to obtain forbearance or waiver arrangements with the relevant lenders and upon occurrence of any default, event of default or cross-default in the future, it could lead to, among other things, an acceleration in our debt financing obligations, which could in turn have a materially adverse effect on our financial condition.

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

Property development is capital intensive. We finance our property projects primarily through a combination of pre-sale and sale proceeds, borrowings from financial institutions, equity financings and internal funds. Historically, we also relied on the issue of 800,000,000 convertible preferred shares, or the Convertible Preferred Shares, in November 2006 the equity investment by certain investors, or New Investors, as further disclosed in the section entitled "Our Corporate History and Structure — Reorganization and Introduction of Investors — New Investors," the Structured Secured Loan, and interest-free loans from Xin Xin (BVI) Limited, or the Original Shareholder, wholly owned by Dr. Hui Ka Yan, or Dr. Hui, our chairman and ultimate controlling shareholder, to fund our operations, which sources of funding may not be available to us in the future. Our ability to obtain adequate financing for land acquisition and property development on terms which will allow us to achieve a reasonable return is dependent on a number of factors that are beyond our control, such as general economic conditions, credit availability from financial institutions, as well as monetary policies in China and PRC regulations relating to the property sector. We cannot assure you that the PRC government will not limit our access to capital, our flexibility and our ability to use bank loans or other forms of financing to finance our property development. Recently in November 2009, the PRC government raised the minimum down-payment of land premium to 50% and now requires the land premium to be fully paid within one year after the signing of a land grant contract, subject to limited exceptions. Such change of policy may constrain our cash otherwise available for additional land acquisition and construction. We cannot assure you that we will be able to secure adequate financing to fund our land acquisitions (including any unpaid land premium for past acquisitions), to finance our project construction or to renew our existing credit facilities prior to their expiration. Our failure to do so may adversely affect our business, financial condition and results of operations.

Our financing costs are subject to changes in interest rates

Changes in interest rates have affected and will continue to affect our financing costs and, ultimately, our results of operations. The benchmark one-year bank lending rates published by People's Bank of China (中國人民銀行), the central bank of China, or PBOC, for the years ended December 31, 2006, 2007 and 2008 and the six months ended June 30, 2009 were 6.12%, 7.47%, 5.31% and 5.31%, respectively. The decrease, however, in the benchmark one-year bank lending rate from 7.47% in December 2007 to 5.31% in December 2008 was part of PBOC's measures to combat the global economic downturn. We also have U.S. dollar denominated loans outstanding, with interest rates benchmarked to the three-month London interbank offered rates for U.S. dollar loans. Any increase in the London interbank offered rates for U.S. dollar loans would affect our financing costs. As of June 30, 2009, the average annualized interest rate on our outstanding Renminbi borrowings was 6.0%, and the average annualized interest rate on our outstanding foreign currency borrowings was 20.1%. Interest expenses of bank borrowings incurred in 2006, 2007, 2008 and the six months ended June 30, 2009 were RMB 154.2 million, RMB 413.9 million, RMB 1,232.3 million and RMB 529.6 million, respectively. We cannot assure you that PBOC will not raise lending rates or the London interbank offered rates for U.S. dollar loans will not fluctuate significantly. Any further increase in these rates will increase our financing cost and may materially and adversely affect our business, financial condition and results of operations.

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

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

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

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

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

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

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

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

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

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

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

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

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

- delays in obtaining necessary licenses, permits or approvals from governmental agencies or authorities;
- relocation of existing residents and/or demolition of existing structures;
- shortages of materials, equipment, contractors and skilled labor;
- labor disputes;
- construction accidents;

- natural catastrophes; and

- adverse weather conditions.

Construction delays or failure to complete the construction of a project according to its planned specifications, schedules or budgets as a result of the above factors may adversely affect our results of operations and financial position and may also cause reputational damage. As a result of the global economic slowdown and crisis in the global financial markets, we experienced delay in delivery of a small number of our property projects. We cannot assure you that we will not experience such delays in delivery of our property projects in the future.

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

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

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

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

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

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

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

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

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

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

The significant increase in the fair market value of our investment properties in the three years ended December 31, 2006, 2007 and 2008 and the six months ended June 30, 2009 was primarily due to the addition of our new investment properties and the overall appreciation of the existing investment properties in Guangzhou. Fair value gains or losses do not, however, change our cash position as long as the relevant investment properties are held by us and, therefore, do not increase our liquidity in spite of the increased profit. The amount of revaluation adjustments has been, and will continue to be, subject to market fluctuations. We cannot assure you that changes in the market conditions will continue to create fair value gains on our investment properties at the previous levels or at any level at all, or that the fair value of our investment properties will not decrease in the future. In particular, the fair value of our investment properties could decline in the event that our industry experiences a downturn as a result of PRC government policies aimed at "cooling-off" the PRC property market, or the global economic downturn and financial market crisis since mid 2008. Any significant decreases in the fair value of our investment properties may materially and adversely impact our profitability.

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

We have entered into land grant contracts or transfer agreements, but have not obtained all land use rights certificates, in respect of some projects as disclosed in the section entitled "Business — Our Property Projects — Properties Held for Future Development" and " — Other Land Acquisitions". If we fail to obtain, or experience material delays in obtaining, the land use rights certificates with respect to these parcels of land, our business, financial condition and results of operations may be adversely affected.

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

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

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

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

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

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

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

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

We provide property management services to our property owners through our wholly owned property management subsidiary, Jinbi Property Management Co., Ltd. (金碧物業有限公司), or Jinbi Property Management, formerly known as Guangzhou Jinbi Property Management Company Limited (廣州市金碧物業有限公司) and Guangzhou Jinbi Property Group Limited (廣州市金碧物業集團有限公司). We believe that property management is an integral part of our business and critical to the successful marketing and promotion of our property developments. Under PRC laws and regulations, the property owners of a residential development have the right to change the property management service provider upon the approval by a certain percentage of the property owners. If owners of the properties that we have developed choose to terminate our property management services, or our property management services receive unsatisfactory reviews by property owners, our reputation, future sales of our properties and our results of operations could be adversely affected.

We have limited insurance to cover our potential losses and claims

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

Our results of operations may vary significantly from period to period

We derive a majority of our revenue from the sale of residential properties that we have developed. In accordance with our accounting policy, we recognize revenue upon the completion and delivery of the properties to purchasers, which may take place up to 18 months after the commencement of pre-sale.

As a result, our results of operations may vary significantly from period to period due to the construction timetables and timing of sales and delivery of our various development projects. Additionally, selling prices of properties vary and are largely determined by local market conditions. Although our properties are developed under the standardized operational model, the average selling price for properties in the same series may vary from city to city, which may affect our business, results of operations and financial condition. Seasonal variations may cause further fluctuations in our interim revenue and profits. For example, we have a number of projects in northern China where winter weather conditions can hinder the execution of our development projects and delay our timetable and revenue recognition. The volatility of our results of operations during the three years ended December 31, 2006, 2007 and 2008 and the six months ended June 30, 2009 was due to our higher expenses incurred as we expanded our operations on a nationwide basis and was also attributable to the fair value gains on our investment properties, gains from partial disposal of subsidiaries and transfer of project development rights, the provisions or reversals of financial guarantees, gains or losses on repurchase of certain debt outstanding, and the fair value change on the embedded financial derivatives in the Convertible Preferred Shares we issued in November 2006 and restructured into ordinary shares in December 2007. We recognized certain non-recurring gains during the three years ended December 31, 2006 2007 and 2008 and the six months ended June 30, 2009, primarily including (i) the gain of approximately RMB 760.4 million from our disposal of a 40% interest in a subsidiary in 2007, representing 50.1% of our profit before income tax during the year, (ii) the gain of approximately RMB 474.5 million from our transfer of the development rights and control rights in two property development projects in 2008 to Chow Tai Fook Enterprises Limited, or Chow Tai Fook Group, a company incorporated in Hong Kong and principally engaged in the business of investment holding, representing 49.1% of our profit before income tax during the year, and (iii) the gain of approximately RMB 172.5 million from our repurchase of a portion of the Structured Secured Loan at a discount price in the six months ended June 30, 2009, representing 33.8% of our profit before tax during the six-month period in 2009. Such gains may not recur and bear little indication to our future financial performance. In addition, our results of operations in the year ended December 31, 2008 and the six months ended June 30, 2009 were also adversely affected by the global economic slowdown and financial market crisis. You should refer to the sections entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations — Indebtedness" and "— Results of Operations." In light of the above, we believe that period-to-period comparisons of our results of operations may not be as meaningful as they would be for a business with mostly recurring revenue from period to period.

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

We are a Cayman Islands holding company with substantially all of our operations conducted through our operating subsidiaries in China. Under the new PRC Enterprise Income Tax Law that took effect on January 1, 2008, enterprises established outside China whose "de facto management bodies" are located in China are considered "resident enterprises" for PRC tax law purposes and will generally be subject to the uniform 25% enterprise income tax rate as to their global income. Under the implementation regulations issued by the State Council of China (中華人民共和國國務院), or the State Council, relating to the new PRC Enterprise Income Tax Law, a "de facto management body" is defined as the body that has the significant and overall management control over the business, personnel, accounts and properties of an enterprise. In April 2009, the State Administration of Taxation promulgated a circular to clarify the definition of "de facto management bodies" for enterprises incorporated overseas with controlling shareholders being PRC enterprises. However, there have been no official implementation rules regarding the determination of the "de facto management bodies" for overseas enterprises that are not controlled by PRC enterprises. Therefore, it remains unclear how the tax authorities will treat an overseas enterprise invested or controlled by another overseas enterprise and ultimately controlled by a Hong Kong permanent resident as is in our case. Although we are currently not treated as a PRC resident enterprise by the relevant PRC tax authorities, substantially all of our management is currently based in China and will remain in China in the future. As a result, we may be treated as a PRC resident enterprise for PRC enterprise income tax purposes. If we are deemed to be a PRC resident enterprise, we would be subject to the PRC enterprise income tax at the rate of 25% on our worldwide income.

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

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

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

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

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

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

Risks Relating to the Property Industry in China

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

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

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

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

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

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

- requiring that at least 70% of the total development and construction area of residential projects approved or constructed on or after June 1, 2006 in any administrative jurisdiction must consist of units with a unit floor area of less than 90 square meters and that projects which have received project approvals prior to this date but have not obtained construction permits must adjust their planning in order to comply with this new requirement, with the exception that municipalities under direct administration of the PRC central government and provincial capitals and certain cities may deviate from such ratio under special circumstances upon approval from the PRC Ministry of Construction (中華人民共和國建設部) and currently known as PRC Ministry of Housing and Urban-Rural Development (中華人民共和國住房和城鄉建設部), or the Ministry of Construction;

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

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

- for a commercial property buyer, (i) requiring banks not to finance any purchase of pre-sold properties, (ii) increasing the minimum amount of down-payment to 50% of the purchase price of the underlying property, (iii) increasing the minimum mortgage loan interest rate to

110% of the relevant PBOC benchmark one-year bank lending interest rate, and (iv) limiting the terms of such bank borrowings to no more than 10 years, with commercial banks allowed flexibility based on their risk assessment;

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

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

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

Although in the second half of 2008 and in 2009, in order to combat the impact of the global economic slowdown, the PRC government has adopted measures to encourage consumption in the residential property market and to support real estate development, including reducing the minimum capital funding requirement for real estate development from 35% to 20% for affordable housing projects and ordinary commodity residential property projects and to 30% for other property projects, we cannot assure that the PRC government will not change or modify these temporary measures in the future. For example, in December 2009 and January 2010, the PRC government adjusted some of its policies in order to enhance regulation in the property market, restrain property purchases for investment or speculation purposes and keep property prices from rising too quickly in certain cities. At the same time, the PRC government abolished certain preferential treatment relating to business taxes payable upon transfers of residential properties by property owners and imposed more stringent requirements on the payment of land premium by property developers. For more information on the various restrictive measures taken by the PRC government, you should refer to the section entitled "Regulation." These measures may limit our access to capital resources, reduce market demand for our products and increase our operating costs in complying with these measures. We cannot assure you that the PRC government will not adopt additional and more stringent measures, which could further slow down property development in China and adversely affect our business and prospects.

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

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

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

Under PRC laws, if we fail to develop a property project according to the terms of the land grant contract, including those relating to the payment of land premium, demolishment and resettlement costs and other fees, specified usage of the land and the time for commencement and completion of the property development, the PRC government may issue a warning, impose a penalty and/or order us to forfeit the land. Under the current PRC laws and regulations, if we fail to pay any outstanding land premium by the stipulated deadline, we may be subject to a late payment penalty calculated on a per-day basis. As of September 30, 2009, we had outstanding land premiums with respect to a small number of projects which we had not paid based on the underlying land grant contracts. We have obtained the relevant local governments' approvals to either extend the payment of the outstanding land premiums or pay such outstanding land premiums in installments, except for several projects that we are in discussions with the relevant local governments regarding their potential re-zoning plans. Although we do not expect that we will be subject to any penalties imposed by the local governments with respect to the outstanding land premiums, we cannot assure you that we will be able to secure similar government approvals if we fail to pay land premiums in the future. Particularly, in November 2009, the PRC government raised the minimum down-payment of land premium to 50% and now requires the land premium to be fully paid within one year after the signing of a land grant contract, subject to limited exceptions. Such change of policy may materially and adversely affect our ability to make timely payment of land premiums.

In addition, if we fail to commence development of a property project within the stipulated period as required under the current PRC laws without the approval from the relevant PRC land bureau, the relevant PRC land bureau may serve a warning notice on us and impose a idle land fee of up to 20% of the land premium unless such failure is caused by a government action or a force majeure event. The Notice on Promoting Economization of Land Use issued by the State Council in January 2008 further confirmed the idle land fee at 20% of the land premium. If we fail to commence such development for more than two years, the land is subject to forfeiture to the PRC government unless the delay in development is caused by government actions or force majeure. Even if the commencement of the land development complies with the land grant contract, if the developed GFA on the land is less than one-third of the total GFA of the project or if the total capital expenditure is less than 25% of the total investment of the project and the suspension of the development of the land is more than one year without government approval, the land will still be treated as idle land. During the three years ended December 31, 2006, 2007 and 2008 and the six months ended June 30, 2009, we did not receive any notice from the PRC government that any of our projects had been or would be determined as idle land, and we were not required to pay any idle land fee or forfeit any land as a result of noncompliance with the relevant rules.

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

Except as disclosed above, we do not believe any of our land and/or land grant deposits will be at risk of forfeiture to the PRC government. Our PRC legal counsel, Commerce & Finance Law Offices, has also advised that, as of December 31, 2009, except as disclosed above, we did not commit other breaches of the PRC laws and regulations governing idle land, which may subject us to the payment of idle land fees and forfeiture of the land to the local authorities.

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

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

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

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

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

Intensified competition might adversely affect our business and our financial position

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

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

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

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

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

Risks Relating to China

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

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

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

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

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

The PRC government imposes controls on the convertibility between Renminbi and foreign currencies and the remittance of foreign exchange out of China. We receive substantially all our revenue in Renminbi. Under our current corporate structure, our income is primarily derived from dividend payments from our PRC subsidiaries. Our PRC subsidiaries must convert their Renminbi earnings into foreign currency before they may pay cash dividends to us or service their foreign currency denominated obligations. Under existing PRC foreign exchange regulations, payments of current-account items may be made in foreign currencies without prior approval from PRC State Administration of Foreign Exchange (中華人民共和國國家外匯管理局), or SAFE, by complying with certain procedural requirements.

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

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

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

Interpretation of PRC laws and regulations involves uncertainty

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

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

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

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

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

Facts, forecasts and other statistics in this document relating to China, the PRC economy, the PRC real estate industry and the selected PRC regional data have been derived from various official or other publications available in China and may not be consistent with other information compiled within or outside China. However, we cannot guarantee the quality or reliability of such source materials. They have not been prepared or independently verified by us, the Initial Purchasers or any of our or their affiliates or advisors (including legal advisors), and, therefore, we make no representation as to the accuracy of such facts, forecasts and statistics. We have, however, taken reasonable care in the reproduction and/or extraction of the official and other publications for the purpose of disclosure in this document. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice, these facts, forecasts and statistics in this document may be inaccurate or may not be comparable to facts, forecasts and statistics produced with respect to other economies. Further, there can be no assurance that they are stated or compiled on the same basis or with the same degree of accuracy as in other jurisdictions. Therefore, you should not unduly rely upon the facts, forecasts and statistics with respect to China, the PRC economy, the PRC real estate industry and the selected PRC regional data contained in this document.

EXCHANGE RATE INFORMATION

China

PBOC sets and publishes daily a base exchange rate with reference primarily to the supply and demand of Renminbi against a basket of currencies in the market during the prior day. PBOC also takes into account other factors, such as the general conditions existing in the international foreign exchange markets. From 1994 to July 20, 2005, the conversion of Renminbi into foreign currencies, including Hong Kong dollars and U.S. dollars, was based on rates set daily by PBOC on the basis of the previous day's inter-bank foreign exchange market rates and then current exchange rates in the world financial markets. During this period, the official exchange rate for the conversion of Renminbi to U.S. dollars remained generally stable. Although the PRC government introduced policies in 1996 to reduce restrictions on the convertibility of Renminbi into foreign currencies for current account items, conversion of Renminbi into foreign currencies for capital items, such as foreign direct investment, loan principals and securities trading, still requires the approval of SAFE and other relevant authorities. On July 21, 2005, the PRC government introduced a managed floating exchange rate system to allow the value of the Renminbi to fluctuate within a regulated band based on market supply and demand and by reference to a basket of currencies. On the same day, the value of the Renminbi appreciated by approximately 2% against the U.S. dollar. On May 18, 2007, PBOC enlarged, the floating band for the trading prices in the inter-bank foreign exchange market of the Renminbi against the U.S. dollar from 0.3% to 0.5% around the central parity rate, effective on May 21, 2007. This allows the Renminbi to fluctuate against the U.S. dollar by up to 0.5% above or below the central parity rate published by PBOC. From July 21, 2005 to December 31, 2009, the value of the Renminbi appreciated by approximately 18.8% against the U.S. dollar. The PRC government has since made and in the future may make further adjustments to the exchange rate system. PBOC authorized the China Foreign Exchange Trading Centre, effective since January 4, 2006, to announce the central parity exchange rate of certain foreign currencies against the Renminbi on each business day. This rate is set as the central parity for the trading against the Renminbi in the inter-bank foreign exchange spot market and the over-the-counter exchange rate for the business day.

The following table sets forth the noon buying rate for U.S. dollars in New York City for cable transfer in Renminbi as certified for customs purposes by the Federal Reserve Bank of New York for the periods indicated:

	Noon buying rate			
Period	**Period end**	**Average[(1)]**	**High**	**Low**
	(RMB per US$1.00)			
2005	8.0702	8.1826	8.2765	8.0702
2006	7.8041	7.9579	8.0702	7.8041
2007	7.2946	7.5806	7.8127	7.2946
2008	6.8225	6.9477	7.2946	6.7800
2009	6.8259	6.8307	6.8470	6.8176
July 2009	6.8319	6.8317	6.8342	6.8300
August 2009	6.8299	6.8323	6.8358	6.8299
September 2009	6.8262	6.8277	6.8303	6.8247
October 2009	6.8264	6.8267	6.8292	6.8248
November 2009	6.8265	6.8271	6.8300	6.8255
December 2009	6.8259	6.8275	6.8299	6.8244

(1) Determined by averaging the rates on the last business day of each month during the relevant year, except for monthly average rates, which are determined by averaging the daily rates during the respective months.

On December 31, 2009 the noon buying rate for U.S. dollars in New York City for cable transfers in Renminbi was US$1.00 = RMB 6.8259 as certified for customs purposes by the Federal Reserve Bank of New York.

Hong Kong

The Hong Kong dollar is freely convertible into other currencies, including the U.S. dollar. Since October 17, 1983, the Hong Kong dollar has been linked to the U.S. dollar at the rate of HK$7.80 to US$1.00. The Basic Law of the Hong Kong Special Administrative Region of the People's Republic of China, or the Basic Law, which came into effect on July 1, 1997, provides that no foreign exchange control policies shall be applied in Hong Kong.

The market exchange rate of the Hong Kong dollar against the U.S. dollar continues to be determined by the forces of supply and demand in the foreign exchange market. However, against the background of the fixed rate system which applies to the issuance and withdrawal of Hong Kong currency in circulation, the market exchange rate has not deviated significantly from the level of HK$7.80 to US$1.00. In May 2005, the Hong Kong Monetary Authority broadened the 22-year-old trading band from the original rate of HK$7.80 per U.S. dollar to a rate range of HK$7.75 to HK$7.85 per U.S. dollar. The Hong Kong government has indicated its intention to maintain the link within that rate range. Under the Basic Law, the Hong Kong dollar will continue to circulate and remain freely convertible. The Hong Kong government has also stated that it has no intention of imposing exchange controls in Hong Kong and that the Hong Kong dollar will remain freely convertible into other currencies, including the U.S. dollar. However, no assurance can be given that the Hong Kong government will maintain the link at HK$7.80 to US$1.00 or at all.

The following table sets forth the noon buying rate for U.S. dollars in New York City for cable transfer in Hong Kong dollars as certified for customs purposes by the Federal Reserve Bank of New York for the periods indicated:

	Noon buying rate			
Period	**Period end**	**Average**[(1)]	**High**	**Low**
	(HK$ per US$1.00)			
2005	7.7533	7.7755	7.7999	7.7514
2006	7.7771	7.7685	7.7928	7.7506
2007	7.7984	7.8008	7.8289	7.7497
2008	7.7449	7.7814	7.8159	7.7497
2009	7.7536	7.7514	7.7618	7.7495
July 2009	7.7500	7.7500	7.7505	7.7495
August 2009	7.7505	7.7506	7.7516	7.7500
September 2009	7.7500	7.7503	7.7514	7.7498
October 2009	7.7497	7.7497	7.7502	7.7495
November 2009	7.7500	7.7497	7.7501	7.7495
December 2009	7.7536	7.7526	7.7572	7.7495

(1) Determined by averaging the rates on the last business day of each month during the relevant year, except for monthly average rates, which are determined by averaging the daily rates during the respective months.

On December 31, 2009, the noon buying rate for U.S. dollars in New York City for cable transfers in Hong Kong dollars was US$1.00 = HK$7.7536 as certified for customs purposes by the Federal Reserve Bank of New York.

CAPITALIZATION AND INDEBTEDNESS

The following table sets forth our consolidated short-term debt, as well as our consolidated long-term debt, the capital and reserves attributable to shareholders and minority interests and capitalization as of September 30, 2009:

- on an actual basis; and
- on an adjusted basis after taking into account (i) the receipt and application of our net proceeds from our IPO including our partial repayment of the Structured Secured Loan in an aggregate principal amount of US$127.2 million, net of the repurchased portion which is held by Ever Grace, our wholly owned subsidiary, and (ii) the repayment of an amount due to a related party in full with our internal cash before our IPO.

The as-adjusted information below is illustrative only and, other than disclosed in the second and the third bullet points above, does not take into account any changes in our short-term borrowings and capitalization after September 30, 2009.

	As of September 30, 2009			
	Actual		As adjusted for our IPO	
	RMB	US$[1]	RMB	US$[1]
	(in millions)			
Cash and cash equivalents[2]	10,010.0	1,466.4	11,695.1	1,713.3
Short-term debt:				
Short-term bank borrowings (including the current portion of long-term bank borrowings)	4,161.3	609.6	4,161.3	609.6
Structured Secured Loan	3,182.3[3]	466.2[3]	1,698.3[4]	248.8[4]
Total short-term debt	7,343.6	1,075.8	5,859.6	858.4
Long-term debt:				
Long-term bank borrowings (net of current portions)	6,969.0	1,020.9	6,969.0	1,020.9
Amount due to a related party	253.2	37.1	—	—
Total long-term debt	7,222.2	1,058.0	6,969.0	1,020.9
Equity:				
Total equity	8,913.3	1,305.7	12,369.1	1,812.0
Total capitalization[5]	16,135.5	2,363.7	19,338.1	2,832.9

(1) All U.S. dollar amounts are calculated at the rate of RMB 6.8262 to US$1.00, being the noon buying rate in New York City for cable transfers on September 30, 2009.
(2) Cash and cash equivalents include restricted cash.
(3) The total carrying amount of the Structured Secured Loan, net of the repurchased portion held by Ever Grace, is approximately US$466.2 million on our consolidated balance sheet as of September 30, 2009, which includes the premium that is supposed to be paid by the Original Shareholder pursuant to the original loan agreement. The repurchased portion of the Structured Secured Loan with an aggregate principal amount of US$48.5 million was net off on the consolidation basis.
(4) We repaid one third of the offshore Structure Secured Loan in the aggregate principal amount of US$127.2 million and with a carrying amount of US$122.3 million, net of the repurchased portion held by Ever Grace, with a portion of our net proceeds from our IPO. The total premium of US$95.1 million was paid by the Original Shareholder upon our IPO.
(5) Total capitalization is calculated as long-term debt plus total equity.

Except as otherwise disclosed in this document, there has been no material adverse change in our capitalization since September 30, 2009.

SELECTED CONSOLIDATED FINANCIAL AND OTHER DATA

The following table presents our selected financial and other data. The selected consolidated statement of comprehensive income data for the years ended December 31, 2006, 2007, 2008 and the six months ended June 30, 2009 and the selected consolidated balance sheet data as of December 31, 2006, 2007, 2008 and June 30, 2009 set forth below (except for EBITDA data) have been derived from our consolidated financial statements for such years/period and as of such dates, as audited by PricewaterhouseCoopers, independent certified public accountants, and included elsewhere in this document. The selected consolidated statement of comprehensive income data for the six months ended June 30, 2008 set forth below (except for EBITDA data) have been derived from our unaudited consolidated financial statements included elsewhere in this document. The unaudited consolidated financial statements for the six months ended June 30, 2008 contain all adjustments that our management believes are necessary for the fair presentation of such information. Results for an interim period are not indicative of results for the full year. Our financial statements have been prepared and presented in accordance with HKFRS, which differ in certain respects from U.S. GAAP and generally accepted accounting principles in other jurisdictions. The selected financial data below should be read in conjunction with the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and the notes to those statements included elsewhere in this document.

Selected Consolidated Statement of Comprehensive Income and Other Financial Data

	Year ended December 31,				Six months ended June 30,		
	2006	2007	2008		2008	2009	
	(RMB)	(RMB)	(RMB)	(US$)	(RMB) (unaudited)	(RMB)	(US$)
				(in thousands)			
Revenue	1,983,304	3,166,692	3,606,791	528,065	2,525,413	1,635,130	239,397
Cost of sales	(1,426,278)	(1,945,261)	(2,124,420)	(311,033)	(1,585,279)	(1,089,782)	(159,553)
Gross profit	557,026	1,221,431	1,482,371	217,032	940,134	545,348	79,844
Fair value gains on investment properties	300,103	657,067	77,415	11,334	107,912	299,657	43,872
Other gains	25,904	796,877	531,090	77,756	485,883	301,094	44,083
Selling and marketing costs	(63,640)	(220,651)	(665,299)	(97,405)	(278,161)	(415,259)	(60,797)
Administrative expenses	(150,964)	(470,579)	(545,273)	(79,833)	(218,146)	(349,034)	(51,102)
Other operating expenses	(19,572)	(23,356)	(34,439)	(5,042)	(24,243)	(6,187)	(906)
Operating profit	648,857	1,960,789	845,865	123,842	1,013,379	375,619	54,994
Fair value change on embedded financial derivatives	(2,515)	(562,684)	—	—	—	—	—
(Provisions)/reversals of financial guarantees	—	—	(65,997)	(9,663)	(32,315)	146,341	21,426
Finance (costs)/income, net	(55,809)	118,765	186,520	27,308	183,980	(12,308)	(1,802)
Profit before income tax	590,533	1,516,870	966,388	141,487	1,165,044	509,652	74,618
Income tax (expenses)/credit	(265,074)	(437,766)	(333,958)	(48,894)	(304,480)	12,708	1,861
Profit for the year/period	325,459	1,079,104	632,430	92,593	860,564	522,360	76,479
Other comprehensive income:							
Gain/loss recognised directly in equity	—	—	—	—	—	—	—
Total comprehensive income for the year/period	325,459	1,079,104	632,430	92,593	860,564	522,360	76,479
Attributable to:							
Shareholders of the Company	325,459	1,081,533	524,760	76,829	759,883	500,172	73,229
Minority interests	—	(2,429)	107,670	15,764	100,681	22,188	3,250
	325,459	1,079,104	632,430	92,593	860,564	522,360	76,479
Dividends	493,518	—	125,651	18,396	125,651	—	—
Other Financial Data							
EBITDA[1]	366,136	1,350,336	809,912	118,578	923,510	109,172	15,983
EBITDA margin[2]	18.5%	42.6%	22.5%	22.5%	36.6%	6.7%	6.7%

(1) EBITDA for any period consists of profit from operating activities before fair value gains on the investment properties plus depreciation and amortization expenses. EBITDA is not a standard measure under HKFRS. EBITDA is a widely used financial indicator of a company's ability to service and incur debt. EBITDA should not be considered in isolation or construed as an alternative to cash flows, net income or any other measure of financial performance or as an indicator of our operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities. EBITDA does not account for taxes, interest expense or other non-operating cash expenses. In evaluating EBITDA, we believe that investors should consider, among other things, the components of EBITDA such as sales and operating expenses and the amount by which EBITDA exceeds capital expenditures and other charges. We have included EBITDA because we believe it is a useful supplement to cash flow data as a measure of our performance and our ability to generate cash flow from operations to cover debt service and taxes. EBITDA presented herein may not be comparable to similarly titled measures presented by other companies. Investors should not compare our EBITDA to EBITDA presented by other companies because not all companies use the same definition. See the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations — Non-GAAP Financial Measures" for a reconciliation of our profit for the year/period under HKFRS to our definition of EBITDA.

(2) EBITDA margin is calculated by dividing EBITDA by revenue.

Selected Consolidated Balance Sheet Data

	December 31,			June 30,	
	2006	2007	2008	2009	
	(RMB)	(RMB)	(RMB) (in thousands)	(RMB)	(US$)
ASSETS					
Non-current assets					
Property and equipment	46,781	217,978	450,141	389,815	57,072
Land use rights	378,622	470,820	250,868	278,606	40,790
Investment properties	847,487	1,571,468	1,741,390	2,148,108	314,501
Other receivables	—	—	281,849	290,351	42,510
Deferred income tax assets	19,957	123,904	324,364	401,461	58,777
	1,292,847	2,384,170	3,048,612	3,508,341	513,650
Current assets					
Land use rights	1,158,544	6,514,092	8,644,245	10,202,174	1,493,686
Properties under development	1,083,477	3,287,017	9,049,192	11,320,250	1,657,382
Completed properties held for sale	290,339	986,962	2,240,713	3,291,744	481,940
Trade and other receivables and prepayments	1,918,580	4,845,432	3,590,360	2,931,573	429,207
Income tax recoverable	8,128	—	31,816	100,707	14,744
Restricted cash	386,092	1,725,849	1,167,942	2,126,399	311,323
Cash and cash equivalents	1,655,970	1,640,863	749,718	2,974,188	435,447
	6,501,130	19,000,215	25,473,986	32,947,035	4,823,729
Total assets	7,793,977	21,384,385	28,522,598	36,455,376	5,337,379
EQUITY					
Capital and reserves attributable to shareholders of the Company					
Share capital	125,000	125,000	209,332	209,332	30,648
Share premium	—	—	6,000,560	6,000,560	878,534
Reserves	(744,315)	(640,465)	389,837	389,837	57,075
Retained earnings	110,981	1,153,145	1,662,139	2,162,311	316,581
	(508,334)	637,680	8,261,868	8,762,040	1,282,838
Minority interests	—	213,593	321,263	244,651	35,819
Total equity	(508,334)	851,273	8,583,131	9,006,691	1,318,657
LIABILITIES					
Non-current liabilities					
Borrowings	1,425,721	8,915,516	4,226,413	3,877,886	567,756
Convertible Preferred Shares	2,830,322	3,153,928	—	—	—
Embedded financial derivatives	294,232	816,436	—	—	—
Deferred income tax liabilities	422,762	482,137	451,527	441,987	64,711
	4,973,037	13,368,017	4,677,940	4,319,873	632,467
Current liabilities					
Borrowings	829,662	646,200	6,213,843	6,294,425	921,558
Trade and other payables	857,081	4,194,060	4,469,168	5,122,154	749,926
Receipt in advance from customers	1,472,096	1,763,544	3,503,265	10,765,988	1,576,233
Financial guarantee liabilities	—	—	197,403	51,062	7,476
Current income tax liabilities	170,435	561,291	877,848	895,183	131,062
	3,329,274	7,165,095	15,261,527	23,128,812	3,386,255
Total liabilities	8,302,311	20,533,112	19,939,467	27,448,685	4,018,722
Total equity and liabilities	7,793,977	21,384,385	28,522,598	36,455,376	5,337,379
Net current assets	3,171,856	11,835,120	10,212,459	9,818,223	1,437,474
Total assets less current liabilities	4,464,703	14,219,290	13,261,071	13,326,564	1,951,124

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with "Selected Consolidated Financial Data" and our consolidated financial statements, including the notes thereto, included elsewhere in this document. All significant intra-group transactions, balances and unrealized gains on intra-group transactions have been eliminated.

Our consolidated financial statements were prepared in accordance with HKFRS, which differ in certain material respects from U.S. GAAP and generally accepted accounting principles in other jurisdictions. See the section entitled "Summary of Certain Differences Between HKFRS and U.S. GAAP" for a brief summary as specified therein. In this section of the document, references to "2006," "2007" and "2008" refer to our fiscal years ended December 31, 2006, 2007 and 2008, respectively.

Overview

We are one of the largest developers of quality residential property projects and a leader in adopting a standardized operational model to manage our various projects in different cities across China. Founded in Guangzhou, Guangdong Province, in 1996, we have become a leading national property developer through our economies of scale and widely recognized brand name under the leadership of our management team. Over the years, our focus on centralized management system, standardized operational model and quality products has allowed us to quickly replicate our success in Guangzhou and across China. Through our standardized operational model, we have been able to simultaneously manage projects in various development and sale stages in 24 cities with high-growth prospects as of September 30, 2009, of which 17 are provincial capitals or municipalities, including Guangzhou, Tianjin, Chongqing, Shenyang, Chengdu, Wuhan, Nanjing, Xi'an, Changsha, Taiyuan and Kunming. Subsequent to September 30, 2009, we further expanded our operations into Haikou city, the provincial capital of Hainan province.

We have the largest land reserves among all PRC property developers, with a total GFA of approximately 51.2 million square meters of high-quality and low-cost land as of September 30, 2009 with an average cost of approximately RMB 445 per square meter. Subsequent to September 30, 2009, we further acquired land with a total GFA of approximately 3,852,842 square meters with an average cost of approximately RMB 577 per square meter. We focus on provincial capitals and municipalities with high-growth potentials and our land reserves cover the most provincial capitals and municipalities among all PRC property developers. As of September 30, 2009, we had a total of 54 property projects, more than 83% of which were urban projects in provincial capitals or municipalities. As of September 30, 2009, we had completed development of a total GFA of approximately 4.1 million square meters since our inception, and we had properties under development with a total GFA of 41.9 million square meters, and properties held for future development with a total GFA of 9.3 million square meters.

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

We strive to provide high-quality residential products to the market by focusing on every step of the development process, from site selection, planning, landscaping, construction to fitting-out and property management. We aim to deliver "best-in-class" end-products to our customers. Over the years, our products have gained a wide brand recognition among consumers as reflected by our strong contracted sales and sales records. For the year ended December 31, 2009, our contracted sales amounted to approximately RMB 30.3 billion, as compared to approximately RMB 6.0 billion for the year ended December 31, 2008, representing an approximately five-time increase. Based on our management account, our total cash (including cash equivalents and restricted cash) amounted to RMB 12,701 million as of December 30, 2009, representing approximately 149.0% increase from that of June 30, 2009.

Basis of Preparation of Our Financial Statements

We underwent the Reorganization in connection with our public offering in Hong Kong in October 2009. Our Reorganization involved companies under common control, and our company and consolidated subsidiaries resulting from the Reorganization are regarded as a continuing group. Accordingly, we have accounted for the Reorganization on the basis of merger accounting, under which our consolidated financial statements present our results of operations, cash flows and financial position as if our current group structure had been in existence since January 1, 2006 or since the respective dates of incorporation/establishment or acquisition, whichever is later. All intra-group transaction balances have been eliminated on consolidation. In accordance with HKFRS, we have prepared our consolidated financial statements under the historical cost convention, as modified by the revaluation of investment properties, embedded financial derivatives and available-for-sale investments at their fair value pursuant to HKFRS.

Key Factors Affecting Our Results of Operations

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

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

Regulatory Measures in the Real Estate Industry in China

PRC governmental policies and measures on property development and related industries have a direct impact on our business and results of operations. From time to time, the PRC government adjusts its macroeconomic control policies to encourage or restrict development in the private property sector through regulating, among others, land supply, pre-sale of properties, land usage, plot ratio, bank financing and taxation. Prior to the second half of 2008, the PRC government had implemented a series of measures to slow down the growth of the economy, including the property markets. In the second half of 2008 and in 2009, in view of the economic downturn, the PRC government adopted measures to encourage consumptions in the residential property market and support real property developers. More recently in November and December 2009, in response to the property price rises across the country, the PRC government announced new policies and adopted new measures to curtail speculations in the property market and imposed more stringent requirements on the payment of land premiums by property developers. PRC regulatory measures in the real estate industry will continue to impact our business and results of operations. You should refer to the sections entitled "Industry Overview — PRC Property Markets — Measures Taken by PRC Government in Recent Years Relating to PRC Property Markets" and "Regulation" for more details on the relevant PRC regulations.

Abilities to Acquire Suitable Land

Our continuing growth will depend in large part on our ability to acquire quality land at prices that can yield reasonable return. As the PRC economy continues to grow at a relatively high speed and demand for residential properties remains relatively strong, we expect that competition among developers for land reserves will remain intense as well. In addition, the statutory means of public tender, auction and listing-for-sale for the grant of state-owned land use rights is also likely to increase competition for development land and increase land acquisition costs. Furthermore, in November 2009, the PRC government raised the minimum down-payment of land premium to 50% and now requires the land premium to be fully paid within one year after the signing of a land grant contract, subject to limited exceptions. Such change of policy may materially and adversely affect our cash flow and our ability to acquire suitable land for our operations.

Timing of Property Development

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

Land and Construction Costs

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

Product Mix of Our Properties

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

Access to and Cost of Financing

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

LAT

Our property developments are subject to LAT with respect to the appreciated value of the related land and improvements on such land. LAT applies to both domestic and foreign investors in real estate development in China, irrespective of whether they are corporate entities or individuals. We prepaid LAT in the aggregate amounts of RMB 175.3 million with respect to our pre-sales made during the three years ended December 31, 2006, 2007 and 2008 and the six months ended June 30, 2009. According to the relevant LAT laws and regulations in China, provisions of LAT should be made upon recognition of revenue. For 2006, 2007, 2008 and the six months ended June 30, 2009, we made LAT provisions of RMB 64.4 million, RMB 199.7 million, RMB 332.5 million and RMB 59.5 million, respectively. Although we believe we have made all prepayments and/or full provisions for LAT in compliance with the relevant LAT laws and regulations in China as interpreted and enforced by the relevant local tax authorities, there can be no assurance that the relevant tax authorities will agree to the basis on which we have calculated our LAT liabilities for provision purposes or that such provisions will be sufficient to cover all LAT obligations that tax authorities may ultimately impose on us. Our financial condition may be materially adversely affected if our LAT liabilities as calculated by the relevant tax authorities are substantially higher than our provisions. We have provided more details on the PRC regulations on LAT in the section entitled "Regulation — Mainland China Taxation — Our Operations in Mainland China — Land Appreciation Tax."

Fair Value of Investment Properties

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

Critical Accounting Policies

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

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

Investment Properties

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

Properties under Development

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

Completed Properties Held for Sale

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

Borrowings

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

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

LAT

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

Enterprise Income Taxes and Deferred Taxation

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

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

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

Property and Equipment

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

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

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

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

Embedded Financial Derivatives

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

Financial Guarantee

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

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

Certain Income Statement Items

Revenue

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

Cost of Sales

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

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

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

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

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

Fair Value Gains on Investment Properties

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

Other Gains

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

Selling and Marketing Costs

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

Administrative Expenses

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

(Provisions)/Reversal of Financial Guarantees

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

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

Finance (Costs)/Income, net

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

Profit before Income Tax

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

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

Income Tax Expenses

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

Prior to December 31, 2005, enterprise income tax for certain subsidiaries established in Guangzhou was calculated based on the pre-sale proceeds of the properties according to the rules and regulations issued by Guangzhou tax authorities, with an effective tax rate between 2.5% and 3.0%. Since January 1, 2006, the enterprise income tax applicable to our property development companies in Guangzhou was the same as other PRC enterprises, generally at 33% of their taxable income. Since January 1, 2008, our PRC subsidiaries have been subject to the new national enterprise income tax of 25% pursuant to the new enterprise income tax law adopted by the PRC National People's Congress (全國人民代表大會) and its Standing Committee, or NPC. We did not provide for any Hong Kong profits tax as we had no business operations subject to Hong Kong profit tax during the three years ended December 31, 2006, 2007 and 2008 and the six months ended June 30, 2009.

Currently, we are not subject to any Cayman Islands income tax pursuant to an undertaking obtained from the Governor in Cabinet.

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

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

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

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

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

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

Our effective tax rate was 26% for the six months ended June 30, 2008, as compared to negative 2% for the same period in 2009, primarily due to (i) reversal of financial guarantee of RMB 146.3 million which is not subject to tax; (ii) additional gains from disposal of 40% equity interest in a subsidiary which is not subject to tax; (iii) the gain of RMB 172.5 million from the repurchase of the Structured Secured Loan, which is not subject to tax; and (iv) reversal of deferred tax liabilities as a result of receiving the official tax invoice in respect of the previous acquisition of Foshan Nanhai Xinzhongjian Real Estate Development Co., Ltd. (佛山市南海新中建房地產發展有限公司), or Xinzhongjian, now our wholly owned subsidiary in China.

Results of Operations

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

	Year ended December 31,				Six months ended June 30,		
	2006	2007	2008		2008	2009	
	(RMB)	(RMB)	(RMB)	(US$)	(RMB) (unaudited)	(RMB)	(US$)
				(in thousands)			
Revenue	1,983,304	3,166,692	3,606,791	528,065	2,525,413	1,635,130	239,397
Cost of sales	(1,426,278)	(1,945,261)	(2,124,420)	(311,033)	(1,585,279)	(1,089,782)	(159,553)
Gross profit	557,026	1,221,431	1,482,371	217,032	940,134	545,348	79,844
Fair value gains on investment properties	300,103	657,067	77,415	11,334	107,912	299,657	43,872
Other gains	25,904	796,877	531,090	77,756	485,883	301,094	44,083
Selling and marketing costs	(63,640)	(220,651)	(665,299)	(97,405)	(278,161)	(415,259)	(60,797)
Administrative expenses	(150,964)	(470,579)	(545,273)	(79,833)	(218,146)	(349,034)	(51,102)
Other operating expenses	(19,572)	(23,356)	(34,439)	(5,042)	(24,243)	(6,187)	(906)
Operating profit	648,857	1,960,789	845,865	123,842	1,013,379	375,619	54,994
Fair value change on embedded financial derivatives	(2,515)	(562,684)	—	—	—	—	—
(Provisions)/reversals of financial guarantees	—	—	(65,997)	(9,663)	(32,315)	146,341	21,426
Finance (costs)/income, net	(55,809)	118,765	186,520	27,308	183,980	(12,308)	(1,802)
Profit before income tax	590,533	1,516,870	966,388	141,487	1,165,044	509,652	74,618
Income tax (expenses)/credit	(265,074)	(437,766)	(333,958)	(48,894)	(304,480)	12,708	1,861
Profit for the year/period	325,459	1,079,104	632,430	92,593	860,564	522,360	76,479
Other comprehensive income:							
Gain/loss recognised directly in equity	—	—	—	—	—	—	—
Total comprehensive income for the year/period	325,459	1,079,104	632,430	92,593	860,564	522,360	76,479
Attributable to:							
Shareholders of the Company	325,459	1,081,533	524,760	76,829	759,883	500,172	73,229
Minority interests	—	(2,429)	107,670	15,764	100,681	22,188	3,250
	325,459	1,079,104	632,430	92,593	860,564	522,360	76,479
Dividends	493,518	—	125,651	18,396	125,651	—	—

Business Segments

Our business consists of the following four segments:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Income tax (expenses)/credit. Our income tax expenses, which comprised PRC enterprise income tax and LAT, were RMB 304.5 million for the six months ended June 30, 2008. We had a tax credit of RMB 12.7 million for the six months ended June 30, 2009. The change was primarily due to (i) reversal of financial guarantee of RMB 146.3 million which is not subject to tax; (ii) additional gains from disposal of 40% equity interest in a subsidiary which is not taxable; (iii) the gain of RMB 172.5 million from the repurchase of the Structured Secured Loan, which is not taxable; and (iv) reversal of deferred tax liabilities as a result of receiving the official invoice from relevant tax authorities in respect of the previous acquisition of Xinzhongjian as part of our Reorganization.

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

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

2008 Compared to 2007

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

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

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

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

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

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

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

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

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

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

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

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

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

Fair value change on embedded financial derivatives. The valuation loss for the year ended December 31, 2007 arose from the revaluation of the conversion option and the redemption option of our Convertible Preferred Shares at December 31, 2007. The Convertible Preferred Shares were issued in November 2006 at a subscription price of US$0.5 per share. In accordance with HKAS 39, the conversion option and the redemption option of the Convertible Preferred Shares were remeasured at December 31, 2006 and the changes in fair value of the Convertible Preferred Shares were recognized in our consolidated income statement. As of January 31, 2008, we have repurchased and cancelled the 800,000,000 Convertible Preferred Shares in our company for an aggregate consideration of US$400 million. The repurchase was financed by a loan in the same amount lent by Deutsche Bank AG, Hong Kong Branch, Baytree Investments (Mauritius) Pte Ltd, an indirect wholly owned subsidiary of Temasek Holdings (Private) Limited, and Indopark Holdings Limited, an affiliate of Merrill Lynch, or collectively the Financial Investors, including their affiliates, to the Original Shareholder, which had been injected as capital into our company to subscribe for the 800,000,000 newly issued ordinary shares.

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

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

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

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

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

2007 Compared to 2006

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Liquidity and Capital Resources

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

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

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

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

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

- **Our IPO.** In November 2009, we completed our IPO with our shares listed on the Hong Kong Stock Exchange. Our net proceeds from the IPO were approximately HK$3,187.5 million.

We expect to fund our property projects through a combination of sources, including internally generated cash flow, proceeds from the pre-sale of our properties under development, proceeds from the sale of completed properties, bank loans, and other funds raised from the capital markets from time to time. In particular, as of June 30, 2009, the total contracted commitment of property development expenditure and land expenditure amounted to RMB 14,278 million and RMB 11,616 million, respectively. For details of the commitment we have made relating to property development expenditure and land expenditure as of June 30, 2009, you may find additional information in Note 32 to our consolidated financial statements included elsewhere in this document.

Net Current Assets

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

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

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

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

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

Operating Activities

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

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

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

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

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

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

Investing Activities

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

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

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

Financing Activities

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

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

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

Working Capital

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

- proactively execute our nationwide sales plan and generate operating cash flow from the pre-sale of our properties;

- leverage our cost advantage from our increasing economies of scale; and

- seek longer term financing opportunities including syndicated loans, issue of corporate bonds, and equity and equity-linked financings.

Indebtedness

Borrowings

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

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

Our outstanding bank and other borrowings amounted to RMB 2,255.4 million, RMB 9,561.7 million, RMB 10,440.2 million, RMB 10,172.3 million and RMB 14,565.8 million, as of December 31, 2006, 2007 and 2008, June 30, 2009 and September 30, 2009, respectively. The increase in our bank and other borrowings was primarily due to additional funds needed for new development projects and our acquisition of land reserves for future development. As of December 31, 2006, 2007, 2008, June 30, 2009 and September 30, 2009, the average interest rate on our borrowings was 6.19%, 12.53%, 10.92%, 10.16% and 9.08%, respectively. Based on our management accounts, our outstanding bank and other borrowings amounted to RMB 13,696.2 million as of December 30, 2009.

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

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

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

Structured Secured Loan

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

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

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

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

The fair value of the Structured Secured Loan was measured as the present value of its future cash outflow, which included payment of loan principal, coupon rate and premium, discounted by using the prevailing market rate of interest for a similar instrument but without considering the shares transferred by the Original Shareholder to Credit Suisse. The Structured Secured Loan is to be stated at amortized cost and its interest is to be expensed and reflected in our income statement or capitalized under the "property under development" in our balance sheet. For the period from the date of draw-down to the date of completion of our IPO, its effective interest rate, being the aggregation of coupon rate of LIBOR plus 4.5% and premium, was equivalent to the agreed annual return rate of 19% as provided in the Structured Secured Loan agreement; for the period after the date of completion of our IPO, its effective interest rate is LIBOR plus 4.5% during the six months following the consummation of our IPO and

LIBOR plus 5.5% thereafter. Subsequent to the consummation of our IPO, the accrued payments of premium paid by the Original Shareholder is regarded as shareholder's contribution and transferred to capital reserve of our financial statements.

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

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

Certain events of default occurred under the Structured Secured Loan in 2008 as we failed to maintain certain financial ratios during the current global economic downturn and financial crisis. But we obtained a forbearance agreement with the lenders of the Structured Secured Loan in December 2008 for them not to accelerate the Structured Secured Loan. In connection with our IPO, we have obtained waivers from the Structured Secured Loan lenders with respect to any existing or purported defaults, events of default or cross-defaults under the various financing agreements.

Upon completion of our IPO, we partially prepaid the Structured Secured Loan in an aggregate principal amount of US$127.2 million, net of our repurchased principal amount of US$48.5 million of the Structured Secured Loan disclosed above. We intend to repay the entire remaining offshore principal amount of US$254.3 million and onshore principal amount of RMB 20 million of the Structured Secured Loan.

Convertible Preferred Shares and Embedded Financial Derivatives

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

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

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

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

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

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

On December 11, 2007, all our Convertible Preferred Shares were restructured and became a debt financing arrangement. We repurchased and cancelled the 800,000,000 Convertible Preferred Shares for an aggregate consideration of US$400 million in January 2008.

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

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

Upon the consummation of our IPO in November 2009, the loan has been converted into our shares pursuant to the relevant financing agreements.

Financial Guarantee

We make arrangements with various PRC banks to provide mortgage facilities to purchasers of our pre-sold properties. In accordance with market practice, we are required to provide guarantees to these banks in respect of mortgages provided to such customers. Guarantees for mortgages on pre-sold residential properties are generally discharged at the earlier of: (i) the property ownership certificates are submitted to the mortgagee banks, or (ii) the purchasers pay off the total amount of mortgages. If a purchaser defaults on the mortgage loan, we are typically required to repurchase the underlying property by paying off the mortgage loan. If we fail to do so, the mortgagee banks will auction the underlying property and recover the balance from us if the outstanding loan amount exceeds the net foreclosure sale proceeds. In line with industry practice, we do not conduct independent credit checks on our customers but rely on the credit checks conducted by the mortgagee banks. As of December 31, 2006, 2007 and 2008 and June 30, 2009, our outstanding guarantees for mortgage loans of the purchasers of our pre-sold properties were approximately RMB 1,073.9 million, RMB 1,464.2 million, RMB 2,087.0 million and RMB 5,677.5 million, respectively. During three years ended December 31, 2006, 2007 and 2008 and the six months ended June 30, 2009, we encountered defaulted mortgage loans in the aggregate amounts of RMB 4.0 million. However, we were able to recoup our full guaranteed amounts through foreclosure sales. As a result, we did not sustain any economic loss. Since July 1, 2009, we have not experienced any purchaser defaults on mortgage loans that we guaranteed. You may refer to Note 31 to our consolidated financial statements included elsewhere in this document for additional information.

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

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

Contractual Obligations and Capital Commitments

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

	As of December 31,			As of June 30,	As of September 30,
	2006	2007	2008	2009	2009
	(RMB in millions)				
Not later than one year	5.6	28.0	30.7	28.9	26.7
Later than one year and not later than five years	4.9	84.5	71.8	45.2	43.6
Later than five years	0.8	7.3	7.1	6.2	5.9
	11.3	119.8	109.6	80.3	76.2

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

	As of December 31,			As of June 30,	As of September 30,
	2006	2007	2008	2009	2009
	(RMB in millions)				
Contracted but not provided for	1,720.2	8,561.6	12,776.3	14,278.5	12,255.1

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

	As of December 31,			As of June 30,	As of September 30,
	2006	2007	2008	2009	2009
	(RMB in millions)				
Contracted but not provided for	1,627.5	5,701.5	10,235.6	11,615.7	9,652.7

Our commitments for property development expenditures and land expenditures are financed by cash generated from our operations. We expect to continue to rely on proceeds from our property sales and pre-sales as well as new financings as the principal sources of funding to finance our contractual obligations and capital commitments.

Off-balance Sheet Commitments and Arrangements

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

Market Risks

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

Interest Rate Risk

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

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

Commodity Risk

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

Foreign Exchange Risk

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

Inflation

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

Non-GAAP Financial Measures

We use EBITDA to provide additional information about our operating performance. EBITDA refers to our earnings before the following items:

- interest income/expense;
- amortization of intangible assets;
- non-operating income/expense;
- income tax expense; and
- depreciation.

EBITDA is not a standard measure under either U.S. GAAP or HKFRS. As the property development business is capital intensive, capital expenditure requirements and levels of debt and interest expenses may have a significant impact on the profit for the year/period of companies with similar operating results. Therefore, we believe the investor community commonly uses this type of financial measure to assess the operating performance of companies in our market sector.

As a measure of our operating performance, we believe that the most directly comparable HKFRS and U.S. GAAP measure to EBITDA is profit for the year/period. We operate in a capital intensive industry. We use EBITDA in addition to profit for the year/period because profit for the year/period includes many accounting items associated with capital expenditures, such as depreciation, as well as non-operating items, such as amortization of intangible assets and interest income and interest expense. These accounting items may vary between companies depending on the method of accounting adopted by a company. By minimizing differences in capital expenditures and the associated depreciation expenses as well as reported tax positions, intangible assets amortization and interest income and expense, EBITDA provides further information about our operating performance and an additional measure for comparing our operating performance with other companies' results. Funds depicted by this measure may not be available for debt service due to covenant restrictions, capital expenditure requirements and other commitments.

The following table reconciles our profit for the year/period under HKFRS to our definition of EBITDA for the periods indicated.

	Year ended December 31,				For the Six months ended June 30,		
	2006	2007	2008		2008	2009	
	(RMB)	(RMB)	(RMB)	(US$)	(RMB) (unaudited)	(RMB)	(US$)
				(in thousands)			
Profit for the year/ period	325,459	1,079,104	632,430	92,593	860,564	522,360	76,478
Adjustment							
Fair value gains on investment properties	(300,103)	(657,067)	(77,415)	(11,334)	(107,912)	(299,657)	(43,872)
Fair value change on embedded financial derivatives	2,515	562,684	—	—	—	—	—
(Provisions)/reversals of financial guarantees	—	—	65,997	9,663	32,315	(146,341)	(21,426)
Finance cost/(income)	81,841	155,545	15,424	2,258	7,585	8,104	1,186
Exchange losses/(gain), net	(26,032)	(274,310)	(201,944)	(29,566)	(191,565)	4,204	616
Income tax expense	265,074	437,766	333,958	48,894	304,480	(12,708)	(1,861)
Depreciation	9,429	15,026	24,058	3,522	12,398	22,453	3,287
Amortization of intangible assets and land use rights	7,953	31,588	17,404	2,548	5,645	10,757	1,575
EBITDA	366,136	1,350,336	809,912	118,578	923,510	109,172	15,983
EBITDA margin	18.5%	42.6%	22.5%	22.5%	36.6%	6.7%	6.7%

You should not consider our definition of EBITDA in isolation or construe it as an alternative to profit for the year/period or as an indicator of operating performance or any other standard measure under HKFRS or U.S. GAAP. Our definition of EBITDA does not account for taxes and other non-operating cash expenses. Our EBITDA measures may not be comparable to similarly titled measures used by other companies.

The information in the section below has been derived, in part, from various government publications unless otherwise indicated. This information has not been independently verified by us or the Initial Purchasers or any of our and their respective affiliates or advisors. The information may not be consistent with other information compiled within or outside China.

China's Economy

The PRC economy has grown significantly since the PRC government introduced economic reforms in the late 1970's. China's accession to the World Trade Organization, or WTO, in 2001 has further accelerated the reform of the PRC economy. China's gross domestic product, or GDP, increased from approximately RMB 15,987.8 billion in 2004 to approximately RMB 30,067.0 billion in 2008 at a compound annual growth rate, or CAGR, of approximately 17.1%. Per capita disposable income in China reached RMB 15,781.0 in 2008, representing an increase of approximately 14.5% over 2007. Investments in real estate in China were approximately RMB 3,058.0 billion in 2008, representing an increase of approximately 21.0% over 2007.

The table below sets out selected economic statistics for China for the years indicated.

	2004	2005	2006	2007	2008
GDP (RMB billion)	15,987.8	18,386.8	21,087.1	24,661.9	30,067.0
GDP growth rate (%)	10.1	10.4	11.1	11.4	9.0
GDP per capita (RMB)	12,336.0	14,103.0	16,084.0	18,665.0	22,640.0
GDP per capita growth rate (%)	9.4	9.8	10.5	16.0	21.3
Total imports and exports (US$ billion)	1,154.6	1,421.9	1,760.4	2,173.8	2,561.6
Utilized FDI (US$ billion)	60.6	60.3	69.5	74.8	92.4
Per capita disposable income (RMB)	9,421.6	10,493.0	11,759.0	13,785.8	15,781.0
Total savings of urban households (RMB billion)	11,955.5	14,105.1	16,158.7	17,621.3	22,150.3

Source: National Bureau of Statistics of China

PRC Property Markets

Reform of the PRC property market did not commence until the 1990s. Prior to such reform, the PRC real estate development industry was part of the nation's centrally planned economy. In the 1990s, the PRC government initiated the housing reform and, as a result, the real estate and housing sector of China began its transition to a market-based system. A brief timeline of key housing reforms is set out below:

1988	The NPC amended the national constitution to permit the transfer of state-owned land use rights
1992	Sale of formerly public housing commenced in major cities
1994	The PRC government further implemented the reform and established an employer/employee-funded housing fund, and issued a regulation regarding pre-sale of commodity housing in cities
1995	The PRC government issued regulations regarding the transfer of real estate, establishing a regulatory framework for real estate sales
1998	The PRC government abolished the state-allocated housing policy

1999	The PRC government extended the maximum mortgage term to 30 years and formalized procedures for the sale of real estate in the secondary market
2000	The PRC government issued regulations to standardize the quality of construction projects, establishing a framework for administering construction quality
2002	The PRC government promulgated rules to require that state-owned land use rights be granted by way of tender, auction and listing-for-sale and eliminated the dual system for domestic and overseas home buyers in China
2003	The PRC government promulgated rules to require more stringent administration of real estate financing for the purpose of reducing credit and systemic risks associated with such financing
2004	The PRC government required real estate development projects (excluding affordable housing programs) to be financed by developers themselves from their capital funds with respect to 35%, rather than 20%, of the total projected capital outlay for such projects, imposed more restrictive requirements on pre-sale of commodity housing in cities and issued guidelines to commercial banks to further strengthen their risk control over real estate financing
2005	The PRC government adopted additional measures to discourage speculation in real properties, such as increasing the minimum down-payment to 30% of the total purchase price in selected cities where the housing price increased too fast, eliminating the preferential mortgage interest rate for residential housing, imposing a business tax of 5% on the proceeds from sales that occur within two years of purchase, and prohibiting resale of unfinished properties
2006	The PRC government implemented additional land supply, bank financing and other measures to curb fast increases in property prices, to encourage the development of middle- to low-end housing and to promote healthy development of the PRC property industry
2007	The PRC government issued regulations to increase the annual land use tax, and to impose such land use tax on foreign invested enterprises as well and to require that land use right certificates be issued only upon full payment of the land premium with respect to all of the land use rights under a land grant contract, which effectively stopped the practice of issuing land use right certificates in installments
2008	The PRC government took additional measures during the first half of the year to control money supply and discourage speculations in the residential property market, but took other measures during the second half of the year to combat the impact of the global economic downturn, to encourage domestic consumption in the residential property market and to support real estate development
2009	The PRC government reduced the minimum capital funding requirement for real estate development from 35% to 20% for ordinary commodity housing projects and affordable housing projects, and to 30% for other real estate projects At the end of the year, in response to the property prices rises across the country, the PRC government adjusted some of its policies in order to enhance regulation in the property market, restrain property purchases for investment or speculation purposes and keep property prices from rising too quickly in certain cities. Such policy adjustments include abolishment of certain preferential treatment relating to business taxes payable upon transfers of residential properties by property owners and imposition of more stringent requirements on the payment of land premium by property developers.

You may find additional information on housing reforms and recent regulatory developments with respect to the property industry of China in "— Measures Taken by PRC Government in Recent Years Relating to PRC Property Markets" below and the section entitled "Regulation."

The housing reforms, together with the economic growth of China, emergence of the mortgage lending market and increasing urbanization rate, are key factors in creating a real estate market in China and in sustaining the growth of China's real estate market. These and other government housing reform measures will continue to encourage private housing ownership in China. According to the National Bureau of Statistics of China, China's urbanization rate, i.e. the proportion of the population residing in urban areas, rose from approximately 29.0% in 1995 to approximately 45.7% in 2008. Increases in the urban population of China will likely result in increases in demand for residential properties.

The table below shows China's urbanization rate for the periods indicated.

	2004	2005	2006	2007	2008
Total population (millions)	1,299.9	1,307.6	1,314.5	1,321.3	1,328.0
Urban population (millions)	542.8	562.1	577.1	593.8	606.7
Urbanization rate (%)	41.8	43.0	43.9	44.9	45.7

Source: National Bureau of Statistics of China

Measures Taken by PRC Government in Recent Years Relating to PRC Property Markets

From 2004 to the first half of 2008, in order to prevent the overheating of the PRC economy and to achieve a balanced and sustainable economic growth, the PRC government took measures to control money supply, credit availability and fixed assets investment. The PRC government also took measures to discourage speculation in the residential property market and to increase the supply of affordable housing rather than high-end residential properties. In response to concerns over the scale of the increase in property investment, the PRC government introduced policies and measures to restrict such increase, including:

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

- requiring real estate developers to finance 35% rather than 20% of the total projected capital outlay of any property development with their capital funds;

- increasing the required reserve ratio of funds that a commercial bank must hold on deposit from 7.5% in first half of 2006 to 15% in January 2008, effectively reducing the amount of money a bank is able to lend;

- increasing the PBOC benchmark one-year bank lending interest rates and public housing funds rates in December 2007, with the PBOC one-year benchmark lending interest rate at 7.47% and the public housing funds rates at 4.77% for loans with maturities of no more than five years and 5.22% for loans with maturities of over five years; and

- tightening regulations governing mortgage lending and restricting approval of new development zones.

In April 2005, the Ministry of Construction and other relevant PRC government authorities jointly issued their Opinions on Stabilizing Property Prices《關於做好穩定住房價格工作的通知》followed by a set of certain measures to tackle the overheating of the real estate industry including:

- a business tax levy on the sales proceeds subject to the length of holding period and type of properties starting from June 1, 2005;
- a ban on onward transfer of pre-sold properties;
- strict enforcement of the imposition of an idle land fee for any land that has remained undeveloped for one year or longer starting from the commencement date as stipulated in the land grant contract and forfeiture of land use rights for any land that has remained idle for two years or longer;
- a stop order and cancellation for projects not in compliance with their construction plans; and
- a ban on land provision for villa construction and a restriction on land provision for high-end residential property development.

In May 2006, the Ministry of Construction, PRC National Development and Reform Commission (中華人民共和國國家發展和改革委員會), or NDRC, PBOC and other relevant PRC government authorities jointly issued their Opinions on Housing Supply Structure and Stabilization of Property Prices《關於調整住房供應結構穩定住房價格的意見》. Such opinions reiterated the existing measures and ushered additional measures that aim at further curbing the rapid increases then in property prices in large cities and promoting healthy development of the PRC property market. These measures include:

- requiring that at least 70% of the land supply approved by a local government for residential property development for any given year must be used for developing low-to medium-cost and small- to medium-size units and low-cost rental properties;
- requiring that at least 70% of residential projects approved or constructed on or after June 1, 2006 must consist of units with a unit floor area of less than 90 square meters per unit and that projects which have received approvals prior to this date but have not obtained construction permits must adjust their planning in order to be in conformity with this new requirement, with the exception that municipalities under direct administration of the PRC central government, such as Beijing, Chongqing and Shanghai, provincial capitals and certain other cities may deviate from such ratio under special circumstances upon approval from the Ministry of Construction;
- increasing the minimum amount of down-payment from 20% to 30% of the purchase price of the underlying property if the unit floor area for the project is 90 square meters or more, effective from June 1, 2006;
- prohibiting commercial banks from lending to real estate developers with an internal capital ratio, calculated by dividing the internal funds by the total project capital required for the relevant projects, of less than 35%, restricting the grant or extension of revolving credit facilities to property developers holding a large amount of idle land or vacant commodity properties, and prohibiting commercial banks from accepting commodity properties which have been vacant for more than three years as security for their loans; and
- imposing a business tax levy on the entire sales proceeds from re-sale of properties if the holding period is shorter than five years, effective from June 1, 2006, as opposed to two years when such levy was initially introduced in June 2005, and allowing such business tax

to be levied on the difference between the price for such re-sale and the original purchase price in the event that an individual transfers a property that is not an ordinary residential property even though such transfer takes place after five years from his/her date of purchase.

In May 2006, PRC Ministry of Land and Resources (中華人民共和國國土資源部), or the Ministry of Land and Resources, published an urgent notice to tighten up land administration《關於當前進一步從嚴土地管理的通知》. In this notice, the Ministry of Land and Resources stressed that local governments must adhere to their annual overall land use planning and land supply plans and tighten up the control on land supply for non-agricultural use. The notice also requires local governments to suspend the supply of land for new villa projects to ensure adequate supply of land for more affordable housing.

In May 2007, MOFCOM and SAFE issued the Circular on Strengthening and Regulating the Examination and Approval and Supervision of Foreign Direct Investment in the Real Estate Sector《關於進一步加強規範外商直接投資房地產業審批和監管的通知》, commonly known as Circular 50. Under Circular 50, prior to applying for establishment of real estate companies, foreign investors must first obtain land use rights or property ownership certificates, or must first enter into pre-sale or pre-grant agreements with respect to the land use rights or property ownership certificates. If foreign-invested enterprises in China engage in real estate development or operations or if foreign-invested real estate enterprises, or FIREEs, in China engage in new real estate project developments, they must first apply to the relevant PRC governmental authorities to expand their scope of business in accordance with the PRC laws and regulations related to foreign investments. In addition, the local PRC governmental authorities must file with MOFCOM for record their approvals of establishment of FIREEs, and must exercise due control over foreign investments in high-end properties. Foreign exchange authorities may not allow capital-account foreign exchange sales and settlements by FIREEs that have been established in contravention of these requirements.

In July 2007, SAFE issued a notice, commonly known as Notice 130, together with a list of FIREEs that had effected their filings with MOFCOM. According to Notice 130, SAFE will no longer process foreign debt registrations or applications by FIREEs for permission to purchase foreign exchange to service their foreign debt if such FIREEs have not obtained their approval certificates from the government before June 1, 2007. As a result of Notice 130, unless the approval certificate of an FIREE as of May 31, 2007 contained an aggregate investment amount, which includes its registered capital and foreign debt, sufficient to permit foreign currency to be injected into its operations in China, such FIREE effectively will no longer be able to borrow foreign debt, including shareholder loans and overseas commercial loans, to finance its operations in China. It can only use its capital contributions instead. SAFE further informed in Notice 130 that it will not process any foreign exchange registration (or change of such registration) or application for settlement of foreign currency under the capital account by any FIREE if it has obtained the relevant approval certificates from local government authorities on or after June 1, 2007 but has not completed its filing with MOFCOM.

In October 2007, the PRC government revised its Catalog of Guidance on Industries for Foreign Investment《外商投資產業指導目錄》by, among other things, removing the development of ordinary residences from the foreign-investment-encouraged category and adding the secondary market residential property trading and brokering into the foreign-investment-restricted category.

In January 2008, the State Council issued a Notice on Promoting Economization of Land Use《關於促進節約集約用地的通知》 with respect to the collection of additional land premium, establishment of a land utilization priority planning scheme, formulation of a system for assessing the optimal use of land and other proposed measures. The notice urges the full and effective use of existing construction land and the preservation of farming land. The notice also emphasizes the enforcement of the current rules on idle land fee for any land left idle for over one year but less than two years, with such idle land fee charged at 20% of the land grant premium. The notice further urges the financial institutions to exercise caution when they process loan applications from property developers that have failed to commence construction, to complete development of at least one third of the site area or to invest at least 25% of the total investment within one year of the construction date provided in the land grant contract.

Since October 2008, due to the global economic slowdown and financial market crisis, the PRC government has adopted a series of measures with respect to money supply, credit availability, fixed assets investment, tax reduction, and other areas to encourage domestic consumption, including support to the property market and real estate development such as the following:

- reducing the capital funding requirement for real estate developers from 35% to 20% for ordinary commodity housing projects and affordable housing projects, and 30% for other real estate projects;

- reducing the required deposit reserve ratio for commercial banks to 14.5% for large deposit-taking financial institutions and 13.5% for middle-to-small-sized deposit-taking financial institutions;

- reducing the PBOC benchmark one-year bank lending interest rate to 5.31%; and

- reducing the public housing funds rates to 3.33% (for loans with maturities of no more than five years) and 3.87% (for loans with maturities of over five years), respectively.

In October 2008, the Ministry of Finance and the State Administration of Taxation issued a Notice on Adjustments to Taxation on Real Estate Transactions 《關於調整房地產交易環節稅收政策的通知》 to reduce the deed tax to 1% for first-time buyers of ordinary residential properties with a unit floor area of less than 90 square meters. In addition, sales and purchases of residential properties are temporarily exempted from the stamp duty, and sales of residential properties are temporarily exempted from land value-added tax.

In December 2008, the General Office of the State Council released Several Opinions on Facilitating the Healthy Development of the Real Estate Market 《關於促進房地產市場健康發展的若干意見》, and the Ministry of Finance and the State Administration of Taxation jointly issued the Notice on the Policy of Business Tax on Re-sale of Personal Residential Properties 《關於個人住房轉讓營業稅政策的通知》 to encourage the consumption of ordinary residential properties and support the real estate development in response to the market changes, including:

- effective between January 1, 2009 and December 31, 2009, business tax will be imposed on transfers of non-ordinary residential properties that occur within two years, instead of five years as previously required, from their purchase dates;

- for ordinary residential properties, business tax is exempted if they are transferred after two years from the purchase dates;

- for transfers of non-ordinary residential properties two years after their purchase dates and ordinary residential properties within two years of their purchase dates, business tax is levied on the balance between the relevant sale prices and purchase prices;

- individuals with existing ordinary residential properties smaller than the average size under their local standards may buy second ordinary residential properties with the favorable loan terms similar to first-time buyers; and

- the government will provide support to real estate development in response to the changing market conditions, including increasing credit financing to "low-to-medium-priced" or "small-to-medium-sized" ordinary commodity housing projects, particularly those under construction, and providing financial support to real estate developers with good credit standing for merger and acquisition activities.

In May 2009, the State Council issued the Notice on Adjusting the Portion of Capital Fund for Fixed Assets Investment 《國務院關於調整固定資產投資項目資本金比例的通知》, under which the minimum capital ratio of low-to-mid-income housing and ordinary commodity housing projects shall be 20% and the minimum capital ratio of other real estate projects shall be 30%.

In November 2009, the Ministry of Land and Resources issued a Circular on the Distribution of the Catalog for Restricted Land Use Projects (2006 Version Supplement) and the Catalog for Prohibited Land Use Projects (2006 Version Supplement) 《關於印發〈限制用地項目目錄(2006年本增補本)〉和〈禁止用地項目目錄(2006年本增補本)〉的通知》, as a supplement to its 2006 version. In this Circular, the Ministry of Land and Resources has set forth a ceiling for the land granted by local governments for development of commodity housing as follows: seven hectares for small cities and towns, 14 hectares for medium-sized cities and 20 hectares for large cities.

In December 2009, the State Council terminated the policy on preferential treatment relating to business taxes payable upon transfers of residential properties by property owners as previously adopted in December 2008 by the PRC government in response to the global economic slowdown, and the Ministry of Finance and the State Administration of Taxation jointly issued the Notice on Adjusting the Policy of Business Tax on Re-sale of Personal Residential Properties 《關於調整個人住房轉讓營業稅政策的通知》to curtail speculations in the property market in response to the property price rises across the country:

- effective from January 1, 2010, business tax will be imposed on the full amount of the sale income upon transfers of non-ordinary residential properties that occur within five years, instead of two years, from their purchase dates;

- for ordinary residential properties, business tax is exempted if they are transferred after five years from the purchase dates; and

- for transfers of non-ordinary residential properties five years after their purchase dates and ordinary residential properties within five years of their purchase dates, business tax is levied on the balance between the relevant sale prices and purchase prices.

In December 2009, the State Council considered measures to enhance regulation in the property market, restrain property purchases for investment or speculation purposes and keep property prices from rising too quickly in certain cities, requiring relevant authorities to:

- increase the effective supply of ordinary commodity residential properties;

- continue to support the purchase of properties for self-use or improving housing conditions, and restrict purchases of properties for investment or speculation purposes;

- enhance regulation in the property market; and

- continue to extensively promote housing projects for low-income residents.

In November 2009, the Ministry of Finance, the Ministry of Land and Resources, PBOC, the PRC Ministry of Supervision and the PRC National Audit Office jointly promulgated the Notice on Further Enhancing the Revenue and Expenditure Control over Land Grant《關於進一步加強土地出讓收支管理

的通知》. The Notice raises the minimum down-payment for land premium to 50% and requires the land premium to be fully paid within one year after the signing of a land grant contract, subject to limited exceptions.

In January 2010, the General Office of the State Council issued a Circular on Facilitating the Stable and Healthy Development of Property Market 《關於促進房地產市場平穩健康發展的通知》, which adopted a series of measures to strengthen and improve the regulation of the property market, stabilize market expectation and facilitate the stable and healthy development of the property market. These include, among others, measures to increase the supply of affordable housing and ordinary commodity housing, provide reasonable guidance for the purchase of property, restrain speculation of properties, and strengthen risk prevention and market supervision. Additionally, it explicitly requires a family (including a borrower, his or her spouse and children under 18), who have already purchased a house by mortgage and have applied to purchase a second or more houses, to pay a minimum down payment of 40% of the purchase price.

Commodity Property Sales

Demand for real estate in China has seen a steady increase over the years. According to the National Bureau of Statistics of China, the total revenue from real property sales in China increased from approximately RMB 251.3 billion in 1998 to approximately RMB 2,407.1 billion in 2008. During the same period, the aggregate GFA sold in China increased from approximately 121.9 million square meters in 1998 to approximately 620.9 million square meters in 2008. Of the 620.9 million square meters of aggregate GFA sold in 2008, approximately 558.9 million square meters were residential properties, representing a decrease of approximately 20.3% from 2007.

The average price of commodity properties sold in China increased from RMB 2,778.0 per square meter in 2004 to RMB 3,877.0 per square meter in 2008, while the average price of residential properties sold increased from RMB 2,608.0 per square meter to RMB 3,655.0 per square meter during the same period. The average price of commodity properties sold in China in 2008 was calculated by dividing total sales proceeds by the aggregate GFA sold.

The table below sets out selected statistics relating to the PRC property market for the years indicated.

	2004	2005	2006	2007	2008
Real estate investment (RMB billion)	1,315.8	1,590.9	1,942.3	2,528.0	3,058.0
Total GFA sold (million square meters)	382.3	554.9	618.6	761.9	620.9
GFA of residential properties sold (million square meters)	338.2	495.9	554.2	691.0	558.9
Average price of commodity properties (RMB/square meter)	2,778.0	3,168.0	3,367.0	3,885.0	3,877.0
Average price of residential properties (RMB/square meter)	2,608.0	2,937.0	3,119.0	3,665.0	3,655.0
Total sales revenue for commodity properties (RMB billion)	1,037.6	1,757.6	2,082.6	2,960.4	2,407.1
Total sales revenue for residential properties (RMB billion)	861.9	1,456.4	1,728.8	2,532.4	2,042.4

Source: National Bureau of Statistics of China

Top 10 PRC Real Estate Developers by Land Reserves

We set forth below the top 10 property developers in China as measured by land reserves as of September 30, 2009 as compiled by China Real Estate Appraisal and CRIC.

Ranking	Company
1	**Evergrande Real Estate Group Limited**
2	Country Garden Holdings Company Limited
3	Agile Property Holdings Limited
4	Hopson Development Holdings Limited
5	Shimao Property Holdings Limited
6	Greentown China Holdings Limited
7	China Overseas Land & Investment Ltd.
8	China Resources Land Limited
9	China Vanke Co., Ltd.
10	Poly Real Estate Group Co., Ltd.

Source: China Real Estate Appraisal and CRIC

Top 20 PRC Real Estate Developers by Contracted Sales

We set forth below the top 20 property developers in China as measured by contracted sales for the nine months ended September 30, 2009 as compiled by China Real Estate Appraisal and CRIC.

Ranking	Company
1	China Vanke Co., Ltd.
2	Poly Real Estate Group Co., Ltd.
3	China Overseas Land & Investment Ltd.
4	Greentown China Holdings Limited
5	**Evergrande Real Estate Group Limited**
6	a private company
7	Guangzhou R&F Properties Co., Ltd.
8	Shimao Property Holdings Limited
9	China Resources Land Limited
10	Gemdale Corporation
11	Longfor Properties Co., Ltd.
12	China Merchants Property Development Co., Ltd.
13	a private company
14	a private company
15	Sino-Ocean Land Holdings Limited
16	Yanlord Land Group Limited
17	Agile Property Holdings Limited
18	Country Garden Holdings Company Limited
19	a private company
20	a private company

Source: China Real Estate Appraisal and CRIC

We set forth below the top 20 property developers in China as measured by contracted sales for the three months ended September 30, 2009 as compiled by China Real Estate Appraisal and CRIC.

Ranking	Company
1	**Evergrande Real Estate Group Limited**
2	China Vanke Co., Ltd.
3	Greentown China Holdings Limited
4	Poly Real Estate Group Co., Ltd.
5	a private company
6	China Overseas Land & Investment Ltd.
7	a private company
8	China Resources Land Limited
9	Longfor Properties Co., Ltd.
10	Gemdale Corporation
11	Shimao Property Holdings Limited
12	Guangzhou R&F Properties Co., Ltd.
13	China Merchants Property Development Co., Ltd.
14	a private company
15	Yanlord Land Group Limited
16	Sino-Ocean Land Holdings Limited
17	a private company
18	Country Garden Holdings Company Limited
19	a private company
20	Hopson Development Holdings Limited

Source: China Real Estate Appraisal and CRIC

Top 20 PRC Real Estate Developers by GFA Pre-sold

We set forth below the top 20 property developers in China as measured by GFA pre-sold for the nine months ended September 30, 2009 as compiled by China Real Estate Appraisal and CRIC.

Ranking	Company
1	**Evergrande Real Estate Group Limited**
2	China Vanke Co., Ltd.
3	a private company
4	Poly Real Estate Group Co., Ltd.
5	China Overseas Land & Investment Ltd.
6	a private company
7	Country Garden Holdings Company Limited
8	Shimao Property Holdings Limited
9	Greentown China Holdings Limited
10	Guangzhou R&F Properties Co., Ltd.
11	China Resources Land Limited
12	Longfor Properties Co., Ltd.
13	a private company
14	Gemdale Corporation
15	Agile Property Holdings Limited
16	Sino-Ocean Land Holdings Limited
17	Jiangsu Future Land Co., Ltd.
18	China Merchants Property Development Co., Ltd.
19	a private company
20	a private company

Source: China Real Estate Appraisal and CRIC

We set forth below the top 20 property developers in China as measured by GFA pre-sold for the three months ended September 30, 2009 as compiled by China Real Estate Appraisal and CRIC.

Ranking	Company
1	**Evergrande Real Estate Group Limited**
2	a private company
3	Poly Real Estate Group Co., Ltd.
4	China Vanke Co., Ltd.
5	China Overseas Land & Investment Ltd.
6	a private company
7	Country Garden Holdings Company Limited
8	Greentown China Holdings Limited
9	Shimao Property Holdings Limited
10	China Resources Land Limited
11	Longfor Properties Co., Ltd.
12	a private company
13	Gemdale Corporation
14	Guangzhou R&F Properties Co., Ltd.
15	Sino-Ocean Land Holdings Limited
16	Agile Property Holdings Limited
17	Jiangsu Future Land Co., Ltd.
18	China Merchants Property Development Co., Ltd.
19	a private company
20	Yanlord Land Group Limited

Source: China Real Estate Appraisal and CRIC

China Real Estate Top 10 Research Group

China Real Estate Top 10 Research Group is an independent research institute constituted by Enterprise Research Institute of the Development Research Center of the State Council, Tsinghua University Real Estate Research Center and China Index Academy. It conducts surveys on an annual and nationwide basis with respect to various aspects of the property industry. Its evaluation results are published for public consumption and available at no cost on its website: http://industry.soufun.com. Contents available at such website do not constitute a part of this document.

Guangzhou City

Guangzhou is the capital city of Guangdong Province. It covers a total area of approximately 7,434 square kilometers and had a population of approximately 10.2 million as of December 31, 2008. It is the third largest city in China in terms of GDP and the largest city in southern China. Guangzhou is approximately two hours away from Hong Kong and Shenzhen by train.

The growth in the economy and population of Guangzhou has generated an increase in housing demand in the city. From 1996 to 2008, the population of Guangzhou has increased by more than 3.6 million, representing an increase of approximately 55.2%. The table below sets out selected economic statistics for Guangzhou for the years indicated.

	2004	2005	2006	2007	2008
GDP (RMB billion)	445.1	515.4	607.4	705.1	821.6
GDP per capita (RMB)	45,906.0	53,809.0	63,100.0	70,186.0	80,690.0
GDP per capita growth rate (%)	16.2	14.3	14.3	11.2	15.0
Year-end registered population (million)	7.4	7.5	7.6	7.7	10.2
Per capita disposable income (RMB)	16,884.0	18,287.0	19,851.0	22,469.0	25,317.0

Sources: Guangzhou Bureau of Statistics; National Bureau of Statistics of China

Residential real estate investments in Guangzhou have increased over the years. Total real estate investments in the city amounted to approximately RMB 76.2 billion in 2008, representing an increase of approximately 8.2% over 2007. GFA of completed residential properties in Guangzhou in 2008 was approximately 6.7 million square meters, representing a decrease of approximately 3.9% from 2007. In 2008, total residential GFA sold in Guangzhou amounted to approximately 9.3 million square meters, representing a decrease of approximately 27.3% from 2007. The average price of total residential GFA sold in Guangzhou in 2008 reached RMB 8,501.0 per square meter, representing an increase of approximately 6.4% over 2007.

The table below sets out key statistics relating to the property market in Guangzhou for the years indicated.

	2004	2005	2006	2007	2008
Real estate investment (RMB billion)	44.1	50.8	55.7	70.4	76.2
GFA of residential properties completed (million square meters)	7.4	8.0	7.7	6.7	6.7
GFA of residential properties sold (million square meters)	8.1	11.3	11.6	12.8	9.3
Sales revenue from residential properties (RMB billion)	35.1	57.0	71.1	102.4	79.3
Average price of residential properties (RMB/ square meter)	4,356.0	5,041.0	6,152.0	7,993.0	8,501.0

Sources: Guangzhou Bureau of Statistics; National Bureau of Statistics of China

Guangdong Province

Guangdong Province is located in the heart of the Pearl River delta, adjacent to Hong Kong to its south. It covers a total area of approximately 179,757.0 square kilometers and had a population of approximately 95.4 million as of December 31, 2008. The Pearl River delta has been an important economic region in China with significant development and growth over the past decades. In line with the economic growth in Guangdong Province, the purchasing power of Guangdong residents has increased significantly over the years, which has supported the growth of the real estate market in Guangdong Province. The table below sets out selected economic statistics for Guangdong Province for the years indicated.

	2004	2005	2006	2007	2008
GDP (RMB billion)	1,886.5	2,236.7	2,620.4	3,067.4	3,569.6
GDP per capita (RMB)	20.876.0	24,438.0	28,332.0	32,713.0	37,588.0
GDP per capita growth rate (%)	13.1	12.4	12.9	12.9	8.7
Year-end registered population (million)	78.0	79.0	80.5	81.6	95.4
Per capita disposable income (RMB)	13,628.0	14,770.0	16,015.6	17,699.3	19,732.9

Sources: Guangdong Province Bureau of Statistics; National Bureau of Statistics of China

Aggregate real estate investments in Guangdong Province reached approximately RMB 293.2 billion in 2008, representing an increase of approximately 16.5% over 2007. The GFA of completed residential properties in Guangdong Province was approximately 34.8 million square meters in 2008, representing an increase of approximately 5.1% over 2007. Total residential GFA sold in Guangdong Province in 2008 was approximately 43.8 million square meters, representing a decrease of approximately 22.8% from 2007. The average price of residential GFA sold in Guangdong Province in

2008 was RMB 5,754.0 per square meter, representing an increase of approximately 1.8% over 2007. The table below sets out selected statistics relating to the property market in Guangdong Province for the years indicated.

	2004	2005	2006	2007	2008
Real estate investment (RMB billion)	135.6	159.2	183.4	251.9	293.2
GFA of residential properties completed (million square meters)	27.8	34.8	34.2	33.1	34.8
GFA of residential properties sold (million square meters)	30.1	45.5	46.9	56.7	43.8
Sales revenue from residential properties (RMB billion)	99.2	188.6	215.4	320.3	251.9
Average price of residential properties (RMB/square meter)	3,298.0	4,149.0	4,589.0	5,653.0	5,754.0

Sources: Guangdong Province Bureau of Statistics; National Bureau of Statistics of China

Chongqing Municipality

Chongqing is one of the four municipalities under the direct administration of the PRC central government and an important economic hub in southwestern China. The table below sets out selected economic statistics for Chongqing for the years indicated.

	2004	2005	2006	2007	2008
GDP (RMB billion)	269.3	307.1	349.2	411.2	509.7
GDP per capita (RMB)	9,624.0	10,982.0	12,457.0	14,622.0	18,025.0
GDP per capita growth rate (%)	12.6	11.6	12.0	15.2	13.7
Year-end registered population (million)	31.4	31.7	32.0	28.2	28.4
Per capita disposable income (RMB)	9,221.0	10,244.0	11,570.0	13,715.0	14,368.0

Source: Chongqing Bureau of Statistics

Real estate investments in Chongqing reached approximately RMB 99.1 billion in 2008, representing an increase of approximately 16.7% over 2007. The GFA of completed residential properties in Chongqing was approximately 19.5 million square meters in 2008, representing an increase of approximately 10.2% over 2007. Total residential GFA sold in Chongqing in 2008 was approximately 26.7 million square meters, representing a decrease of approximately 19.3% from 2007. The average price of residential GFA sold in Chongqing in 2008 was RMB 2,640.0 per square meter, representing an increase of approximately 2.0% over 2007. The table below sets out selected statistics relating to the property market in Chongqing for the years indicated.

	2004	2005	2006	2007	2008
Real estate investment (RMB billion)	39.3	51.8	63.0	84.9	99.1
GFA of residential properties completed (million square meters)	11.9	17.1	17.0	17.7	19.5
GFA of residential properties sold (million square meters)	11.4	17.9	20.1	33.1	26.7
Sales revenue from residential properties (RMB billion)	17.9	34.1	41.9	85.7	70.5
Average price of residential properties (RMB/square meter)	1,573.0	1,901.0	2,081.0	2,588.0	2,640.0

Sources: Chongqing Bureau of Statistics; National Bureau of Statistics of China

Tianjin Municipality

Tianjin is one of the four municipalities under the direct administration of the PRC central government and an economic and cultural center in China. The table below sets out selected economic statistics for Tianjin for the years indicated.

	2004	2005	2006	2007	2008
GDP (RMB billion)	311.1	369.8	435.9	501.8	635.4
GDP per capita (RMB)	30,575	35,783	41,163	45,829.0	55,473.0
GDP per capita growth rate (%)	14.9	12.9	11.9	11.2	11.3
Year-end registered population (million)	9.3	9.4	9.5	9.6	11.8
Per capita disposable income (RMB)	11,467.0	12,639.0	14,283.0	16,357.0	19,423.0

Source: Tianjin Bureau of Statistics

Real estate investments in Tianjin reached approximately RMB 65.4 billion in 2008, representing an increase of approximately 29.4% over 2007. The GFA of completed residential properties in Tianjin was approximately 14.6 million square meters in 2008, representing an increase of approximately 4.6% over 2007. Total residential GFA sold in Tianjin in 2008 was approximately 11.4 million square meters, representing a decrease of approximately 19.1% from 2007. The average price of residential GFA sold in Tianjin in 2008 was RMB 5,598.0 per square meter, representing an increase of approximately 0.7% over 2007. The table below sets out selected statistics relating to the property market in Tianjin for the years indicated.

	2004	2005	2006	2007	2008
Real estate investment (RMB billion)	26.4	32.8	40.2	50.5	65.4
GFA of residential properties completed (million square meters)	10.1	12.7	13.1	14.4	14.6
GFA of residential properties sold (million square meters)	8.0	12.6	13.3	14.1	11.4
Sales revenue from residential properties (RMB billion)	23.5	50.4	62.0	78.1	63.6
Average price of residential properties (RMB/ square meter)	2,950.0	3,987.0	4,649.0	5,557.0	5,598.0

Sources: Tianjin Bureau of Statistics; National Bureau of Statistics of China

Wuhan City

Wuhan is the capital city of Hubei Province and an economic and industrial hub in central China. The table below sets out selected economic statistics for Wuhan for the years indicated.

	2004	2005	2006	2007	2008
GDP (RMB billion)	188.2	223.8	259.0	314.2	396.0
GDP per capita (RMB)	23,148.0	26,279.0	29,899.0	37,904.0	47,526.0
GDP per capita growth rate (%)	14.5	13.0	12.9	26.8	25.4
Year-end registered population (million)	7.9	8.0	8.2	8.3	8.3
Per capita disposable income (RMB)	9,564.0	10,849.7	12,360.0	14,357.6	16,712.4

Source: Wuhan Municipal Bureau of Statistics

Real estate investments in Wuhan reached approximately RMB 57.0 billion in 2008, representing an increase of approximately 24.1% over 2007. The GFA of completed residential properties in Wuhan was approximately 7.7 million square meters in 2008, representing a decrease of approximately 5.3% from 2007. Total residential GFA sold in Wuhan in 2008 was approximately 6.8 million square meters, representing a decrease of approximately 36.1% from 2007. The average price of residential GFA sold in Wuhan in 2008 was RMB 4,680.0 per square meter, representing an increase of approximately 3.6% over 2007. The table below sets out selected statistics relating to the property market in Wuhan for the years indicated.

	2004	2005	2006	2007	2008
Real estate investment (RMB billion)	23.3	29.8	36.6	46.0	57.0
GFA of residential properties completed (million square meters)	6.1	7.2	7.7	8.1	7.7
GFA of residential properties sold (million square meters)	6.1	8.3	9.1	10.7	6.8
Sales revenue from residential properties (RMB billion)	15.1	24.9	32.1	48.3	32.0
Average price of residential properties (RMB/ square meter)	2,463.0	2,986.0	3,535.0	4,516.0	4,680.0

Sources: Wuhan Municipal Bureau of Statistics; National Bureau of Statistics of China

Chengdu City

Chengdu is the capital city of Sichuan Province and an economic center in southwestern China. The table below sets out selected economic statistics for Chengdu for the years indicated.

	2004	2005	2006	2007	2008
GDP (RMB billion)	203.1	237.1	275.0	332.4	390.1
GDP per capita (RMB)	19,307.0	22,139.0	25,171.0	26,527.0	30,855.0
Year-end registered population (million)	10.6	10.8	11.0	11.1	11.3
Per capita disposable income (RMB)	10,394.0	11,360.0	12,790.0	14,849.0	16,943.0

Source: Chengdu Municipal Bureau of Statistics

Real estate investments in Chengdu reached approximately RMB 91.3 billion in 2008, representing an increase of approximately 0.3% over 2007. The GFA of completed residential properties in Chengdu was approximately 8.2 million square meters in 2008, representing a decrease of approximately 5.2% from 2007. Total residential GFA sold in Chengdu in 2008 was approximately 11.9 million square meters, representing a decrease of approximately 43.3% from 2007. The average price of residential GFA sold in Chengdu in 2008 was RMB 4,869 per square meter, representing an increase of approximately 16.2% over 2007. The table below sets out selected statistics relating to the property market in Chengdu for the years indicated.

	2004	2005	2006	2007	2008
Real estate investment (RMB billion)	29.1	45.1	61.4	90.1	91.3
GFA of residential properties completed (million square meters)	7.0	6.0	9.6	8.6	8.2
GFA of residential properties sold (million square meters)	6.8	11.1	14.8	21.0	11.9
Sales revenue from residential properties (RMB billion)	15.2	31.9	51.9	88.1	58.0
Average price of residential properties (RMB/ square meter)	2,224.0	2,870.0	3,499.0	4,190.0	4,869.0

Sources: Chengdu Municipal Bureau of Statistics; National Bureau of Statistics of China

Shenyang City

Shenyang is the capital city of Liaoning Province and an economic and industrial center in northeastern China. The table below sets out selected economic statistics for Shenyang for the years indicated.

	2004	2005	2006	2007	2008
GDP (RMB billion)	177.3	208.4	248.3	307.4	386.1
GDP per capita (RMB)	25,640.0	29,935.0	N/A	43,499.0	54,106.0
Year-end registered population (million)	6.9	7.0	7.0	7.1	7.8
Per capita disposable income (RMB)	8,924.0	10,098.0	11,651.0	14,606.5	17,295.0

Source: Shenyang Municipal Bureau of Statistics

Real estate investments in Shenyang reached approximately RMB 101.1 billion in 2008, representing an increase of approximately 38.5% over 2007. The GFA of completed residential properties in Shenyang was approximately 10.8 million square meters in 2008, representing a decrease of approximately 1.2% from 2007. Total residential GFA sold in Shenyang in 2008 was approximately 13.1 million square meters, representing a decrease of approximately 3.7% from 2007. The average price of residential GFA sold in Shenyang in 2008 was RMB 3,856.0 per square meter, representing an increase of approximately 9.4% over 2007. The table below sets out selected statistics relating to the property market in Shenyang for the years indicated.

	2004	2005	2006	2007	2008
Real estate investment (RMB billion)	34.3	41.4	53.8	73.0	101.1
GFA of residential properties completed (million square meters)	7.2	9.3	10.2	10.9	10.8
GFA of residential properties sold (million square meters)	4.9	9.3	11.5	13.6	13.1
Sales revenue from residential properties (RMB billion)	14.0	28.2	36.6	47.9	50.4
Average price of residential properties (RMB/ square meter)	2,852.0	3,027.0	3,184.0	3,525.0	3,856.0

Sources: Shenyang Municipal Bureau of Statistics; National Bureau of Statistics of China

Xi'an City

Xi'an is the capital city of Shaanxi Province and an economic and cultural center in northwestern China. The table below sets out selected economic statistics for Xi'an for the years indicated.

	2004	2005	2006	2007	2008
GDP (RMB billion)	110.2	127.0	147.4	173.7	219.0
GDP per capita (RMB)	15,294.0	15,859.0	18,089.0	21,017.0	26,259.0
Year-end registered population (million)	7.3	7.4	7.5	7.6	8.4
Per capita disposable income (RMB)	8,544.0	9,628.0	10,905.0	12,662.0	15,207.0

Sources: Xi'an Bureau of Statistics; National Bureau of Statistics of China

Real estate investments in Xi'an reached approximately RMB 54.0 billion in 2008, representing an increase of approximately 39.5% over 2007. The GFA of completed residential properties in Xi'an was approximately 3.4 million square meters in 2008, representing a decrease of approximately 19.7% from 2007. Total residential GFA sold in Xi'an in 2008 was approximately 7.1 million square meters, representing a decrease of approximately 9.0% from 2007. The average price of residential GFA sold in Xi'an in 2008 was RMB 4,056.0 per square meter, representing an increase of approximately 26.2% over 2007. The table below sets out selected statistics relating to the property market in Xi'an for the years indicated.

	2004	2005	2006	2007	2008
Real estate investment (RMB billion)	16.3	21.2	28.6	38.7	54.0
GFA of residential properties completed (million square meters)	1.4	3.0	3.4	4.2	3.4
GFA of residential properties sold (million square meters)	1.9	4.4	5.8	7.8	7.1
Sales revenue from residential properties (RMB billion)	4.5	11.7	18.0	25.2	28.8
Average price of residential properties (RMB/ square meter)	2,394.0	2,686.0	3,073.0	3,215.0	4,056.0

Sources: Xi'an Bureau of Statistics; National Bureau of Statistics of China

Nanjing City

Nanjing is the capital city of Jiangsu Province and an economic and cultural center in eastern China. The table below sets out selected economic statistics for Nanjing for the years indicated.

	2004	2005	2006	2007	2008
GDP (RMB billion)	206.7	241.1	277.4	327.5	377.5
GDP per capita (RMB)	35,770.0	40,887.0	46,114.0	44,852.0	50,327.0
GDP per capita growth rate (%)	15.2	12.8	10.9	11.5	9.1
Year-end registered population (million)	5.8	6.0	6.1	6.2	6.2
Per capita disposable income (RMB)	11,602.0	14,997.0	17,538.0	20,317.0	23,123.0

Source: Nanjing Bureau of Statistics

Real estate investments in Nanjing reached approximately RMB 50.8 billion in 2008, representing an increase of approximately 13.9% over 2007. The GFA of completed residential properties in Nanjing was approximately 8.9 million square meters in 2008, representing an increase of approximately 54.0% over 2007. Total residential GFA sold in Nanjing in 2008 was approximately 6.6 million square meters, representing a decrease of approximately 38.3% from 2007. The average price of residential GFA sold in Nanjing in 2008 was RMB 4,786.0 per square meter, representing a decrease of approximately 4.5% from 2007. The table below sets out selected statistics relating to the property market in Nanjing for the years indicated.

	2004	2005	2006	2007	2008
Real estate investment (RMB billion)	29.3	29.6	35.1	45.6	50.8
GFA of residential properties completed (million square meters)	5.6	5.8	6.7	5.8	8.9
GFA of residential properties sold (million square meters)	5.4	9.0	9.4	10.7	6.6
Sales revenue from residential properties (RMB billion)	16.8	34.5	40.2	53.3	31.4
Average price of residential properties (RMB/ square meter)	3,098.0	3,850.0	4,270.0	5,011.0	4,786.0

Sources: Nanjing Bureau of Statistics; National Bureau of Statistics of China

Zhengzhou City

Zhengzhou is the capital city of Henan Province and an economic center in central China. The table below sets out selected economic statistics for Zhengzhou for the years indicated.

	2004	2005	2006	2007	2008
GDP (RMB billion)	133.5	166.1	201.4	242.1	300.4
GDP per capita (RMB)	18,995.0	23,320.0	27,956.0	33,169.0	40,617.0
Year-end registered population (million)	7.1	7.2	7.2	7.4	7.4
Per capita disposable income (RMB)	9,667.0	10,640.0	11,822.0	13,692.0	15,732.0

Source: Zhengzhou Bureau of Statistics

Real estate investments in Zhengzhou reached approximately RMB 43.0 billion in 2008, representing an increase of approximately 43.8% over 2007. The GFA of completed residential properties in Zhengzhou was approximately 5.7 million square meters in 2008, representing an increase of approximately 5.6% over 2007. Total residential GFA sold in Zhengzhou in 2008 was approximately 6.3 million square meters, representing a decrease of approximately 37.6% from 2007. The average price of residential GFA sold in Zhengzhou in 2008 was RMB 3,648 per square meter, representing an increase of approximately 9.6% over 2007. The table below sets out selected statistics relating to the property market in Zhengzhou for the years indicated.

	2004	2005	2006	2007	2008
Real estate investment (RMB billion)	12.2	16.8	23.0	29.9	43.0
GFA of residential properties completed (million square meters)	2.8	3.6	4.1	5.4	5.7
GFA of residential properties sold (million square meters)	3.0	5.6	7.5	10.1	6.3
Sales revenue from residential properties (RMB billion)	6.0	13.3	20.3	33.5	22.8
Average price of residential properties (RMB/ square meter)	2,004.0	2,387.0	2,691.0	3,328.0	3,648.0

Sources: Zhengzhou Bureau of Statistics; National Bureau of Statistics of China

Henan Province

Henan Province is in central western China and a few hours away from Beijing and Tianjin by train or highway. The table below sets out selected economic statistics for Henan Province for the years indicated.

	2004	2005	2006	2007	2008
GDP (RMB billion)	855.4	1,058.7	1,249.6	1,505.8	1,840.8
GDP per capita (RMB)	9,201.0	11,346.0	13,313.0	16,060.0	19,593.0
GDP per capita growth rate (%)	13.9	13.8	13.7	14.5	11.9
Year-end registered population (million)	97.2	97.7	98.2	98.7	99.2
Per capita disposable income (RMB)	7,705.0	8,668.0	9,810.0	11,477.0	13,200.0

Sources: Henan Province Bureau of Statistics; National Bureau of Statistics of China

Real estate investments in Henan Province reached approximately RMB 118.6 billion in 2008, representing an increase of approximately 41.7% over 2007. The GFA of completed residential properties in Henan Province was approximately 23.7 million square meters in 2008, representing an increase of approximately 1.3% over 2007. Total residential GFA sold in Henan Province in 2008 was approximately 27.4 million square meters, representing a decrease of approximately 23.5% from 2007.

The average price of residential GFA sold in Henan Province in 2008 was RMB 2,169.0 per square meter, representing an increase of approximately 4.4% over 2007. The table below sets out selected statistics relating to the property market in Henan Province for the years indicated.

	2004	2005	2006	2007	2008
Real estate investment (RMB billion)	25.9	38.9	58.2	83.7	118.6
GFA of residential properties completed (million square meters)	9.7	11.5	14.1	23.4	23.7
GFA of residential properties sold (million square meters)	9.4	15.4	21.9	35.8	27.4
Sales revenue from residential properties (RMB billion)	13.5	25.5	40.4	74.3	59.5
Average price of residential properties (RMB/ square meter)	1,443.0	1,659.0	1,843.0	2,080.0	2,169.0

Sources: Henan Province Bureau of Statistics; National Bureau of Statistics of China

Kunming City

Kunming is the capital city of Yunnan Province and an economic and cultural center in southwestern China. The table below sets out selected economic statistics for Kunming for the years indicated.

	2004	2005	2006	2007	2008
GDP (RMB billion)	94.6	106.2	120.3	139.4	160.5
GDP per capita (RMB)	18,773.0	17,560.0	19,633.0	22,578.0	25,826.0
Year-end registered population (million)	5.0	5.1	5.1	5.2	6.2
Per capita disposable income (RMB)	9,045.9	9,615.9	10,766.0	12,083.0	14,482.0

Sources: National Bureau of Statistics of China; Kunming Bureau of Statistics

Real estate investments in Kunming reached approximately RMB 26.2 billion in 2008, representing an increase of approximately 14.8% over 2007. The GFA of completed residential properties in Kunming was approximately 3.7 million square meters in 2008, representing an increase of approximately 37.6% over 2007. Total residential GFA sold in Kunming in 2008 was approximately 4.9 million square meters, representing a decrease of approximately 42.4% from 2007. The average price of residential GFA sold in Kunming in 2008 was RMB 3,595.0 per square meter, representing an increase of approximately 19.0% over 2007. The table below sets out selected statistics relating to the property market in Kunming for the years indicated.

	2004	2005	2006	2007	2008
Real estate investment (RMB billion)	8.7	14.9	18.9	22.2	26.2
GFA of residential properties completed (million square meters)	1.7	3.8	4.9	2.6	3.7
GFA of residential properties sold (million square meters)	2.4	7.3	8.4	8.5	4.9
Sales revenue from residential properties (RMB billion)	5.8	18.5	23.0	25.6	17.8
Average price of residential properties (RMB/ square meter)	2,437.0	2,513.0	2,733.0	3,020.0	3,595.0

Source: National Bureau of Statistics of China

Jiangsu Province

Jiangsu Province is in eastern China and one of the most prosperous regions in China. The table below sets out selected economic statistics for Jiangsu Province for the years indicated.

	2004	2005	2006	2007	2008
GDP (RMB billion)	1,500.4	1,830.6	2,164.5	2,556.0	3,031.3
GDP per capita (RMB)	20,223.0	24,560.0	28,814.0	33,689.0	40,000.0
GDP per capita growth rate (%)	20.2	21.4	17.3	16.9	18.7
Year-end registered population (million)	74.3	74.7	75.5	76.2	76.8
Per capita disposable income (RMB)	10,482.0	12,319.0	14,084.0	16,378.0	18,680.0

Source: Jiangsu Province Bureau of Statistics

Real estate investments in Jiangsu Province reached approximately RMB 306.4 billion in 2008, representing an increase of approximately 21.8% over 2007. The GFA of completed residential properties in Jiangsu Province was approximately 54.9 million square meters in 2008, representing an increase of approximately 6.4% over 2007. Total residential GFA sold in Jiangsu Province in 2008 was approximately 47.3 million square meters, representing a decrease of approximately 30.2% from 2007. The average price of residential GFA sold in Jiangsu in 2008 was RMB 3,871.0 per square meter, representing an increase of approximately 1.6% over 2007. The table below sets out selected statistics relating to the property market in Jiangsu Province for the years indicated.

	2004	2005	2006	2007	2008
Real estate investment (RMB billion)	127.0	154.5	190.7	251.5	306.4
GFA of residential properties completed (million square meters)	32.2	45.0	47.5	46.4	54.9
GFA of residential properties sold (million square meters)	27.6	45.2	53.2	65.8	47.3
Sales revenue from residential properties (RMB billion)	66.7	142.2	179.5	250.8	183.1
Average price of residential properties (RMB/ square meter)	2,418.0	3,146.0	3,375.0	3,811.0	3,871.0

Sources: Jiangsu Province Bureau of Statistics; National Bureau of Statistics of China

Inner Mongolia Autonomous Region

Inner Mongolia is one of the provincial-level autonomous regions in China and borders Beijing to its south. The table below sets out selected economic statistics for Inner Mongolia for the years indicated.

	2004	2005	2006	2007	2008
GDP (RMB billion)	304.1	389.6	479.2	601.9	776.2
GDP per capita (RMB)	12,767.0	16,331.0	20,053.0	25,092.0	32,214.0
Year-end registered population (million)	23.8	23.9	23.9	24.1	24.1
Per capita disposable income (RMB)	8,123.0	9,137.0	10,358.0	12,378.0	14,431.0

Sources: Inner Mongolia Autonomous Region Bureau of Statistics; National Bureau of Statistics of China

Real estate investments in Inner Mongolia reached approximately RMB 73.6 billion in 2008, representing an increase of approximately 46.9% over 2007. The GFA of completed residential properties in Inner Mongolia was approximately 14.3 million square meters in 2008, representing a decrease of approximately 7.7% from 2007. Total residential GFA sold in Inner Mongolia in 2008 was approximately 18.7 million square meters, representing an increase of approximately 3.1% over 2007. The average price of residential GFA sold in Inner Mongolia in 2008 was RMB 2,239.0 per square meter, representing an increase of approximately 11.5% over 2007. The table below sets out selected statistics relating to the property market in Inner Mongolia for the years indicated.

	2004	2005	2006	2007	2008
Real estate investment (RMB billion)	11.1	16.2	32.5	50.1	73.6
GFA of residential properties completed (million square meters)	4.8	7.2	11.0	15.5	14.3
GFA of residential properties sold (million square meters)	5.3	9.2	12.5	18.1	18.7
Sales revenue from residential properties (RMB billion)	6.5	12.9	20.3	36.3	41.8
Average price of residential properties (RMB/ square meter)	1,225.0	1,402.0	1,627.0	2,008.0	2,239.0

Source: National Bureau of Statistics of China

Taiyuan City

Taiyuan is the capital city of Shanxi Province in northern China. The table below sets out selected economic statistics for Taiyuan for the years indicated.

	2004	2005	2006	2007	2008
GDP (RMB billion)	76.4	89.3	101.3	125.5	146.8
GDP per capita (RMB)	22,423.0	26,175.0	29,497.0	36,377.0	42,378.0
Year-end registered population (million)	3.3	3.4	3.4	3.5	3.5
Per capita disposable income (RMB)	9,353.0	10,476.0	11,741.0	13,745.0	15,230.0

Source: Taiyuan Bureau of Statistics

Real estate investments in Taiyuan reached approximately RMB 12.2 billion in 2008, representing an increase of approximately 28.4% over 2007. The GFA of completed residential properties in Taiyuan was approximately 1.36 million square meters in 2008, representing an increase of approximately 51% over 2007. Total residential GFA sold in Taiyuan in both 2007 and 2008 was approximately 1.5 million square meters. The average price of residential GFA sold in Taiyuan in 2008 was RMB 3,556.0 per square meter, representing a decrease of approximately 0.6% from 2007. The table below sets out selected statistics relating to the property market in Taiyuan for the years indicated.

	2004	2005	2006	2007	2008
Real estate investment (RMB billion)	6.3	7.9	8.0	9.5	12.2
GFA of residential properties completed (million square meters)	1.3	1.7	1.2	0.9	1.36
GFA of residential properties sold (million square meters)	1.1	1.8	1.2	1.5	1.5
Sales revenue from residential properties (RMB billion)	2.6	5.3	3.9	5.3	5.2
Average price of residential properties (RMB/square meter)	2,333.0	2,903.0	3,156.0	3,577.0	3,556.0

Source: National Bureau of Statistics of China

Changsha City

Changsha is the capital city of Hunan Province and an economic center in south central China. The table below sets out selected economic statistics for Changsha for the years indicated.

	2004	2005	2006	2007	2008
GDP (RMB billion)	129.7	152.0	179.1	219.0	300.1
GDP per capita (RMB)	20,625.0	23,968.0	27,853.0	33,711.0	45,765.0
GDP per capita growth rate (%)	15.8	13.9	13.3	14.8	15.1
Year-end registered population (million)	6.1	6.2	6.3	6.4	6.6
Per capita disposable income (RMB)	11,021.0	12,434.0	13,924.0	16,153.0	18,282.0

Source: Changsha Bureau of Statistics

Real estate investments in Changsha reached approximately RMB 47.0 billion in 2008, representing an increase of approximately 15.3% over 2007. The GFA of completed residential properties in Changsha was approximately 6.3 million square meters in 2008, representing an increase of approximately 8.3% over 2007. Total residential GFA sold in Changsha in 2008 was approximately 7.7 million square meters, representing a decrease of approximately 18.1% from 2007. The average price of residential GFA sold in Changsha in 2008 was RMB 3,201.0 per square meter, representing an increase of approximately 0.3% over 2007. The table below sets out selected statistics relating to the property market in Changsha for the years indicated.

	2004	2005	2006	2007	2008
Real estate investment (RMB billion)	17.6	25.6	30.4	41.3	47.0
GFA of residential properties completed (million square meters)	4.4	4.7	4.8	5.8	6.3
GFA of residential properties sold (million square meters)	4.1	6.1	6.9	9.4	7.7
Sales revenue from residential properties (RMB billion)	7.2	12.8	16.9	29.8	24.6
Average price of residential properties (RMB/square meter)	1,775.0	2,089.0	2,431.0	3,191.0	3,201.0

Sources: Changsha Bureau of Statistics; National Bureau of Statistics of China

Guiyang City

Guiyang is the capital city of Guizhou Province and an economic center in southwestern China. The table below sets out selected economic statistics for Guiyang for the years indicated.

	2004	2005	2006	2007	2008
GDP (RMB billion)	44.4	52.6	60.3	69.6	81.1
GDP per capita (RMB)	12,755	14,989	17,006	19,444	20,638
GDP per capita growth rate (%)	15.5	17.5	13.5	14.3	12.6
Year-end registered population (million)	3.5	3.5	3.5	3.6	3.9
Per capita disposable income (RMB)	8,989	9,928	11,222	12,781	13,817

Source: Guiyang Bureau of Statistics

Real estate investments in Guiyang reached approximately RMB 17.0 billion in 2008, representing an increase of approximately 25.6% over 2007. The GFA of completed residential properties in Guiyang was approximately 2.6 million square meters in 2008, representing an increase of approximately 15.4% over 2007. Total residential GFA sold in Guiyang in 2008 was approximately 3.9 million square meters, representing a decrease of approximately 4.9% from 2007. The average price of residential GFA sold in Guiyang in 2008 was RMB 2,866 per square meter, representing an increase of approximately 9.4% over 2007.

	2004	2005	2006	2007	2008
Real estate investment (RMB billion)	7.2	9.1	10.8	13.5	17.0
GFA of residential properties completed (million square meters)	2.8	2.3	2.4	1.8	2.6
GFA of residential properties sold (million square meters)	2.0	3.3	3.6	4.1	3.9
Sales revenue from residential properties (RMB billion)	3.3	6.0	7.6	10.6	11.2
Average price of residential properties (RMB/square meter)	1,643	1,801	2,138	2,620	2,866

Source: Guiyang Bureau of Statistics

Hefei City

Hefei is the capital city of Anhui Province and an economic center in eastern China. The table below sets out selected economic statistics for Hefei for the years indicated.

	2004	2005	2006	2007	2008
GDP (RMB billion)	56.0	85.4	107.4	133.4	166.5
GDP per capita (RMB)	13,378	18,960	23,203	28,134	34,482
GDP per capita growth rate (%)	24.8	41.7	22.4	21.3	22.6
Year-end registered population (million)	4.4	4.5	4.7	4.8	4.9
Per capita disposable income (RMB)	8,610	9,684	11,013	13,427	15,591

Source: Hefei Bureau of Statistics

Real estate investments in Hefei reached approximately RMB 56.5 billion in 2008, representing an increase of approximately 45.9% over 2007. The GFA of completed residential properties in Hefei was approximately 3.6 million square meters in 2008, representing an decrease of approximately 30.4% from 2007. Total residential GFA sold in Hefei in 2008 was approximately 8.6 million square meters, representing a decrease of approximately 8.5% from 2007. The average price of residential GFA sold in Hefei in 2008 was RMB 3,459 per square meter, representing an increase of approximately 9.1% over 2007.

	2004	2005	2006	2007	2008
Real estate investment (RMB billion)	13.8	19.1	28.2	38.5	56.5
GFA of residential properties completed (million square meters)	3.0	4.1	4.5	5.1	3.6
GFA of residential properties sold (million square meters)	3.1	5.4	5.8	9.4	8.6
Sales revenue from residential properties (RMB billion)	7.0	15.0	16.6	29.8	29.9
Average price of residential properties (RMB/square meter)	2,271	2,799	2,891	3,172	3,459

Source: Hefei Bureau of Statistics

Nanning City

Nanning is the capital city of Guangxi Zhuang Autonomous Region and an economic center in southwestern China. The table below sets out selected economic statistics for Nanning for the years indicated.

	2004	2005	2006	2007	2008
GDP (RMB billion)	61.9	72.3	87.0	106.3	131.6
GDP per capita (RMB)	9,542	10,967	12,947	15,685	19,142
GDP per capita growth rate (%)	17.3	14.9	18.1	21.1	22.0
Year-end registered population (million)	6.5	6.6	6.7	6.8	6.9
Per capita disposable income (RMB)	9,531	10,037	10,938	11,877	14,446

Source: *Nanning Bureau of Statistics*

Real estate investments in Nanning reached approximately RMB 19.9 billion in 2008, representing an increase of approximately 6.4% over 2007. The GFA of completed residential properties in Nanning was approximately 3.5 million square meters in 2008, representing an increase of approximately 2.2% over 2007. Total residential GFA sold in Nanning in 2008 was approximately 4.4 million square meters, representing a decrease of approximately 25.4% from 2007. The average price of residential GFA sold in Nanning in 2008 was RMB 3,720 per square meter, representing an increase of approximately 13.7% over 2007.

	2004	2005	2006	2007	2008
Real estate investment (RMB billion)	6.6	10.6	13.9	18.7	19.9
GFA of residential properties completed (million square meters)	3.2	3.2	3.0	3.4	3.5
GFA of residential properties sold (million square meters)	3.1	4.2	4.2	5.9	4.4
Sales revenue from residential properties (RMB billion)	7.7	10.0	11.2	19.2	16.5
Average price of residential properties (RMB/square meter)	2,482	2,388	2,656	3,272	3,720

Source: *Nanning Bureau of Statistics*

Shijiazhuang City

Shijiazhuang is the capital city of Hebei Province and an economic center in northern China. The table below sets out selected economic statistics for Shijiazhuang for the years indicated.

	2004	2005	2006	2007	2008
GDP (RMB billion)	163.3	185.2	206.4	239.3	283.8
GDP per capita (RMB)	17,798	19,972	21,969	25,056	29,368
GDP per capita growth rate (%)	17.72%	12.21%	10.00%	14.05%	17.21%
Year-end registered population (million)	9.2	9.3	9.4	9.6	9.7
Per capita disposable income (RMB)	8,622	10,040	11,495	13,205	15,062

Source: China Index Academy

Real estate investments in Shijiazhuang reached approximately RMB 28.2 billion in 2008, representing an increase of approximately 43.1% over 2007. The GFA of completed residential properties in Shijiazhuang was approximately 1.8 million square meters in 2008, representing an increase of approximately 12.5% over 2007. Total residential GFA sold in Shijiazhuang in 2008 was approximately 2.9 million square meters, representing a decrease of approximately 17.1% from 2007.

The average price of residential GFA sold in Shijiazhuang in 2008 was RMB 2,646 per square meter, representing an increase of approximately 0.08% over 2007. The table below sets out selected statistics relating to the property market in Shijiazhuang for the years indicated.

	2004	2005	2006	2007	2008
Real estate investment (RMB billion)	8.8	12.2	13.1	19.7	28.2
GFA of residential properties completed (million square meters)	0.8	1.7	2.2	1.6	1.8
GFA of residential properties sold (million square meters)	1.2	2.1	2.7	3.5	2.9
Sales revenue from residential properties (RMB billion)	1.8	3.6	5.4	9.3	7.6
Average price of residential properties (RMB/square meter)	1,534	1,705	1,977	2,644	2,646

Source: China Index Academy

Nanchang City

Nanchang is the capital city of Jiangxi Province and an economic center in south eastern China. The table below sets out selected economic statistics for Nanchang for the years indicated.

	2004	2005	2006	2007	2008
GDP (RMB billion)	77.1	100.8	118.5	139.0	166.0
GDP per capita (RMB)	16,720.0	22,390.0	26,145.0	30,464.0	36,105.0
GDP per capita growth rate (%)	16.5	16.8	15.3	15.5	15.0
Year-end registered population (million)	4.6	4.8	4.8	4.9	5.0
Per capita disposable income (RMB)	8,744.0	10,301.0	11,243.0	13,076.0	15,112.0

Source: Nanchang Bureau of Statistics

Real estate investments in Nanchang reached approximately RMB 16.3 billion in 2008, representing an increase of approximately 29.4% over 2007. The GFA of completed residential properties in Nanchang was approximately 3.0 million square meters in 2008, representing a decrease of approximately 14.3% from 2007. Total residential GFA sold in Nanchang in 2008 was approximately 3.3 million square meters, representing a decrease of approximately 28.3% from 2007. The average price of residential GFA sold in Nanchang in 2008 was RMB 3,361 per square meter, representing a decrease of approximately 4.2% from 2007.

	2004	2005	2006	2007	2008
Real estate investment (RMB billion)	8.5	11.0	11.1	12.6	16.3
GFA of residential properties completed (million square meters)	2.1	3.4	3.5	3.5	3.0
GFA of residential properties sold (million square meters)	1.9	2.3	3.6	4.6	3.3
Sales revenue from residential properties (RMB billion)	4.6	5.7	11.0	16.2	11.0
Average price of residential properties (RMB/square meter)	2,429	2,519	3,053	3,509	3,361

Sources: Nanchang Bureau of Statistics; National Bureau of Statistics of China

CORPORATE HISTORY AND STRUCTURE

Our Corporate Development History

Since our inception, we have formulated and implemented a highly systematic corporate development strategy, tailored to grow our business within an increasingly competitive property development market in China. Although we were not the first privately owned property developer in China, our corporate development strategy allowed us to establish an operational infrastructure to achieve our overall objective of eventually becoming a large-scale nationwide developer with a strong brand, all within a relatively short period of time. Our development can be broadly divided into three stages as further described below. At each stage, we adopted three-year business plans based on our resources during that development stage, the then market conditions and the competitive landscape in order to best leverage our competitive advantages at the time. We believe that such forward-looking corporate strategic planning and our steadfast implementation have played a key part in our rapid development into a leading property developer in China.

Initial Stage (1996–2004): Expansion in Scale

In 1996, when the PRC government started to abolish the nationwide public housing rental system and to establish a private housing ownership system in China, we were established with an initial focus on projects consisting of smaller apartments with lower unit prices. This decision was the result of our corporate developmental strategy to create scale in our business. This strategy was based on our analysis of our target market and its size, our evaluation of the general consumer affordability within our target market and our assessment of the financial resources available to us at the time. In 1996 and 1997, we were managing only one construction site in Guangzhou. By 2004, we were developing over ten construction sites simultaneously. The number of our employees increased from less than 20 in 1996 to over 2,000 by 2004. Through our concerted and consistent efforts during this initial stage of our corporate development history, we became one of the top 10 property developers in Guangzhou, one of the most competitive property developers in Guangdong Province, one of the top 10 PRC property developers and one of the top 10 property development brands, each as ranked in the industry league tables in China.

Second Stage (2004–2007): Transition to "Scale-plus-Brand" Strategy

Beginning in 2004, as the PRC property market was becoming more mature and competition becoming more intense, we made a change in our corporate development strategy. Instead of focusing primarily on scale expansion, we started to emphasize both scale and brand to ensure sustainable development. In terms of building scale, we expanded beyond Guangdong Province to selected provincial capitals. As a result, our property portfolio increased significantly from hundreds of thousand of square meters to millions of square meters under development. During this process, we also gained valuable experience and capabilities to simultaneously manage multiple projects across different locations. In terms of brand development, we decided to take a disciplined approach to our projects under development, and started to implement a nationwide standardized operational model. Our operational developments were aimed at supporting and building up our core strengths in scale and brand under the market conditions at the time, and can be summarized in the following four areas:

- *Human resources.* We believed that human resources were a key driver of our expansion strategy amid the increasingly competitive market. In order to effectively implement our scale-plus-brand strategy during this period, we actively recruited and trained our managerial, engineering and staff members in accordance with our anticipated human resource needs. Our employees increased from 2,116 as of January 1, 2004 to 4,433 as of December 31, 2007, among whom over 1,000 were trained for key management and technical positions for our planned nationwide expansion. Our human resource strategy laid a solid foundation for our development into a national enterprise. We were able to fill all of our key regional management and technical positions, such as local company chairmen, general managers and principal department heads, with experienced and well-trained managers from our headquarters in Guangzhou.

- *Land reserves.* In May 2004, in order to implement our corporate development strategy with respect to our land reserves, we dispatched nearly 100 experienced professionals to all major provincial capitals across the nation to conduct market research and economic analyses, to collect relevant land information and to evaluate potential property projects. We also participated in the preliminary land preparation processes in various locations prior to the land auction, engaged in preliminary discussions with the local governments relating to investment conditions, and conducted substantial market investigation on land parcels to be auctioned. We also established an extensive network in the land reserves market to collect information, to prepare for potential negotiation on land acquisition, and to formulate various transaction terms and timetable on the basis of existing conditions. By 2006, our land search team grew to more than 200 members. Through such extensive research and selection efforts, we were able to collect useful information on our targeted projects in various cities, paving the way for our nationwide expansion.

- *Capital position.* In line with our nationwide expansion, we also actively built up our capital reserve during this period. Since 2006, as a result of our capital raising efforts, Merrill Lynch, Temasek Holding (Private) Limited, Deutsche Bank AG, Chow Tai Fook Group and other international strategic investors invested in our company through equity and project level investments. These transactions optimized our capital structure and strengthened our capital base to support our expansion strategy.

- *Brand.* We believe the essence of a strong brand to be the product quality it implies. As the PRC property market became more mature and the consumer purchasing power became significantly improved at the time, we started to increasingly focus on the development of products of distinction and quality, as a part of our scale-plus-brand strategy. Since 2004, we organized a series of firmwide training sessions in a campaign to instill in our employees a strong sense of brand and quality required in our development work. Our campaign for brand and quality covered the entire property development cycle, starting with our construction design, to our landscape and gardening, procurement of materials and equipment, and interior design and fitting-out. We developed over 1,000 internal quality standards for the various processes and areas in our property development and established a comprehensive internal monitoring system to supervise the implementation of our quality standards. As part of our efforts to enhance our brand and product quality, we established strategic partnership relationships with top-tier domestic and international service providers and material and equipment suppliers. On project planning, we work with Wimberly Allison Tong & Goo, Inc., Atkins Shenzhen, Shenzhen General Institute of Architectural Design and Research, China Construction Design International (Beijing), the Architectural Design and Research Institute of Guangdong Province and other renowned design firms; on building construction, we work with China State Construction Engineering Corporation, or CSCEC, Zhong-Tie Construction Group Corporation Limited and other leading domestic contractors; on fitting-out, we work with Suzhou Gold Mantis Construction & Decoration Co., Ltd., Shenzhen Grandland Decoration & Construction Co., Ltd. and other top 10 PRC players in this field; on materials and equipment, we partner with such domestic and international brands as Otis, Moen, TOTO, Siemens, and others. Our consistent brand and quality efforts over the years have resulted in significantly improved recognition of our products by our property owners and other consumers. We believe that our ability to sell our products at a rapid pace and, in certain cases, higher prices than neighboring projects is a testimony to the effectiveness of our brand and quality development strategy.

Third Stage (After 2007): Nationwide "Scale-Plus-Brand" Expansion Through Standardized Operational Model

Since 2007, we have continued our focus on our scale-plus-brand strategy. In order to effectively implement this strategy on a nationwide basis, we have further leveraged on our standardized operational model to facilitate our rapid nationwide expansion. With years of experience and fine-tuning, our standardized operational model has proven to be very effective in expanding our operations across China.

In 2008, we faced many challenges as the global economic slowdown and financial market crisis led to the suspension of our listing preparation, including the deterioration of the PRC property market which resulted in the tightening of our cashflow position. Our management team reacted quickly to these challenges and proactively made a series of strategic decisions which aimed to sustain our long-term growth. Despite the challenges, our management team made a conscious decision at the time that we would not deviate from our operating strategy and would not compromise our brand name and product quality. As a result, we resisted pre-selling projects before they met our internal pre-sale criteria and resisted outright sale of land sites. We believed that selling projects prematurely would damage our brand name and that outright sale of land sites would have a negative impact on our long-term development pipeline.

Meanwhile, we took a number of actions to improve our liquidity and long-term viability:

Adjustment of Operating Strategy to Maximize Cashflow

- With respect to project development and construction, we made reasonable adjustments to the construction plan and prioritized projects based on their pre-sale readiness and importance;

- We implemented marketing strategies that focused on delivering quality products at reasonable prices, which enabled us to achieve sales growth and shorten cash conversion cycle; and

- We further strengthened our financial management with an emphasis on capital planning and cost control throughout the entire project development process.

Heightened Efforts to Broaden Channels for External Financing

- In June 2008, we successfully raised US$506 million in new equity capital from New Investors including Chow Tai Fook Group and Kuwait-based Global Investment House as well as then existing shareholders including Merrill Lynch and Deutsche Bank AG, Hong Kong Branch; and

- We received continued support from large commercial banks, including Industrial and Commercial Bank of China, Agricultural Bank of China and China Construction Bank. As of December 31, 2008, our total outstanding Renminbi-denominated bank borrowings amounted to RMB 7.2 billion.

During the national day holiday period of China in October 2008, we launched 18 property projects in 12 cities nationwide simultaneously and the total contracted sales amounted to approximately RMB 2.1 billion. We believe that this was the result of our product quality, competitive prices as well as our targeted marketing strategy. Our successful project co-development efforts during the economic downturn also enhanced our liquidity position. More importantly, with so many of our projects simultaneously moving from the construction phase to pre-sale phase, it demonstrated our ability to manage a wide portfolio of development projects across China at any given time.

Since the beginning of 2009, our management team has again promptly reacted to the gradual market recovery and was able to moderately increase the average selling prices for our properties based on market conditions in different cities without materially affecting our growth in unit sales volume. While the total contracted sales increased significantly to RMB 23.1 billion for the nine months ended September 30, 2009, the average monthly selling prices in September 2009 also increased approximately 46% from that in January 2009.

Looking ahead, as we continue to embark on our nationwide scale-plus-brand expansion through our standardized operational model, we aim to achieve our corporate development goal of becoming a first-class real estate developer in China with superior scale, brand and team.

Reorganization and Introduction of Investors

In mid-2006, we commenced the Reorganization in preparation for our IPO. As a part of the Reorganization, the Company was incorporated on June 26, 2006 in the Cayman Islands to be the ultimate holding company for all of our operating and project subsidiaries, and we established ANJI (BVI) Limited on June 26, 2006 in BVI as an intermediate holding company to hold all of our current businesses.

We have also incorporated two intermediate holding companies in BVI, Fengyu (BVI) Limited and Yitong (BVI) Limited, as the Company's wholly owned subsidiaries. In addition, we have incorporate Lanbowan (BVI) Limited in BVI as a wholly owned subsidiary of Fengyu (BVI) Limited, and Chuangfeng (BVI) Limited in BVI as a wholly owned subsidiary of Yitong (BVI) Limited. None of these intermediate holding companies has any business operations or holds any of our current PRC operating subsidiaries.

Financial Investors

On November 29, 2006, we, Dr. Hui, the Original Shareholder and the Financial Investors entered into an investment agreement pursuant to which the Financial Investors agreed to subscribe for an aggregate of 800,000,000 Convertible Preferred Shares in the Company for an aggregate subscription amount of US$400 million subject to adjustment and finalization upon completion of our IPO.

On December 11, 2007 (as amended on June 26, 2008), we entered into a restructuring agreement with the Financial Investors pursuant to which we repurchased and cancelled the 800 million Convertible Preferred Shares in our company for an aggregate consideration of US$400 million. The repurchase was financed by a loan in the same amount lent by the Financial Investors, including their affiliates, to the Original Shareholder, which had been injected as capital into our company. The effect of the restructuring included the conversion of the Convertible Preferred Shares into our shares to be registered in the names of the Financial Investors on a conditional basis pending adjustment and finalization on the basis of the offer price of our IPO, together with our Original Shareholder becoming an obligor for a loan in the aggregate principal amount of US$400 million in favor of the Financial Investors. Security for the loan included a guarantee provided by our company. In June 2009, Ms. Ding Yumei, or Mrs. Hui, wife of Dr. Hui, through her wholly owned company, Yaohua Limited, acquired the entire issued share capital of Even Honour Holdings Limited, which owns 310,360,190 shares in our company, including the conditional 266 million shares originally owned by Deutsche Securities Nominees Hong Kong Limited, together with its loans to the Original Shareholder.

Upon consummation of our IPO in November 2009, the loan has been converted into our shares and, to the extent that any Financial Investor continues to own any of our Shares, it does not have any rights that are not generally available to our other shareholders.

Offshore Joint Venture

In 2007, we incorporated Success Will Group Limited in Hong Kong as a wholly owned subsidiary of ANJI (BVI) Limited and as the indirect 100% owner of our Evergrande Royal Scenic Peninsula project. On September 28, 2007, Success Will Group Limited redesignated its issued share capital of 1,000 ordinary shares of HK$1.00 each into 600 A ordinary shares of HK$1.00 each and 400 B ordinary shares of HK$1.00 each. ANJI (BVI) Limited and Pearl River Investment Limited, an affiliate of Merrill Lynch, entered into a share purchase agreement on the same date pursuant to which Pearl River Investment Limited acquired the 400 B ordinary shares of Success Will Group Limited from ANJI (BVI) Limited for a consideration of US$130 million.

The A ordinary shares and B ordinary shares of Success Will Group Limited rank *pari passu* to each other, with the rights to dividends actually declared and distributed by Success Will Group Limited initially distributable on a 60%–40% basis between its A ordinary shares and B ordinary shares until the total amount of dividends distributed to the holders of the B ordinary shares is equivalent to a 25% compounded annual return on the purchase price of the B ordinary shares, after which the A ordinary shares will be entitled to 80% of any dividend declared and distributed and the B ordinary shares will be entitled to 20% of such dividend.

Structured Secured Loan

On August 27, 2007, we entered into a loan agreement (as amended on January 24, 2008, June 26, 2008 and September 21, 2009) with an affiliate of Credit Suisse, as initial lender, to raise the Structured Secured Loan with a maximum aggregate principal amount of approximately US$500 million. The aggregate amount drawn down was US$430 million as an offshore loan and RMB 20 million as an onshore loan, and there has been no further draw-down on the loan. The Credit Suisse affiliate has since sold or syndicated out a substantial portion of the Structured Secured Loan to 15 other institutions, with itself holding an economic interest of approximately US$31 million in the Structured Secured Loan as of September 30, 2009.

On June 24, 2009, Tianji Holding Limited, our wholly owned subsidiary, entered into a sale and purchase agreement with Shikumen Capital Management Limited, an affiliate of a New Investor and an independent third party, to purchase the entire issued share capital of Ever Grace, which is one of the lenders and owns US$48.5 million of the Structured Secured Loan. Upon the consummation of our IPO, we prepaid US$127.2 million in principal amount of the Structured Secured Loan, net of our repurchased principal amount of US$48.5 million of the Structured Secured Loan, with a portion of our net proceeds from our IPO. As a result of such buyback and partial prepayment, the effective outstanding balance of the offshore loan is US$254.3 million and the effective outstanding balance of the onshore loan is RMB 20 million as of the date of this document. Other than our buyback through our wholly owned subsidiary, Tianji Holding Limited, none of the lenders are affiliated with us or our connected persons.

The direct borrower of the offshore portion of the Structured Secured Loan is Shengjian (BVI) Limited, a BVI company and our indirect wholly owned subsidiary. The loan is secured by a first-priority security interest over the equity interests and land use rights of our subsidiaries related to our Evergrande Splendor Qidong project.

New Investors

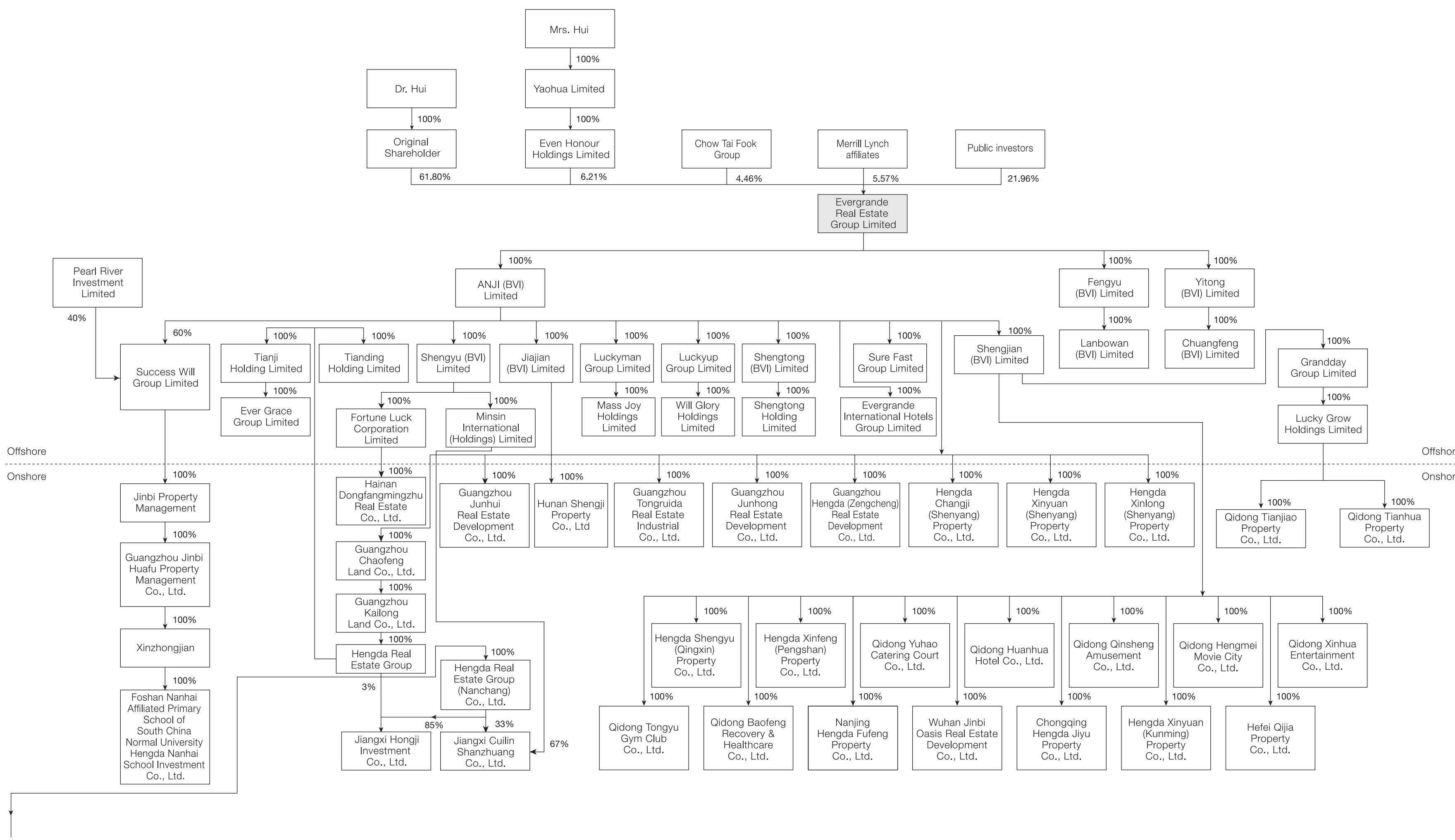
On June 9, 2008, we, Dr. Hui, the Original Shareholder and the New Investors entered into a new investment agreement (as amended) pursuant to which the New Investors agreed to subscribe for an aggregate of 374,104,266 new shares in our company for an aggregate subscription amount of US$506 million, among which Merrill Lynch Asian Real Estate Opportunity Fund Pte Ltd, Rise Success Holdings Limited, Deutsche Bank AG, Hong Kong Branch, CVI GVF (Lux) Master Sarl, Global Opportunistic Fund II Company B.S.C. (closed), Global Investment House (K.S.C.C.), Topful Holdings

Limited and Cavendish Limited invested US$50 million, US$150 million, US$60 million, US$25 million, US$30 million, US$116 million, US$25 million and US$50 million, respectively. In June 2009, Mrs. Hui, through her wholly owned company, Yaohua Limited, acquired the entire issued share capital of Even Honour Holdings Limited, which owns our new shares described above initially held by Deutsche Bank AG, Hong Kong Branch.

Upon consummation of our IPO in November 2009, to the extent that any New Investor continues to own any of our shares, it does not have any rights that are not generally available to our other shareholders.

Our Current Corporate Structure

The following chart shows our simplified corporate structure as of December 31, 2009.




100% Shenzhen Central Port Real Estate Development Co., Ltd.
100% Hengda (Qingxin) Designated Eco-park Co., Ltd.
100% Hengda (Fogang) Tangtang Farm Co., Ltd.
100% Guangzhou Hengda Eco-agriculture Development Base Co., Ltd.
100% Guanzhou Jinbi Shijia Property Management Co., Ltd.
100% Guangzhou Jinbi Hengying Property Management Co., Ltd.
100% Guangzhou Jinbi Landscaping Co., Ltd.
100% Guangzhou Hengda Decoration Engineering Co., Ltd.
100% Guangzhou Hengda Construction Supervision Co., Ltd.
100% Guangzhou Henghui Construction Co., Ltd.
100% Foshan Hengda Metallic Construction Material Co., Ltd.
100% Guangzhou Hengda Advertising Co., Ltd.
100% Guangzhou Jinbi Real Estate Agency Co., Ltd.
100% Kunming Jincui Landscaping Co., Ltd.
100% E'zhou Hengda Landscaping Co., Ltd.
100% Wuhan Hengda Landscaping Co., Ltd.
100% Tianjin Jinrui Landscaping Co., Ltd.
100% Chongqing Runfeng Landscaping Co., Ltd.
100% Xi'an Hengda Landscaping Co., Ltd.
100% Nanning Yujing Landscaping Co., Ltd.
100% Taiyuan Hengda Landscaping Co., Ltd.
100% Changsha Junhong Landscaping Co., Ltd.
100% Hefei Hengda Landscaping Co., Ltd.
100% Nanjing Jingrun Landscaping Co., Ltd.
100% Chengdu Xinjinkang Landscaping Co., Ltd.
100% Guiyang Hengda Landscaping Co., Ltd.
100% Hengda Real Estate Group Chengdu Co., Ltd.
100% Pengshan Xinxin Tourism Industry Park Co., Ltd.
100% Hengda Real Estate Group Chongqing Co., Ltd.
100% Chongqing Xinheng Tourism Agriculture Co., Ltd.
100% Hengda Real Estate Group Wuhan Co., Ltd.
100% E'zhou Xinjin Eco-tourism Industry Park Co., Ltd.
100% Wuhan Xinjin Tourism Insutry Park Co., Ltd.
100% Tianjin Jixian Jinxin Tourism Industry Co., Ltd
100% Hengda Real Estate Group Tianjin Jixian Co., Ltd.
100% Heshan Xinxin Tourism Industry Park Co., Ltd.
100% Anning Ganxin Tourism Industry Park Co., Ltd.
100% Hengda Real Estate Group Qingxin Co., Ltd.
100% Chengdu Hengda Galaxy New City Property Co., Ltd.
100% Hengda Real Estate Group Pengshan Co., Ltd.
36% 64% Chengdu Wenjiang Xinjinkang Property Co., Ltd.
100% Hengda Real Estate Group Jiangjin Co., Ltd.
100% E'zhou Hengda Real Estate Development Co., Ltd.
100% Wuhan Donghu Hengda Real Estate Development Co., Ltd.
100% Hubei Yiqingyazhu Real Estate Development Co., Ltd.
100% Qidong Yiran Health Recovery & Healthcare Co., Ltd.
100% Qidong Wanren Live Cinemas Co., Ltd.
100% Qidong Golden Shore Hotel Co., Ltd.
100% Qidong Liqun Gym Club Co., Ltd.
100% Qidong Xinqing Entertainment Co., Ltd.
100% Qidong Tongxin Tourism Co., Ltd.
100% Qidong Huikoufu Catering Court Co., Ltd.
100% Hengda Real Estate Group Zhengzhou Co., Ltd.
100% Guangzhou Hengda Material & Equipment Co., Ltd.
65% Xi'an Qujiang Investment & Construction Co., Ltd.
100% Xi'an Qiyun Property Co., Ltd.
100% Hengda Real Estate Group Xi'an Co., Ltd.
100% Hengda Real Estate Group Luoyang Co., Ltd.
100% Hengda Real Estate Group Taiyuan Co., Ltd.
100% Nanjing Handian Real Estate Development Co., Ltd.
51% 49% Guangzhou Guangyu Industrial Co., Ltd.
49% 51% Guangzhou Qitong Industrial Co., Ltd.
50% 50% Jingzhou Qingchuan Architecture Design Insitiure Co., Ltd.
80% Henan Software Institute Industrial Development Co., Ltd.
100% Shaanxi Jinhong Investment Co., Ltd.
55% Evergrande Metropolis Taiyuan Real Estate Development Co., Ltd.
70% 30% Guangzhou Lituo Site Preparation Co., Ltd.
4.68% 95.32% Guangzhou Yuexiu Property Construction Co., Ltd.
100% Fogang Yuantuo Site Preparation Co., Ltd.
100% Hengda Real Estate Group Nanning Co., Ltd.
100% Foshan Nanhai Juncheng Property Development Co., Ltd.
100% Hengda Real Estate Group Hefei Co., Ltd.
100% Hengda Real Estate Group Guiyang Property Co., Ltd.
51% Hunan Xiongzhen Investment Co., Ltd.
100% Hengda Real Estate Group Changsha Property Co., Ltd.
100% Hengda Real Estate Group Baotou Co., Ltd.
100% Hengda Real Estate Group Guangdong Property Development Co., Ltd.
100% Guangdong Hengda Volleyball Club Co., Ltd.
100% Hengda Real Estate Group Shijiazhuang Co., Ltd.
100% Hengda Real Estate Group Jinan Property Co., Ltd.
100% Hengda Real Estate Group Tianjin Co., Ltd.
100% Hengda Real Estate Group Shanghai Shengjian Property Co., Ltd.
60% Foshan Henghe Wood Industry Co., Ltd.
80.05% Nanning Yinxiang Real Estate Development Co., Ltd.
70% Anhui Sanlin Property Co., Ltd.
100% Guizhou Guangjuyuan Real Estate Development Co., Ltd.
51% Changsha Xinlin Property Co., Ltd.
100% Changsha Tianxi Property Co., Ltd.
60% Changsha Baorui Real Estate Development Co., Ltd.
85% Hebei Dadi Panlong Property Development Co., Ltd.
100% Jinan Yuzhong Property Co., Ltd.

As identified in the chart above, there are a number of PRC subsidiaries of which we do not currently own 100% of the equity interests. Under the relevant contractual arrangements relating to certain of such subsidiaries, however, we have the right, and are obligated, to purchase the remaining equity interests upon the satisfaction of certain conditions as follows:

Henan Software Institute Industrial Development Co., Ltd. Based on the terms and conditions of the equity purchase agreement between us and the equity owner of this company in May 2007, we are required to acquire the remaining 20% equity interest in Henan Software Institute Industrial Development Co., Ltd. with our payment of the remaining consideration of approximately RMB 210 million in accordance with the agreement. This company is the holder of our Evergrande Oasis Zhengzhou project described under the section entitled "Business — Our Property Projects — Project Description — Zhengzhou — (49) Evergrande Oasis Zhengzhou." The completion of such acquisition is conditioned upon the seller meeting certain local planning requirements. Due to revision by the local government of the relevant planning requirements after we entered into the agreement, it is currently uncertain when the seller will be able to meet the revised planning requirements. Therefore, it is currently uncertain when the acquisition will be completed.

Xi'an Qujiang Investment & Construction Co., Ltd. Based on the terms and conditions of the equity purchase agreement between us and the equity owner of this company in July 2007, we are required to acquire the remaining 35% equity interest in Xi'an Qujiang Investment & Construction Co., Ltd. with our payment of the remaining consideration of approximately RMB 100 million in accordance with the agreement. This company is the holder of our Evergrande Oasis Xi'an project described under the section entitled "Business — Our Property Projects — Project Description — Xi'an — (33) Evergrande Oasis Xi'an." We expect to complete such acquisition by September 2010.

Nanning Yinxiang Real Estate Development Co., Ltd. Based on the terms and conditions of the equity purchase agreement between us and the equity owner of this company in November 2007, we are required to acquire the remaining 19.95% equity interest in Nanning Yinxiang Real Estate Development Co., Ltd. with our payment of the remaining consideration of approximately RMB 150 million in accordance with the agreement. This company is the holder of our Evergrande Oasis Nanning project described under the section entitled "Business — Our Property Projects — Project Description — Nanning — (48) Evergrande Oasis Nanning." The seller has subsequently been implicated in a lawsuit with an independent third party, the subject matter of which is the land owned by the company. As a result of such pending lawsuit, it is currently uncertain when the acquisition will be completed.

Anhui Sanlin Property Co., Ltd. Based on the terms and conditions of the equity purchase agreement between us and the equity owners of this company in September 2009, we are required to acquire the remaining 30% equity interest in Anhui Sanlin Property Co., Ltd. with our payment of the remaining consideration of approximately RMB 170 million in accordance with the agreement. This company is the holder of our Evergrande City Heifei project described under the section entitled "Business — Our Property Projects — Project Description — Hefei — (43) Evergrande City Hefei." We expect to complete such acquisition by September 2010.

Hunan Xiongzhen Investment Co., Ltd. Based on the terms and conditions of the equity purchase agreement between us and the equity owners of this company in October 2007, we are required to acquire the remaining 49% equity interest in Hunan Xiongzhen Investment Co., Ltd. with our payment of the remaining consideration of approximately RMB 19 million in accordance with the agreement. This company is the holder of our Evergrande Palace Changsha project described under the section entitled "Business — Our Property Projects — Project Description — Changsha — (44) Evergrande Palace Changsha." We expect to complete such acquisition by March 2010.

Changsha Xinlin Property Co., Ltd. Based on the terms and conditions of the equity purchase agreement between us and the equity owners of this company in July 2009, we are required to acquire the remaining 49% equity interest in Changsha Xinlin Property Co., Ltd. with our payment of the remaining consideration of approximately RMB 400 million in accordance with the agreement. This company is the holder of our Evergrande City Changsha project described under the section entitled "Business — Our Property Projects — Project Description — Changsha — (46) Evergrande City Changsha." We expect to complete such acquisition by December 2010.

Hebei Dadi Panlong Property Development Co., Ltd. Based on the terms and conditions of the equity purchase agreement between us and the equity owner of this company in September 2009, we are required to acquire the remaining 15% equity interest in Hebei Dadi Panlong Property Development Co., Ltd. with our payment of the remaining consideration of approximately RMB 210 million in accordance with the agreement. This company is the holder of our Evergrande Splendor Shijiazhuang project described under the section entitled "Business — Our Property Projects — Project Description — Shijiazhuang — (54) Evergrande Splendor Shijiazhuang." We expect to complete such acquisition by September 2010.

Jiangxi Hongji Investment Co., Ltd. Based on the terms and conditions of the equity purchase agreement between us and the equity owner of this company in July 2009, we are required to acquire the remaining 12% equity interest in Jiangxi Hongji Investment Co., Ltd. with our payment of the remaining consideration of approximately RMB 230 million in accordance with the agreement. This company is the holder of our Evergrande City Nanchang project described under the section entitled "Business — Our Property Projects — Project Description — Nanchang — (51) Evergrande City Nanchang." We expect to complete such acquisition by December 2010.

Evergrande Metropolis Taiyuan Real Estate Development Co., Ltd. Based on the terms and conditions of the equity cooperation agreement between us and the equity owner of this company in July 2009, we are required to acquire the remaining 45% equity interest in Evergrande Metropolis Taiyuan Real Estate Development Co., Ltd. with our payment of the remaining consideration of RMB 200.3 million in accordance with the agreement. This company is the holder of our Evergrande Metropolis Taiyuan project described under the section entitled "Business — Our Property Projects — Other Land Acquisitions — Evergrande Metropolis Taiyuan." We expect to complete such acquisition by June 2011.

For some of our PRC subsidiaries, while we have acquired the equity interests as identified in the chart above, we still have outstanding payables under the relevant contractual arrangements relating to the acquisition of such subsidiaries:

Changsha Baorui Real Estate Development Co., Ltd. Based on the terms and conditions of the equity purchase agreement between us and the equity owner of this company in November 2009, we are required to pay a consideration of RMB 900 million for the 60% equity interest in the company. We have paid RMB 300 million to the seller, with the remaining consideration of RMB 600 million payable in installments in accordance with the purchase agreement. This company is the holder of our Evergrande Atrium Changsha project described under the section entitled "Business — Our Property Projects — Other Land Acquisitions — Evergrande Atrium Changsha." We expect to complete such payment by December 31, 2011.

Fortune Luck Corporation Limited. Based on the terms and conditions of the equity purchase agreement between us and the equity owner of this company in December 2009, we are required to pay a consideration of RMB 280 million equivalent in Hong Kong dollar for the 100% equity interest in the company. We have paid RMB 50 million to the seller, with the remaining consideration of RMB 230 million payable in installments in accordance with the purchase agreement. This company is the indirect holder of our Evergrande Oasis Haikou project described under the section entitled "Business — Our Property Projects — Other Land Acquisitions — Evergrande Oasis Haikou." We expect to complete such payment by February 28, 2011.

We have also entered an equity transfer and cooperation agreement to acquire the 100% equity interest in Guizhou Guangjuyuan Real Estate Development Co., Ltd. as identified in the above chart with dotted line. Based on the terms and conditions of the equity transfer and cooperation agreement between us and the equity owner of this company in December 2009, we are required to pay a consideration of RMB 293 million for the 100% equity interest in the company. We have paid RMB 20 million to the seller, with the remaining consideration of RMB 273 million payable in installments in accordance with the purchase agreement. This company is the holder of our Evergrande City Guiyang project described under the section entitled "Business — Our Property Projects — Other Land Acquisitions — Evergrande City Guiyang." We expect to complete such payment by June 30, 2011.

Business Overview

We are one of the largest developers of quality residential property projects and a leader in adopting a standardized operational model to manage our various projects in different cities across China. Founded in Guangzhou, Guangdong Province, in 1996, we have become a leading national property developer through our economies of scale and widely recognized brand name under the leadership of our management team. Over the years, our focus on centralized management system, standardized operational model and quality products has allowed us to quickly replicate our success in Guangzhou and across China. Through our standardized operational model, we have been able to simultaneously manage projects in various development and sale stages in 24 cities with high-growth prospects as of September 30, 2009, of which 17 are provincial capitals or municipalities, including Guangzhou, Tianjin, Chongqing, Shenyang, Chengdu, Wuhan, Nanjing, Xi'an, Changsha, Taiyuan and Kunming. Subsequent to September 30, 2009, we further expanded our operations into Haikou city, the provincial capital of Hainan province.

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

According to a report published on October 9, 2009 by China Real Estate Appraisal and CRIC, we were ranked No. 1 among property developers in China in terms of the total land reserves and GFA under construction as of September 30, 2009. We were also ranked No. 1 among property developers in China in terms of GFA pre-sold for the nine months ended September 30, 2009, and were among the top five property developers in China in terms of contracted sales for the nine months ended September 30, 2009. In addition, we were ranked No. 1 among property developers in China in terms of GFA pre-sold and contracted sales for the three months ended September 30, 2009. China Real Estate Appraisal is a non-profit professional appraisal institution constituted by China Real Estate and Housing Research Association, China Enterprise Evaluation Association, Beijing University Real Estate Research and Appraisal Center, Shanghai E-House Real Estate Research Institute and Sina Technology (China) Co., Ltd. It conducts research on, and evaluates, real estate enterprises in China as well as the PRC real estate industry, and provides analysis for participants in the PRC real estate industry. CRIC is a subsidiary of E-House, a New York Stock Exchange listed company, which specializes in providing third-party real estate information and consulting services in the PRC property market. We have not commissioned China Real Estate Appraisal and CRIC for this report. For more information about our relationship with E-House, you may refer to the section entitled "— Property Development — Sales and Marketing."

We have the largest land reserves among all PRC property developers, with a total GFA of approximately 51.2 million square meters of quality and low-cost land as of September 30, 2009 with an average cost of approximately RMB 445 per square meter. Subsequent to September 30, 2009, we further acquired land with a total GFA of approximately 3,852,842 square meters with an average cost of approximately RMB 577 per square meter. We focus on provincial capitals and municipalities with high-growth potentials and our land reserves cover the most provincial capitals and municipalities among all PRC property developers. As of September 30, 2009, we had a total of 54 property projects, more than 83% of which were urban projects in provincial capitals or municipalities. As of September 30, 2009, we had completed development of a total GFA of approximately 4.1 million square meters since our inception, and we had properties under development with a total GFA of 41.9 million square meters, and properties held for future development with a total GFA of 9.3 million square meters.

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

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

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

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

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

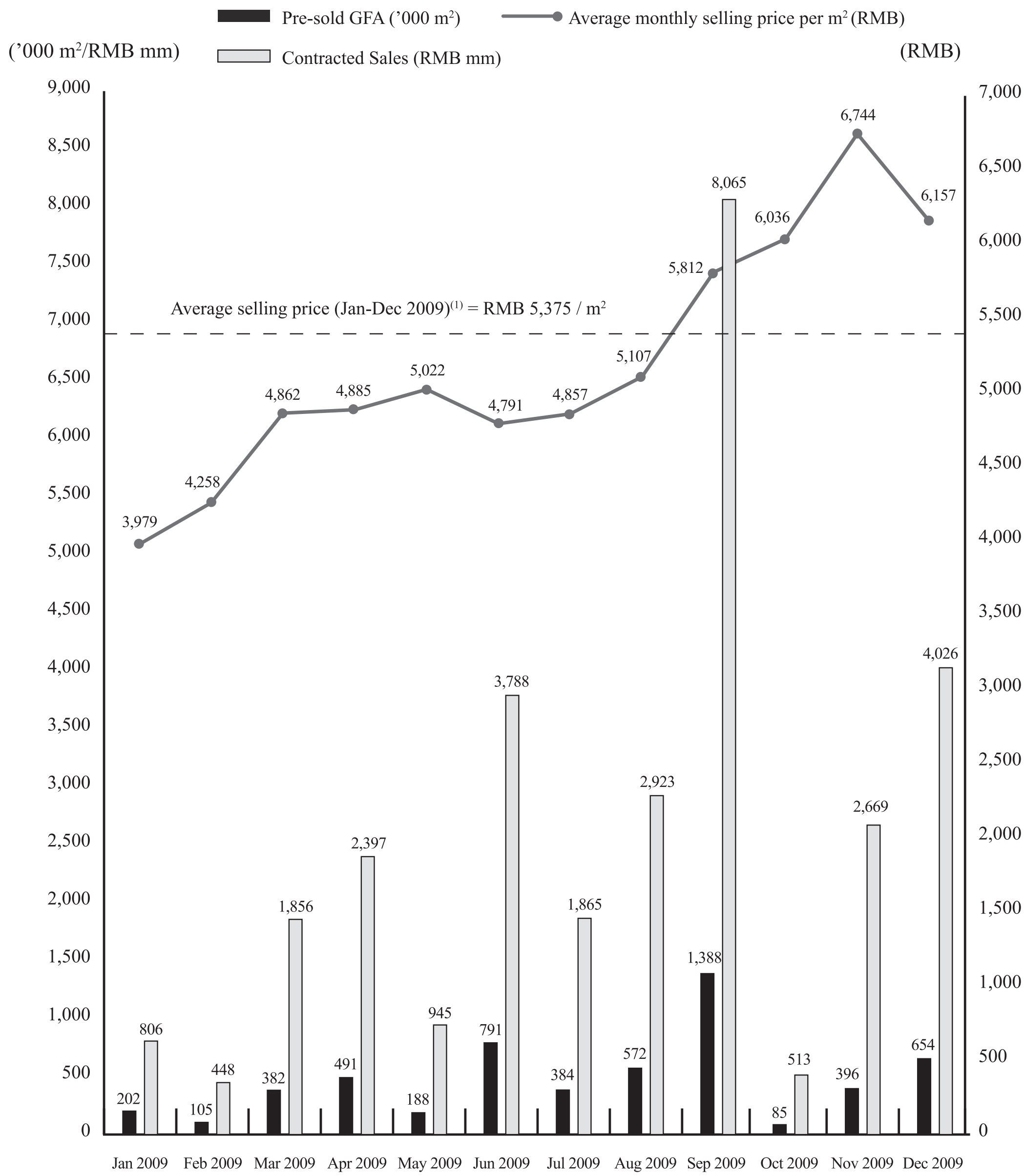
We design and develop all of our product series under our standardized operational model and market them under the brand name of "Evergrande" on a nationwide basis.

We strive to provide high-quality residential products to the market by focusing on every step of the development process, from site selection, planning, landscaping, construction to fitting-out and property management. We aim to deliver "best-in-class" end-products to our customers. Over the years, our products have gained a wide brand recognition among consumers as reflected by our strong contracted sales and sales records. For the year ended December 31, 2009, our contracted sales amounted to approximately RMB 30.3 billion, as compared to approximately RMB 6.0 billion for the year ended December 31, 2008, representing an approximately three-time increase. Based on our management accounts, our total cash (including cash equivalents and restricted cash) amounted to RMB 12,701 million as of December 30, 2009, representing approximately 149.0% increase from that of June 30, 2009.

Prior to October 2008, most of our sales and contracted sales were attributable to our projects in Guangdong Province. Since then (particularly since the beginning of 2009), our projects in other provinces nationwide have gradually accounted for a larger portion of our sales and contracted sales.

For the years ended December 31, 2006, 2007 and 2008, our total pre-sold GFA was 247,990 square meters, 318,251 square meters and 1,135,394 square meters, respectively, and our average selling price per square meter was RMB 6,664, RMB 10,183 and RMB 5,313, respectively.

Our total contracted sales, pre-sold GFA and average monthly selling prices per square meter for the year ended December 31, 2009 were as follows:



(1) Average selling price is calculated by dividing total contracted sales by pre-sold GFA for the twelve months ended December 31, 2009.

For the year ended December 31, 2009, we had a total pre-sold GFA of approximately 5.6 million square meters and a total contracted sales of RMB 30.3 billion. Our average selling price for the year ended December 31, 2009 was RMB 5,375 per square meter.

Total Pre-sold GFA, Contracted Sales and Average Selling Prices

Average selling price per square meter is calculated by dividing total contracted sales by pre-sold GFA during the period specified below.

As of December 31, 2009, we had 32 property projects under pre-sale in 2009. For the year ended December 31, 2008, we had a total pre-sold GFA of approximately 1.1 million square meters and a total contracted sales of RMB 6.0 billion. For the year ended December 31, 2009, we had a total pre-sold GFA of approximately 5.6 million square meters and a total contracted sales of RMB 30.3 billion. We set forth below the details of these property projects.

	Year ended December 31, 2008			Year ended December 31, 2009		
Project	**Pre-sold GFA (m^2)**	**Contracted sales (RMB'000)**	**Average selling price per m^2 (RMB)**	**Pre-sold GFA (m^2)**	**Contracted sales (RMB'000)**	**Average selling price per m^2 (RMB)**
Guangdong Province						
Jinbi Garden No. 1	185	974	5,268	1,863	5,768	3,096
Jinbi Garden No. 3	185	3,713	20,097	582	12,550	21,546
Jinbi Palace	68	1,386	20,388	27	605	22,442
Jinbi Emerald Court	197	1,915	9,707	—	—	—
Jinbi New City Garden	39,832	321,701	8,077	189	1,408	7,439
Jinbi Century Garden	43,865	371,558	8,471	2,353	21,168	8,996
Jinbi Bay Garden	566	9,582	16,926	—	—	—
Jinbi Atrium	808	4,991	6,175	—	—	—
Jinbi Junhong Garden	23,493	182,030	7,748	653	5,120	7,844
Evergrande Oasis Guangzhou	—	—	—	144,501	1,584,371	10,964
Evergrande Royal Scenic Peninsula	69,970	751,037	10,734	352,574	3,706,840	10,514
Evergrande Scenic Garden	75,494	349,800	4,633	162,870	737,447	4,528
Evergrande Splendor Qingyuan	—	—	—	329,170	1,118,344	3,397
Chongqing Municipality						
Evergrande Splendor Chongqing	14,878	97,840	6,576	197,895	903,820	4,567
Evergrande City Chongqing	96,266	385,340	4,003	288,506	1,223,226	4,240
Evergrande Palace Chongqing	19,085	114,140	5,981	150,545	986,790	6,555
Evergrande Oasis Chongqing	—	—	—	55,697	360,071	6,465
Evergrande Metropolis Chongqing	—	—	—	110,553	688,511	6,228
Tianjin Municipality						
Evergrande Splendor Tianjin	64,790	342,410	5,285	159,156	950,772	5,974
Hubei Province						
Evergrande Splendor E'zhou	21,803	96,460	4,424	96,358	435,546	4,520
Evergrande Palace Wuhan	15,472	113,578	7,341	69,083	443,524	6,420
Evergrande City Wuhan	—	—	—	118,961	536,250	4,508
Evergrande Oasis Wuhan	—	—	—	208,020	819,975	3,942
Sichuan Province						
Evergrande Splendor Pengshan	—	—	—	377,957	1,905,105	5,041
Evergrande Oasis Chengdu	91,130	426,774	4,683	168,033	782,206	4,655
Evergrande City Chengdu	59,305	234,820	3,960	182,120	868,982	4,771
Liaoning Province						
Evergrande Oasis Shenyang	68,755	281,707	4,097	106,262	514,030	4,837
Evergrande City Shenyang	74,043	325,520	4,396	187,890	834,336	4,441
Shaanxi Province						
Evergrande Metropolis Xi'an	72,767	305,890	4,204	155,181	732,016	4,717
Evergrande Oasis Xi'an	41,754	202,650	4,853	130,228	711,052	5,460
Evergrande City Xi'an	—	—	—	182,073	1,054,340	5,791

Project	Year ended December 31, 2008			Year ended December 31, 2009		
	Pre-sold GFA (m^2)	Contracted sales (RMB'000)	Average selling price per m^2 (RMB)	Pre-sold GFA (m^2)	Contracted sales (RMB'000)	Average selling price per m^2 (RMB)
Jiangsu Province						
Evergrande Oasis Nanjing.	30,027	147,190	4,902	120,858	730,993	6,048
Evergrande Splendor Nanjing	50,638	258,981	5,114	142,132	692,917	4,875
Yunnan Province						
Evergrande Splendor Kunming	45,094	175,240	3,886	312,245	1,288,480	4,127
Inner Mongolia Autonomous Region						
Evergrande Palace Baotou	—	—	—	117,023	738,786	6,313
Shanxi Province						
Evergrande Oasis Taiyuan	114,925	525,130	4,569	324,707	1,758,816	5,417
Guizhou Province						
Evergrande Oasis Guiyang	—	—	—	70,266	298,996	4,255
Anhui Province						
Evergrande Palace Hefei.	—	—	—	158,491	921,018	5,811
Hunan Province						
Evergrande Palace Changsha.	—	—	—	139,184	714,212	5,131
Evergrande Metropolis Changsha. . .	—	—	—	191,651	714,106	3,726
Henan Province						
Evergrande Oasis Luoyang	—	—	—	121,310	496,489	4,093
Total.	**1,135,394**	**6,032,358**		**5,637,167**	**30,298,986**	

Our Competitive Strengths

We believe that we possess the following principal competitive strengths that have allowed us to compete effectively with our peers in the property markets in China:

We are a leader of the standardized operational model for large-scale quality property developments

We believe that our industry-leading standardized operational model for quality real estate development is the core strength that has enabled us to effectively execute our rapid and successful nationwide expansion in recent years. We formulate our standardized operational procedures at our headquarters, which are then implemented through our regional offices under the close supervision and monitoring by our senior management. These standardized procedures cover various phases in our development process including planning and design of all of our projects nationwide, our nationwide centralized bidding and procurement processes, project developments, construction and quality control procedures, sales and marketing as well as property management. Our standardized operational model has allowed us to maintain our high-quality standards on a nationwide basis, to effectively control our costs and to enable us to achieve remarkable growth in recent years.

To support our business plan, we have established a standardized operational procedure across all regional offices, under which the staffing level and compensation schemes are determined by our senior management at the headquarters to ensure the compliance of our organizational set-up and staff qualification of regional offices with our firmwide requirements. We have implemented a uniform financial management and reporting system, under which the finance department of each regional office is directly managed by our headquarters. This system allows us to standardize, consolidate and centralize our capital management nationwide. Our centralized internal risk management also covers our archives management and accounts approval process in all our regional offices. We have also established a nationwide contract processing and approval system, which plays an important role in our cost control, enables our centralized monitoring of contract execution and in turn strengthens our internal control.

- *Standardized Project Selection*

  With respect to the selection of new project sites, we follow a set of strict standards, including:

  Selection of location: New urban districts in large cities with a population of over five million, of a track record of rapid growth in recent years, a beautiful environment, well-developed transportation system and significant upside potential;

  Project scale: Generally 0.5 to 2.0 million square meters in GFA;

  Project positioning: Target proportion of 10%, 70% and 20% in terms of the total number of projects distributed among high-end, mid- to mid-high-end, mid-end and tourism-related series of our property projects; and

  Project status: Minimized relocation requirement, and land use right certificates already in place for acquired projects.

  We believe that our standardized project selection process has ensured that each of our new projects is in line with our overall development strategy while minimizing operational risk.

- *Standardized Planning and Design*

  We have developed three major project series based on our product positioning, and created more than 150 types of standard residential unit layouts, which are then customized for different regional markets and product series. Our standardized designs for each project contain detailed specifications to be followed through each step of the development process, including material and quality standards for building construction, landscaping, ancillary facilities and interior decoration, to ensure consistency and quality of our products throughout the country. In order to maximize our ecological planning effect of low density and high green ratio, we have developed standard design rules for buildings, structures, external vertical walls and landscape. With respect to ancillary facilities, we have also established standardized functional configuration. Our projects are generally equipped with luxurious clubhouses, sports centers, commercial centers, nursery schools and other facilities. In addition, we have also standardized our decoration and finishing based on different regional markets and different types of residential units. These standardized planning and design measures function to ensure the accurate positioning of our projects, streamlining our planning, the implementation of our brand strategy and the quality of our products.

- *Standardized Use of Materials*

  We have also standardized our use of materials in light of our standardized planning and design. We have standardized our procurement of materials in massive quantities in connection with our construction, landscaping, supporting facilities and decoration. This procurement system has effectively accelerated the progress of our project construction and ensured our product quality. Standardized use of materials has also enabled us to centralize our procurement to reduce construction cost.

- *Standardized and Centralized Tender Process*

  We believe that our effective centralized tender process enables us to achieve economies of scale and significant purchasing power. We require that all large-scale projects handled by our regional offices must undergo a centralized bidding process that is supervised by our headquarters. All participants that take part in the bidding must be among the top-rated product, equipment or service providers in their respective fields. Our headquarters are responsible for selecting the ultimate qualified bidder according to our standardized selection and evaluation process. We believe that such standardized tender process has afforded us with significant economies of scale and allowed us to maintain our competitive cost structure while securing quality products, equipment and services at reasonable prices from the product and equipment suppliers and service providers.

- *Standardized Construction Management*

  We utilize standardized development models nationwide and closely manage all aspects of the development process based on strict development schedules and specific quality standards. We stipulate construction milestones and strict quality control measures to ensure our construction contractors to adhere to both the pre-set construction timeline and our quality standards. We believe standardized construction management enables us to minimize the construction time and achieve our target of launching pre-sales within six months from the date of the land acquisition, thereby shortening our cash conversion cycle and maximizing our investment return.

- *Standardized Marketing*

  Our sales and marketing efforts follow standardized procedures in developing, approving and implementing sales and marketing campaigns for all our projects. We formulate our marketing, promotion, pricing and advertising strategies for each of our projects in a highly coordinated and consistent manner to maintain brand equity, but allowing flexibility to adapt to local market dynamics.

  We launch our projects for pre-sale only after we have substantially completed the relevant landscaping, ancillary facilities and on-site show units in order to demonstrate our superior product quality which in turn strengthens consumer confidence. We believe our actual on-site launch standard enhances the marketing impact, salability and pricing of our products.

We have strategically acquired large low-cost land reserves, with 51.2 million square meters in 24 cities across China as of September 30, 2009, focusing on provincial capitals with high-growth potentials

We embarked on our national expansion plan in 2004 and sent a team of property development professionals to all major cities to identify available land reserves nationwide that meet our land acquisition standards, including size, cost, location and investment return. Our national land acquisition strategy aims to achieve greater regional diversification and higher growth by focusing on the major provincial capitals across China.

- *Large-scale, High-quality and Low-cost Land Reserves with Significant Profitability Potential*

  We began acquiring land in major provincial capitals and surrounding areas in 2006 before competition became more intense and were able to secure high-quality sites at relatively low costs. As of September 30, 2009, we had the largest land reserves in China among all property developers with 51.2 million square meters of land reserves at an average cost of approximately RMB 445 per square meter. Subsequent to September 30, 2009, we further acquired land with a total GFA of approximately 3,852,842 square meters with an average cost of approximately RMB

577 per square meter. We believe the size of our current land reserves can satisfy our development needs for the next three to five years and our strategic site locations will provide significant appreciation and profitability potential.

- *Well diversified and balanced land reserves with extensive presence in provincial capitals*

Our land reserves are well diversified in terms of both geographic locations and project types to achieve maximum profit potential. Currently, we cover the most principal capitals and municipalities among all property developers in China. We have 45 projects, or 83% of our total projects, in municipalities and provincial capitals which we believe will have higher growth potential due to their status within each region of China. We have been able to successfully develop and sell properties in 17 provincial capitals and municipalities in recent years, including Guangzhou, Tianjin, Chongqing, Shenyang, Chengdu, Wuhan, Nanjing, Xi'an, Changsha, Taiyuan and Kunming, as of September 30, 2009. Subsequent to September 30, 2009, we further expanded our operations into Haikou city, the provincial capital of Hainan province.

- *Premier Project Location with Future Appreciation Potential*

Our urban projects are generally located in prime urban areas with beautiful natural landscape and complete supporting infrastructures and transportation systems, poised for future appreciation potential. Our tourism-related development projects are generally 30–40 kilometers away from the center of major cities, adjacent to highway exits and surrounded by beautiful landscape. These projects are also characterized by low land cost and can be developed over multiple phases which provided economies of scale. The total GFA of our typical project ranges from 0.5 million to 2 million square meters. This enables us to focus on large-scale developments that are developed in phases which provide full suite of ancillary facilities and landscaping as part of our "best-in-class" products.

We have leveraged our industry-leading brand name and strategic partnerships with renowned suppliers to develop quality products that are well-recognized by the market

- *We Have Been Recognized as One of the Top 10 Property Developers in China for Six Consecutive Years*

We consistently market all of our new projects under the "Evergrande" brand to instill brand awareness nationwide and for customers to identify our brand name with high-quality residential projects. Since 2004, we have been ranked as one of the "Top 10 Property Developers in China" for six consecutive years by the "Top 10 Property Developers Research Group of China" jointly constituted by the Institute of Enterprise Research of the Development and Research Center of the State Council, the Real Estate Research Institute of Tsinghua University and the China Index Academy.

- *Partnership with Prominent Suppliers to Develop Quality Products*

We maintain strict quality control measures throughout our development chain and partner with renowned international and national service and product providers to ensure top-quality products. We initiate our project planning process immediately after we acquire a land site and initially focus primarily on the structural and landscape designs of the site to ensure that they are of the best fit to the overall project. Since 2004, we have been consolidating our selection of vendors and suppliers to ensure that we work only with the first-rate vendors in the fields of construction landscaping and interior decoration and source only raw materials from top suppliers. By working with a small number of high-quality partners, we are able to receive superior services throughout the development process. In our current development projects, we primarily engage reputable construction companies in China, including China State Construction Engineering Corporation and Zhong-Tie Construction Group Corporation Limited, for a majority of our project construction work; reputable fitting-out companies in China, including Suzhou Gold Mantis Construction & Decoration Co., Ltd, Shenzhen Grandland Decoration & Construction Co., Ltd. and Shenzhen Decoration & Construction Industrial Co., Ltd., for our fitting-out and interior decoration work; and landscaping industry leaders including GVL International Landscaping Design Co., Ltd. for most of our landscaping work.

We offer a comprehensive product mix that caters to different market segment demands

We believe that a comprehensive product mix, an in-depth knowledge of target markets and an accurate product positioning are the keys to our rapid growth in China. We have a wide range of products that caters to different market segments. We generally target a product mix of 10% high-end products, 70% mid- to mid-high-end products and 20% tourism-related developments in terms of the number of projects. We believe this proportion allows us to meet the demands from a broad range of target clientele across different geographic regions. Our diversified product range consists of residential properties that caters to the needs of first-time homebuyers and wealthy property owners as well as non-residential properties, including hotels, resorts and commercial properties.

We place strong emphasis on market research which allows us to understand the underlying market trends and enables us to adjust our product design accordingly. We have developed various standardized product series with appropriate modifications to suit the needs of various markets and customer segment. We believe that our strong brand recognition as well as our strong adaptability in different regional markets will enable us to grow rapidly as we continue our national expansion plan.

We are able to effectively control our costs at every stage of the project development

- *Land acquisition*

  As an early mover, we are able to access cities and regions with low-cost land and high-growth potential, develop quality and cost-efficient projects and achieve cost saving at the early stage of the process.

- *Design, tender and procurement*

  We implement a standardized operational model for design and material procurement. We are able to limit construction cost through centralized tender process, and significantly reduce material and equipment cost through economies of scale and centralized procurement.

- *Management*

  We adopt well-planned and efficient management system and measures in the entire process of project development to significantly reduce management and operating expenses.

We possess a highly experienced and stable management team with proven execution capabilities to adapt and respond to market changes

- *First-class Management Team in China*

  We have a highly experienced management team comprised of well-regarded experts with an average of over 16 years of relevant experience in real estate development, planning and design, and finance and other fields. The team consists of four members with doctoral degree and five members with master degree. The team is led by our chairman, Dr. Hui who is a professor in management with Wuhan University of Science and Technology. He is also a member of the Chinese People's Political Consultative Conference and the vice chairman of the China Real Estate Association. Our chief executive officer, Dr. Xia Haijun, has cumulative experiences of more than 16 years in real estate development and business management.

Our regional management teams are trained at the headquarters and most of them have been with our company for more than 10 years. As of December 31, 2009, over 90% of our management personnel had bachelor's degree or above. We believe our experienced and stable management team has contributed to our success and will further enhance our execution capabilities and focus both at the headquarters and regional company level.

- *First-class Management Structure*

We have created a first-class management structure by implementing internationally advanced management approach which is complemented with practical experience accumulated over the years. We have adopted a three-tier management system comprising the board of directors, senior management at the headquarter level and senior management at the regional subsidiary level. This management structure ensures a direct reporting line between the regional offices and the headquarters which enhances the overall internal control of our company. We adopt a result-oriented management model that is focused on goal-settings and performance evaluation which allowed the Company to achieve rapid and sustainable development.

We aim to motivate our staff effectively through our core values of quality, integrity, innovation and efficiency. Through our superior management structure and result-oriented compensation schemes, we are able to cultivate an effective corporate culture that commands strong loyalty from our team members, which in turn enhances our competitiveness, creativity and our execution capabilities.

- *Proven Execution Ability to Adapt and Respond to Changing Market Conditions*

Our management team has developed superior strategic insights and can respond quickly to changing market conditions. Since the inception of our company, our senior management team has periodically reviewed and set, and each time successfully implemented, our strategic plans for each phase of our growth, by focusing on accumulating talent pool for growth, building a low-cost land reserves, emphasizing product quality and branding strategy and securing financing in a timely manner to support our expansion. Under the leadership of our management team, we have achieved significant scale and strong market position in a relatively short period of time. In particular, when we experienced challenges in 2008 due to the global financial crisis which led to the suspension of our listing preparation, the management team took swift actions and successfully navigated our operations through such an economic turmoil. You may refer to the section entitled "Corporate History and Structure — Our Corporate Development History" for a more detailed description of the specific strategies our management team adopted during our various stages of development.

We have proven capability to develop projects and achieve asset turnover rapidly

Through our integrated centralized management structure and our standardized operational model, we have proven capability to develop our projects rapidly nationwide and achieve rapid asset turnover.

Our integrated centralized management structure ensures seamless execution of our standardized operational model, therefore we can typically complete the project planning and design, project construction, procurement of materials and equipment, as well as obtain relevant government approvals shortly after site acquisition.

Based on our standardized project planning and design, we are able to quickly determine and implement the positioning and design of projects. We have established long-term strategic partnerships with leading vendors and this enables rapid commencement of new projects as well as efficiency and quality of the development. We have adopted a standardized quality control and construction supervision system to monitor the progress and quality of all of our construction projects. In addition, as rapid property development has been one of our key business strategies since our inception, through our standardized operational model, especially the standardized marketing procedures, as well as the strategic decisions our management team has adopted in combating the global economic slowdown and financial market crisis, we have been able to commence pre-sale of our recent property developments within six to eight months after site acquisition. As a result, we are able to maximize our investment return by shortening the development cycle, which in turn improves our operating cash flow. For example, we acquired the site for Evergrande City Xi'an on April 30, 2009, launched pre-sale of this project on September 30, 2009 and achieved total contracted sales of RMB 647 million on the commencement day of pre-sale; we acquired Evergrande Oasis Changsha on July 11, 2009, launched pre-sale of this project on January 1, 2010 and achieved total contracted sales of RMB 630 million on the commencement day of pre-sale; and we acquired Evergrande City Changsha on July 5, 2009, launched pre-sale of this project on January 1, 2010 and achieved total contracted sales of RMB 480 million on the commencement day of pre-sale. Our rapid development business model results in a fast turnover of our land reserves. As a result, the recently tightened enforcement of the idle land regulations by the PRC government has not had a materially adverse impact on our business, results of operations and financial condition.

Business Strategies

We aim to continue to enhance our leadership position in the PRC real estate industry with a focus to capitalize on development opportunities in high-growth areas in major provincial capitals and the neighboring areas. We will continue to implement our strategy of offering a diversified product range to our customers and to further optimize the standardized operational model of developing quality real estate products. We plan to implement the following strategies to achieve our goals:

Continue to optimize and leverage our standardized operational model

We will adhere to our standardized operational model to optimize our entire product chain for quality real estate development with an aim to apply our operational experience to all of our projects nationwide and ensure the successful development and sale of each project.

Maintain a comprehensive product offering with a primary focus on residential properties

We will maintain our strategy of offering a diversified product range to our customers with a view to maintaining a target proportion of 10%, 70% and 20% in terms of the number of projects distributed among our high-end, mid- to mid-high-end, and tourism-related property developments, in order to attract the broadest consumer groups.

In addition, while we will continue to focus primarily on residential property developments within the next three years, we aim to gradually expand and diversify our business mix to include commercial properties to enhance our long-term financial performance and diversify risks.

Focus on product quality to enhance our brand

We will continue to focus on developing quality real estate products which we believe are the core to enhancing our brand value. We will continue to implement strict quality standards to maintain our competitive advantages over our peers.

Maintain sufficient stock of low-cost land reserves for future development needs

We plan to maintain our land reserves at approximately 50 million square meters on a rolling basis, which we believe is sufficient to fulfill our development needs for the next three to five years. Our land acquisition strategy will continue to focus on acquiring land at low costs and to maintain a smooth and sustainable development profile.

Continue to pursue scale and rapid property project development

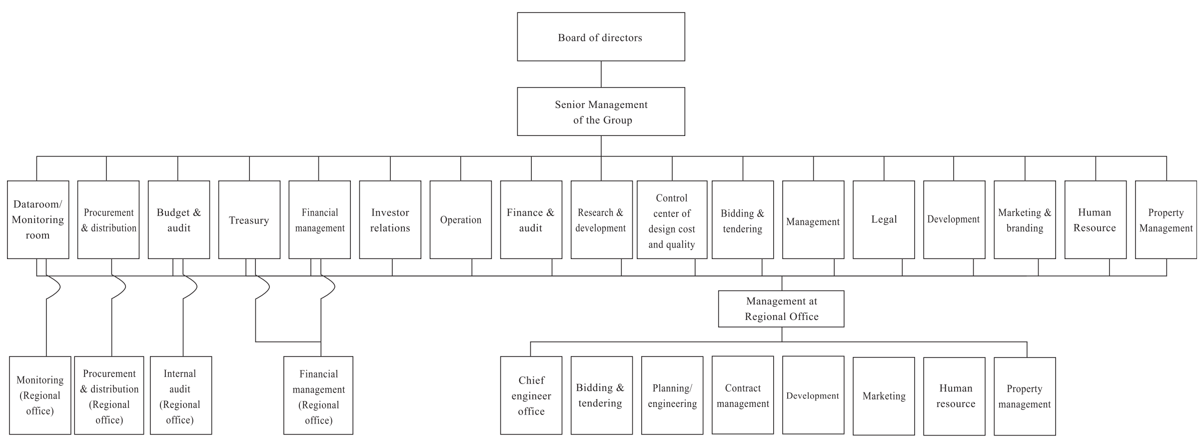
Going forward, we expect our GFA under construction to be maintained around 15 million square meters each year. We believe our strategy of rapidly developing and selling our projects minimizes our cash conversion cycle and is a key to our high growth.

Focus strategically on geographic locations with attractive demand fundamentals

We will continue to develop property projects in major provincial capitals with rapid economic growth and significant property upside potential and to target locations that offer comfortable living environment, good municipal planning and convenient transportation. In addition, we will continue to target projects with sufficient scale that can be developed in phases.

Our Standardized Operational Model

In our standardized operational model, we develop new projects across China based on our years of proven experience in developing quality properties. By adopting the integrated standardized operational model, the headquarters standardize the management of all regional offices, including the operating model, project selection, project planning and design, material selection, tendering and bidding, construction management and marketing. The chart below sets forth our organizational structure established in accordance with our integrated standardized operational model:



Site Selection

Site selection is typically conducted via a three-stage standard process. Firstly, the development department of our headquarters and our regional offices are responsible for identifying a potential project, collecting information and performing primary screening. Should a potential project pass the primary screening, the development department, marketing department, research and development, or R&D, department and regional offices will be summoned together to conduct an in-depth analysis based on the collective experience of the parties involved and data extracted from our database. The summarized detailed analysis after multiple rounds of screening will then be submitted to our board of directors for review, discussion, and final approval. We believe the above measures ensure that the new projects are in line with our overall development strategy and therefore minimize the development risk in the future.

Project Planning and Design

After acquiring the site for a new project, the R&D department, marketing and branding department, regional office and sales agencies will each provide independent market research reports. The Board will arrange meetings with these departments to finalize product positioning and project planning, after which the R&D department will work with the relevant regional office to finalize the project planning and design plan based on the project positioning. This approach will ensure accurate market positioning, planning and design of each project.

Centralized Tender

We organize tenders and invite primarily first-rate construction companies in China to participate in the bidding for interior decoration, gardening and landscaping and other construction work to ensure high-quality construction work performed at competitive prices. We have centralized and standardized our tender process in order to facilitate our standard operating procedures to build quality products rapidly. Our legal department and internal audit department supervise the entire tender process and carefully evaluate and compare each submitted bid. This effectively ensures our quality and progress of construction, which in turn minimizes our construction costs.

Centralized Procurement

Subject to our centralized tender process, we sign long-term procurement agreements with reputable service and product suppliers in China and overseas. We have also established a unified national distribution system. This procurement and distribution system enables us to successfully minimize our overall purchasing costs while ensuring the best product quality.

Project Construction

We strictly adhere to a set of standardized plan management, progress evaluation and quality supervision process that covers all the key project development and management activities conducted by our regional offices. Our headquarters have a dedicated team of more than 100 professional staff who collect information about the project progress and construction quality from each regional office through an advanced information management system. This strengthens our headquarters' control over project construction progress and quality, which in turn ensures that each property meets our requirements.

Sales and Marketing

Our sales and marketing effort follows standardized procedures so that the marketing, promotion, pricing and advertising strategies for each of our projects are created in a highly coordinated and consistent manner. These strategies are implemented for each project after being reviewed and approved by our Board.

Human Resources Management

Our headquarters appoint and remove our regional office management teams. Our employee recruitment criteria, staffing and compensation structure are standardized and formulated by our headquarters, ensuring that the team composition and staff quality meet our standard.

Financial Management and Reporting Requirements

We have implemented a uniform financial management and reporting system, under which the finance department of each regional office is directly managed by our headquarters. This system allows us to standardize, consolidate and centralize our capital management nationwide. Our centralized internal risk management also covers our archives management and accounts approval process in all our regional offices.

Our Property Projects

Our property projects are generally divided into the following categories:

- completed properties, comprising property projects we have completed since our inception, with the certificates of completion issued by the relevant government authorities;

- properties under development, comprising property projects with respect to which we have received land use rights certificates and partly received construction permits or governmental approval for early construction but have not yet received certificates of completion; and

- properties held for future development, comprising property projects with respect to which we have signed a land grant contract or a land transaction confirmation letter with the relevant PRC land administrative authorities, the project company equity transfer agreements or project cooperation agreements but have not yet been issued the land use right certificates.

Because of the relatively large size of our projects and some of our projects comprise multi-phase developments on a rolling basis, a single project may include different phases at various stages of completion, under development or held for future development.

Our classification of properties reflects the basis on which we operate our business and may differ from classifications used by other developers. Each property project may be subject to multiple land use rights certificates, construction land planning permits, construction works planning permits, construction permits, pre-sale permits and other permits and certificates which are issued at different stages throughout their development. Our classification of properties is not directly comparable with the classification of properties in our consolidated financial statements included elsewhere in this document.

The table below sets forth our classification of properties and the corresponding classification of properties in our consolidated financial statements included elsewhere in this document:

This document	Accountants' Report
• Completed properties, comprising properties with certificates of completion (including completed properties that have been sold)	• Completed properties held for sale (excluding completed properties that have been sold) • Land use rights (attributable to completed properties held for sale) • Investment properties
• Property under development, comprising properties for which we have obtained land use rights certificates and partly received construction permits or approval letters for early construction, but not yet received certificates of completion	• Properties under development • Land use rights (attributable to properties under development)
• Property held for future development, comprising properties for which we have not obtained land use rights certificates, but have entered into the land grant contracts or the project company equity transfer agreements, or cooperation agreements	• Expenditure incurred for projects for which we have not yet obtained land use rights certificates was recorded as prepayments, deposits and other receivables within our current assets

Site Area Calculation. The site area information in this document is derived on the following basis:

- when we have received the land use rights certificates for a project, the site area information in respect of such project refers to the site area information in such land use rights certificates; and

- before we receive the land use rights certificates, the site area information in respect of such project refers to the site area information in the relevant land grant contract or the relevant government permits related to such project excluding, however, the areas earmarked for public infrastructure, such as roads and community recreation zones.

When completed properties and properties under development are subject to a single land use rights certificate, we have calculated the site area attributable to such completed properties and such properties under development in proportion to their respective total GFA as a percentage of the aggregate total GFA under the land use rights certificate.

GFA Calculation. The GFA information in this document is derived on the following basis:

- when the construction of a project is completed and we have received the certificate of completion, the total GFA information in respect of the project refers to the total GFA in such certificate of completion;

- if we have not yet obtained the certificate of completion, but have obtained the construction works planning permit for the project, the total GFA information in respect of the project refers to the total GFA in such construction works planning permit;

- if we have not yet obtained the construction works planning permit, but have obtained the construction land planning outline for the project, the total GFA information in respect of the project refers to the total GFA in such construction land planning outline;

- if we have not yet obtained the construction land planning outline, but have received the government-approved design plan for the project, the total GFA information in respect of the project refers to the total GFA in such government-approved design plan; and

- if we have not obtained any of the above documents for the project, the total GFA information in respect of the project refers to the total GFA based on our current development plan for the project.

Total GFA stated in certificates of completion, construction works planning permits, construction land planning outline and government-approved design plans includes underground GFA. Underground GFA refers to basement and other underground spaces, generally used for parking and storage purposes.

The total GFA information in this document includes both saleable and non-saleable GFA. Saleable GFA generally includes residential properties, saleable carparks, retail shops and office space (including internal floor area and shared areas in the building that are exclusively allocated to such properties). Non-saleable GFA generally includes communal facilities, such as schools, floor area for property management purposes as required by the government, project related supplemental facilities and our own properties such as hotels and non-saleable carparks.

The relationship between the total site area of the project and its total GFA is primarily a function of the plot ratio as contained in the land grant contracts and the amount of associated ancillary facilities. High-rise buildings tend to generate more total GFA than low-rise buildings on the same development site. Ancillary facilities such as parks and infrastructural constructions, such as roads, tend to reduce the total GFA in a development.

Saleable GFA Calculation. The saleable GFA information in this document is derived on the following basis:

- if we have obtained property ownership certificate for a project, the saleable GFA information refers to the saleable GFA in the property ownership certificate;

- if we have not yet obtained the property ownership certificate, but have received the pre-sale permit for the project, the saleable GFA information refers to the saleable GFA in the pre-sale permit;

- if we have not yet obtained the pre-sale permit but have received the construction works planning permit for the project, the saleable GFA information in respect of the project refers to the saleable GFA estimated in such construction works planning permit;

- if we have not yet obtained the construction works planning permit, but have received the construction land planning outline for the project, the saleable GFA information in respect of the project refers to the saleable GFA estimated in such construction land planning outline;

- if we have not yet obtained the construction land planning outline, but have received the government-approved design plan for the project, the saleable GFA information in respect of the project is estimated based on such government-approved design plan; and

- if we have not yet obtained any of the above documents for the project, the saleable GFA information in respect of the project is estimated based on our current development plan for the project.

GFA sold information refers to the GFA sold or pre-sold as specified in the relevant sale and purchase agreements on an aggregate basis. GFA sold information in this document does not include GFA of parking spaces.

Saleable GFA of a project relates to the GFA that may be pre-sold and sold under the PRC laws. The selling price of a residential unit is typically calculated on the basis of its saleable GFA. Total GFA of a project, however, includes not only its saleable GFA but also a wide variety of ancillary facilities associated with a project, such as hotels, entertainment facilities and commercial centers that are not for sale.

Unless the pre-sale of a project has started, we have provided estimated pre-sale commencement time for such on-going project in this document. While these estimates are based on the management's best belief and knowledge, they do not represent commitments and are subject to change. Unless a project has already been completed, we have likewise provided estimated completion time for such on-going project in this document. Similarly, while these estimates are based on the management's best belief and knowledge, they do not represent commitments and are subject to change.

Project Overview

Geographical distribution of our property projects as of September 30, 2009 was as follows:

Province or city	Completed properties		Properties under development		Properties held for future development	
	Total GFA	% of total GFA	Total GFA	% of total GFA	Total GFA	% of total GFA
	('000 m^2)	(%)	('000 m^2)	(%)	('000 m^2)	(%)
Guangzhou	2,682.1	65.3	1,198.4	2.9	109.7	1.2
Other cities in Guangdong	263.7	6.4	4,475.0	10.7	—	—
Chongqing	337.8	8.2	2,365.1	5.6	971.2	10.5
Tianjin	49.9	1.2	462.8	1.1	—	—
Wuhan and adjacent areas	130.7	3.2	2,480.0	5.9	462.8	5.0
Chengdu and adjacent areas	299.2	7.3	2,157.5	5.1	—	—
Shenyang	314.7	7.7	1,360.8	3.2	1,503.1	16.2
Xi'an	—	—	1,629.5	3.9	—	—
Nanjing	9.7	0.2	1,430.7	3.4	—	—
Kunming	19.2	0.5	899.6	2.1	—	—
Qidong	—	—	11,957.0	28.5	—	—
Baotou	—	—	1,666.2	4.0	—	—
Taiyuan	—	—	932.3	2.2	915.8	9.9
Guiyang	—	—	312.6	0.7	—	—
Hefei	—	—	1,214.3	2.9	234.6	2.5
Changsha	—	—	2,946.4	7.0	—	—
Nanning	—	—	787.8	1.9	—	—
Zhengzhou	—	—	—	—	1,591.2	17.2
Luoyang	—	—	795.7	1.9	2,368.9	25.6
Nanchang	—	—	2,055.5	4.9	284.0	3.1
Shijiazhuang	—	—	797.9	1.9	819.7	8.9
Total	4,106.9	100.0	41,925.8	100.0	9,260.9	100.0

Subsequent to September 30, 2009, we acquired three more projects through the acquisition of a 55% equity interest in Evergrande Metropolis Taiyuan Real Estate Development Co., Ltd. (太原名都房地產開發有限公司), which owns our Evergrande Metropolis Taiyuan (太原恒大名都) project, a 60% equity interest in Changsha Baorui Real Estate Development Co., Ltd. (長沙寶瑞房地產開發有限公司), which owns our Evergrande Atrium Changsha (長沙恒大雅苑) project, and a 100% equity interest in Fortune Luck Corporation Limited (順利有限公司), which through its subsidiary owns our Evergrande Oasis Haikou (海口恒大綠洲) project. For more information, you should refer to the sections entitled "Business — Other Land Acquisitions — Evergrande Metropolis Taiyuan (太原恒大名都)," "— Evergrande Atrium Changsha (長沙恒大雅苑)" and "— Evergrande Oasis Haikou (海口恒大綠洲)."

As of September 30, 2009, we had completed the development of a total GFA of 4.1 million square meters since our inception. Of the 4.1 million square meters of total GFA of our completed properties, 3.7 million square meters constituted saleable GFA and 3.2 million square meters constituted GFA pre-sold and sold, representing 88.1% of the saleable GFA. As of September 30, 2009, we held an aggregate of 231,202 square meters of total GFA of our completed properties as investment properties, including 45,624 square meters of total GFA of commercial spaces and 5,544 carparks.

As of September 30, 2009, we had properties under development with a total GFA of 41.9 million square meters. We also had properties held for future development with an aggregate site area of approximately 3.3 million square meters and a total estimated GFA of 9.3 million square meters. We have entered into land grant contracts but have not obtained the land use rights certificates for such land held for future development.

The following map indicates the approximate locations of our property projects in China as of September 30, 2009.

The table below sets forth our project-by-project information as of September 30, 2009.

No.	Project	Location	Site area (m^2)	Total GFA (m^2)	GFA (m^2) Completed properties	Properties under development	Properties held for future development	Attributable equity interest (%)
	Guangdong Province							
1	Jinbi Garden No.1	Guangzhou	63,544	341,683	341,683	—	—	100
2	Jinbi Garden No.2	Guangzhou	69,146	305,722	275,521	—	30,201	100
3	Jinbi Garden No.3	Guangzhou	145,978	460,323	380,778	—	79,545	100
4	Jinbi Palace	Guangzhou	26,686	137,399	137,399	—	—	100
5	Jinbi City Plaza	Guangzhou	21,073	118,483	118,483	—	—	100
6	Jinbi Emerald Court	Guangzhou	5,409	53,453	53,453	—	—	100
7	Jinbi New City Garden	Guangzhou	120,240	428,003	428,003	—	—	100
8	Jinbi Century Garden	Guangzhou	138,116	413,021	413,021	—	—	100
9	Jinbi Bay Garden	Guangzhou	20,403	89,323	89,323	—	—	100
10	Jinbi Atrium	Guangzhou	54,930	209,005	209,005	—	—	100
11	Jinbi Junhong Garden	Guangzhou	36,357	197,013	157,575	39,438	—	100
12	Evergrande Royal Scenic Peninsula	Foshan	543,528	1,073,147	263,650	809,497	—	60
13	Evergrande Scenic Garden	Guangzhou	536,199	751,914	77,886	674,028	—	100
14	Evergrande Oasis Guangzhou	Guangzhou	111,048	484,919	—	484,919	—	100
15	Evergrande Metropolis Foshan	Foshan	171,869	861,897	—	861,897	—	100[1]
16	Evergrande Splendor Qingyuan	Qingyuan	1,801,408	2,803,581	—	2,803,581	—	100
	Chongqing Municipality							
17	Evergrande Splendor Chongqing	Chongqing	808,799	813,432	113,372	700,060	—	100
18	Evergrande City Chongqing	Chongqing	316,329	1,174,862	154,319	1,020,543	—	100
19	Evergrande Palace Chongqing	Chongqing	169,812	378,372	70,089	283,565	24,718	100
20	Evergrande Oasis Chongqing	Chongqing	91,928	465,753	—	151,714	314,039	100
21	Evergrande Metropolis Chongqing	Chongqing	191,400	841,597	—	209,188	632,409	100
	Tianjin Municipality							
22	Evergrande Splendor Tianjin	Tianjin	854,165	512,650	49,899	462,751	—	100
	Hubei Province							
23	Evergrande Splendor E'zhou	E'zhou	765,073	858,257	22,685	835,572	—	100
24	Evergrande Palace Wuhan	Wuhan	284,577	564,596	107,968	456,628	—	100[1]
25	Evergrande Oasis Wuhan	Wuhan	314,901	815,914	—	537,362	278,552	100
26	Evergrande City Wuhan	Wuhan	370,692	835,480	—	651,230	184,250	100
	Sichuan Province							
27	Evergrande Splendor Pengshan	Meishan	1,205,932	1,128,470	—	1,128,470	—	100
28	Evergrande Oasis Chengdu	Chengdu	142,145	629,449	158,542	470,907	—	100
29	Evergrande City Chengdu	Chengdu	169,501	698,761	140,637	558,124	—	100
	Liaoning Province							
30	Evergrande Oasis Shenyang	Shenyang	602,130	2,291,000	157,972	674,537	1,458,491	100
31	Evergrande City Shenyang	Shenyang	355,000	887,500	156,702	686,231	44,567	100

(1) We have entered into a co-development agreement with Chow Tai Fook Group affiliates for this project. For further details, you may refer to the sections entitled "— Property Description — Guangdong Province — (15) Evergrande Metropolis Foshan" and "— Property Description — Wuhan and Adjacent Areas — (24) Evergrande Palace Wuhan" below.

No.	Project	Location	Site area (m^2)	Total GFA (m^2)	GFA (m^2) Completed properties	Properties under development	Properties held for future development	Attributable equity interest (%)
	Shaanxi Province							
32	Evergrande Metropolis Xi'an	Xi'an	78,574	309,079	—	309,079	—	100
33	Evergrande Oasis Xi'an	Xi'an	207,175	630,070	—	630,070	—	65
34	Evergrande City Xi'an	Xi'an	162,471	690,339	—	690,339	—	60
	Jiangsu Province							
35	Evergrande Splendor Nanjing	Nanjing	983,033	1,133,523	9,682	1,123,841	—	100
36	Evergrande Oasis Nanjing	Nanjing	137,098	306,862	—	306,862	—	100
37	Evergrande Splendor Qidong	Qidong	5,978,624	11,957,045	—	11,957,045	—	100
	Yunnan Province							
38	Evergrande Splendor Kunming	Kunming	660,891	918,832	19,237	899,595	—	100
	Inner Mongolia Autonomous Region							
39	Evergrande Palace Baotou	Baotou	437,925	1,666,225	—	1,666,225	—	100
	Shanxi Province							
40	Evergrande Oasis Taiyuan	Taiyuan	691,797	1,848,044	—	932,279	915,765	100
	Guizhou Province							
41	Evergrande Oasis Guiyang	Guiyang	146,825	312,583	—	312,583	—	100
	Anhui Province							
42	Evergrande Palace Hefei	Hefei	142,578	516,088	—	281,488	234,600	100
43	Evergrande City Hefei	Hefei	310,929	932,787	—	932,787	—	60
	Hunan Province							
44	Evergrande Palace Changsha	Changsha	144,978	495,207	—	495,207	—	51
45	Evergrande Metropolis Changsha	Changsha	185,376	840,914	—	840,914	—	100
46	Evergrande City Changsha	Changsha	268,506	862,833	—	862,833	—	51
47	Evergrande Oasis Changsha	Changsha	144,187	747,484	—	747,484	—	100
	Guangxi Zhuang Autonomous Region							
48	Evergrande Oasis Nanning	Nanning	341,449	787,756	—	787,756	—	80
	Henan Province							
49	Evergrande Oasis Zhengzhou	Zhengzhou	438,667	1,591,151	—	—	1,591,151	80
50	Evergrande Oasis Luoyang	Luoyang	892,080	3,164,544	—	795,677	2,368,867	100
	Jiangxi Province							
51	Evergrande City Nanchang	Nanchang	976,800	1,367,526	—	1,367,526	—	51
52	Evergrande Oasis Nanchang	Nanchang	1,620,008	972,005	—	687,986	284,019	100
	Hebei Province							
53	Evergrande City Shijiazhuang	Shijiazhuang	245,414	950,972	—	131,266	819,706	100
54	Evergrande Splendor Shijiazhuang	Shijiazhuang	666,667	666,667	—	666,667	—	85
Sub-total			26,370,370	55,293,514	4,106,884	41,925,751	9,260,880	
Total			26,370,370	55,293,514	4,106,884	51,186,631		

Subsequent to September 30, 2009, we acquired three more projects through the acquisition of a 55% equity interest in Evergrande Metropolis Taiyuan Real Estate Development Co., Ltd., which owns our Evergrande Metropolis Taiyuan project, a 60% equity interest in Changsha Baorui Real Estate Development Co., Ltd., which owns our Evergrande Atrium Changsha project, and a 100% equity interest in Fortune Luck Corporation Limited, which through its subsidiary owns our Evergrande Oasis Haikou project. For more information, you should refer to the sections entitled "Business — Other Land Acquisitions — Evergrande Metropolis Taiyuan (太原恒大名都)," "— Evergrande Atrium Changsha (長沙恒大雅苑)" and "— Evergrande Oasis Haikou (海口恒大綠洲)."

Completed Properties

Our completed properties represent all properties we have completed since our inception. As of September 30, 2009, we had completed the development of the following 25 property projects with a total GFA of approximately 4.1 million square meters, of which approximately 3.7 million square meters constitute saleable GFA and approximately 3.3 million square meters constitute GFA pre-sold and sold, representing 88.1% of saleable GFA. As of September 30, 2009, we held an aggregate of 231,202 square meters of total GFA of our completed properties as investment properties, including 45,624 square meters of total GFA of commercial spaces and 5,544 carparks. We set forth below the details of these property projects.

No.	Project	Project phase	Completion time	Total GFA ('000 m^2)	Attributable equity interest (%)	Saleable GFA ('000 m^2)	GFA pre-sold and sold ('000 m^2)	GFA unsold (m^2)	Rentable GFA (m^2)
1	Jinbi Garden No.1, Guangzhou	1–5	Mar 2005	341.7	100	304.0	303.0	1,011	32,454
2	Jinbi Garden No.2, Guangzhou	1–5	Sep 2003	275.5	100	251.3	251.3	—	8,033
3	Jinbi Garden No.3, Guangzhou	1–4	May 2007	380.8	100	329.0	329.0	—	13,648
4	Jinbi Palace, Guangzhou	1–3	Nov 2004	137.4	100	116.8	116.1	727	19,551
5	Jinbi City Plaza, Guangzhou	1	Jun 2006	118.5	100	79.5	79.5	—	23,553
6	Jinbi Emerald Court, Guangzhou	1	Dec 2006	53.5	100	40.0	40.0	—	12,353
7	Jinbi New City Garden, Guangzhou	1–5	Nov 2008	428.0	100	358.2	356.9	1,281	38,963
8	Jinbi Century Garden, Guangzhou	1–5	Jun 2008	413.0	100	353.6	353.6	—	31,208
9	Jinbi Bay Garden, Guangzhou	1–2	Mar 2007	89.3	100	78.8	78.7	137	7,685
10	Jinbi Atrium, Guangzhou	1–5	Mar 2007	209.0	100	175.2	175.0	251	24,803
11	Jinbi Junhong Garden, Guangzhou	1	Apr 2008	157.6	100	142.3	137.4	4,967	8,151
12	Evergrande Royal Scenic Peninsula, Guangzhou	1	Jun 2008	263.7	60	238.2	154.8	83,402	10,801
13	Evergrande Scenic Garden, Guangzhou	1 (partial)	Mar 2009	77.9	100	77.9	77.9	—	—
14	Evergrande Splendor Chongqing	1	Sep 2008	113.4	100	113.4	21.9	91,487	—
15	Evergrande City Chongqing	1 (partial)	Sep 2009	154.3	100	154.3	106.4	47,946	—
16	Evergrande Palace Chongqing	1 (partial)	Mar 2009	70.1	100	70.1	63.5	6,600	—
17	Evergrande Splendor Tianjin	1 (partial)	Sep 2009	49.9	100	49.9	49.6	304	—
18	Evergrande Splendor E'zhou	1 (partial)	Sep 2009	22.7	100	22.7	18.6	4,091	—
19	Evergrande Palace Wuhan	1 (partial)	Jun 2009	108.0	100	106.1	66.9	39,175	—
20	Evergrande Oasis Chengdu	1 (partial)	Dec 2008	158.5	100	158.5	112.9	45,605	—
21	Evergrande City Chengdu	1 (partial)	Aug 2009	140.6	100	140.6	93.6	47,016	—
22	Evergrande Oasis Shenyang	1 (partial)	Dec 2008	158.0	100	158.0	118.2	39,805	—
23	Evergrande City Shenyang	1 (partial)	Sep 2009	156.7	100	156.7	128.6	28,060	—
24	Evergrande Splendor Nanjing	1 (partial)	Sep 2009	9.7	100	9.7	9.4	235	—
25	Evergrande Splendor Kunming	1 (partial)	Sep 2009	19.2	100	19.2	19.2	—	—
	Total			4,106.9		3,704.1	3,262.0	442,101	231,202

For all of our completed projects, we have received the land use rights certificates, construction land planning permits, construction works planning permits, construction permits, pre-sale permits and certificates of completion.

Properties Under Development

For all of our property projects under development, we have received the land use rights certificates. With respect to "GFA with construction permits" or "GFA under construction," we had obtained the relevant construction land planning permits, construction works planning permits and construction permits or governmental approval for early construction as of the date specified. Some of them had also received pre-sale permits. With respect to "GFA without construction permits," we had yet to obtain some or all of the relevant construction land planning permits, construction works planning permits and construction permits as of the date specified. "GFA under development with pre-sale permits" means GFA with construction permits and pre-sale permits. "GFA under development without pre-sale permits" means GFA with construction permits but without pre-sale permits. The total costs incurred for each project are computed on an accrual basis; and the outstanding commitments for each project include not only our actual contractual commitments but also estimated costs in the future in order to complete the current phase of the relevant project.

As of September 30, 2009, we had 43 property projects under development with a total GFA of approximately 41.9 million square meters. We set forth in the table below details of these property projects.

	Project	Total GFA ('000 m^2) GFA with construction permits	Total GFA ('000 m^2) GFA without construction permits	Total GFA ('000 m^2) Subtotal	Attributable equity Interest (%)	Saleable GFA ('000 m^2)	Actual or estimated construction commencement time	Actual or estimated pre-sale commencement time	Total costs incurred as of September 30, 2009	Outstanding commitments for current phase as of September 30, 2009
									(RMB in millions)	
	Guangdong Province									
1	Jinbi Junhong Garden	39.4	—	39.4	100	39.4	Mar 2008	Dec 2010	11.4	74.6
2	Evergrande Royal Scenic Peninsula	796.2	13.3	809.5	60	794.2	Mar 2005	Oct 2007	1,912.7	176.8
3	Evergrande Scenic Garden	598.6	75.4	674.0	100	665.1	Mar 2007	Sep 2008	743.4	485.5
4	Evergrande Oasis Guangzhou	483.7	1.3	484.9	100	474.7	Oct 2008	Sep 2009	768.6	477.2
5	Evergrande Metropolis Foshan	221.5	640.4	861.9	100[1]	857.5	Apr 2008	May 2010	—	—
6	Evergrande Splendor Qingyuan	1,546.5	1,257.1	2,803.6	100	2,794.4	Dec 2007	Jan 2009	1,072.0	1,071.2
	Chongqing Municipality									
7	Evergrande Splendor Chongqing	683.9	16.2	700.1	100	698.0	May 2007	Sep 2008	626.7	295.5
8	Evergrande City Chongqing	395.4	625.1	1,020.5	100	985.4	Jan 2008	Sep 2008	932.2	230.8
9	Evergrande Palace Chongqing	161.7	121.8	283.6	100	282.2	Aug 2007	May 2008	743.1	164.5
10	Evergrande Oasis Chongqing	125.2	26.6	151.7	100	149.4	Jan 2008	Sep 2009	273.5	512.4
11	Evergrande Metropolis Chongqing	208.7	0.5	209.2	100	209.2	Apr 2008	Aug 2009	248.8	720.1
	Tianjin Municipality									
12	Evergrande Splendor Tianjin	418.9	43.8	462.8	100	454.1	Sep 2007	Sep 2009	290.3	125.5
	Hubei Province									
13	Evergrande Splendor E'zhou	318.0	517.5	835.6	100	820.7	Jun 2007	Sep 2008	687.9	781.0
14	Evergrande Palace Wuhan	252.5	204.2	456.6	100[1]	456.6	Jun 2007	Apr 2008	899.2	163.3
15	Evergrande Oasis Wuhan	496.7	40.6	537.4	100	527.9	Oct 2007	Jun 2009	287.8	290.1
16	Evergrande City Wuhan	193.8	457.4	651.2	100	641.7	Dec 2007	Mar 2009	657.8	125.4
	Sichuan Province									
17	Evergrande Splendor Pengshan	667.1	461.4	1,128.5	100	1,126.5	Dec 2007	Jun 2009	634.2	289.8
18	Evergrande Oasis Chengdu	316.7	154.2	470.9	100	468.9	Apr 2007	Apr 2008	662.7	451.9
19	Evergrande City Chengdu	558.1	—	558.1	100	543.0	Aug 2007	Jul 2008	817.3	68.3
	Liaoning Province									
20	Evergrande Oasis Shenyang	545.4	129.1	674.5	100	672.5	Jun 2007	Dec 2007	589.5	739.9
21	Evergrande City Shenyang	439.3	247.0	686.2	100	684.2	Dec 2007	Sep 2008	754.0	411.5
	Shaanxi Province									
22	Evergrande Metropolis Xi'an	303.8	5.3	309.1	100	309.1	Nov 2007	Sep 2008	609.9	305.1
23	Evergrande Oasis Xi'an	273.2	356.9	630.1	65	627.4	Nov 2007	Sep 2008	798.8	360.1
24	Evergrande City Xi'an	133.7	556.6	690.3	60	685.1	Sep 2009	Sep 2009	442.6	72.5
	Jiangsu Province									
25	Evergrande Splendor Nanjing	489.2	634.7	1,123.8	100	1,120.0	Aug 2007	Sep 2008	1,469.9	161.8
26	Evergrande Oasis Nanjing	272.5	34.4	306.9	100	303.3	Dec 2007	Sep 2008	842.8	164.0
27	Evergrande Splendor Qidong	891.6	11,065.4	11,957.0	100	11,866.4	Mar 2010	Oct 2010	285.3	19.4
	Yunnan Province									
28	Evergrande Splendor Kunming	882.2	17.4	899.6	100	895.3	Nov 2007	Sep 2008	1,222.1	217.7

	Project	Total GFA ('000 m^2)			Attributable equity Interest (%)	Saleable GFA ('000 m^2)	Actual or estimated construction commencement time	Actual or estimated pre-sale commencement time	Total costs incurred as of September 30, 2009	Outstanding commitments for current phase as of September 30, 2009
		GFA with construction permits	GFA without construction permits	Subtotal						
									(RMB in millions)	
	Inner Mongolia Autonomous Region									
29	Evergrande Palace Baotou	304.7	1,361.6	1,666.2	100	1,662.2	Nov 2008	Aug 2009	780.7	464.5
	Shanxi Province									
30	Evergrande Oasis Taiyuan	928.9	3.4	932.3	100	923.5	Dec 2007	Sep 2008	1,491.2	740.2
	Guizhou Province									
31	Evergrande Oasis Guiyang	308.0	4.5	312.6	100	310.7	Dec 2007	Sep 2009	267.0	289.4
	Anhui Province									
32	Evergrande Palace Hefei	265.0	16.5	281.5	100	279.6	Feb 2008	Jun 2009	532.2	510.2
33	Evergrande City Hefei	300.0	632.8	932.8	60	929.0	Sep 2009	Feb 2010	—	449.7
	Hunan Province									
34	Evergrande Palace Changsha	442.6	52.7	495.2	51	492.7	Jan 2008	Jan 2009	684.2	767.1
35	Evergrande Metropolis Changsha	731.2	109.7	840.9	100	834.5	Aug 2008	May 2009	599.7	212.0
36	Evergrande City Changsha	205.5	657.3	862.8	51	853.0	Aug 2009	Dec 2009	424.0	250.2
37	Evergrande Oasis Changsha	217.2	530.3	747.5	100	745.6	Sep 2009	Dec 2009	35.4	445.4
	Guangxi Zhuang Autonomous Region									
38	Evergrande Oasis Nanning	—	787.8	787.8	80	776.3	—	—	235.2	354.6
	Henan Province									
39	Evergrande Oasis Luoyang	373.3	422.4	795.7	100	795.7	Jan 2008	Sep 2009	191.5	723.3
	Jiangxi Province									
40	Evergrande City Nanchang	—	1,367.5	1,367.5	51	1,338.9	Oct 2009	Jan 2010	205.4	410.0
41	Evergrande Oasis Nanchang	20.9	667.1	688.0	100	683.7	Oct 2009	Mar 2010	30.0	418.8
	Hebei Province									
42	Evergrande City Shijiazhuang	131.3	—	131.3	100	129.3	Sep 2009	Jan 2010	55.9	213.5
43	Evergrande Splendor Shijiazhuang	125.0	541.7	666.7	85	663.0	Sep 2009	Mar 2010	30.0	210.0
	Total	17,066.9	24,858.8	41,925.8		41,569.7			24,846.8	15,414.3

(1) We have entered into a co-development agreement with Chow Tai Fook Group affiliates for the development of this project. For further details, you may refer to the sections entitled "— Property Description — Guangdong Province — (15) Evergrande Metropolis Foshan" and "— Property Description — Wuahn and Adjacent Areas — (24) Evergrande Palace Wuhan" below.

Subsequent to September 30, 2009, we acquired three more projects through the acquisition of a 55% equity interest in Evergrande Metropolis Taiyuan Real Estate Development Co., Ltd., which owns our Evergrande Metropolis Taiyuan project, a 60% equity interest in Changsha Baorui Real Estate Development Co., Ltd., which owns our Evergrande Atrium Changsha project, and a 100% equity interest in Fortune Luck Corporation Limited, which through its subsidiary owns our Evergrande Oasis Haikou project. For more information, you should refer to the sections entitled "Business — Other Land Acquisitions — Evergrande Metropolis Taiyuan (太原恒大名都)," "— Evergrande Atrium Changsha (長沙恒大雅苑)" and "— Evergrande Oasis Haikou (海口恒大綠洲)."

The construction commencement time in the table above is derived from the relevant construction permits or the governmental approval for early construction.

Total Saleable GFA under Construction and Saleable GFA Completed but Not Delivered

Total saleable GFA under construction refers to total GFA with construction permits that is currently undergoing construction, excluding non-saleable GFA.

As of September 30, 2009, we had a total saleable GFA completed but not delivered and saleable GFA under construction of approximately 17.3 million square meters, of which 4.8 million square meters had been pre-sold and 12.5 million square meters remained unsold. We set forth below the details of these property projects.

	Saleable GFA completed but not delivered ('000 m²)		Saleable GFA under construction ('000 m²)			Saleable GFA completed but not delivered and saleable GFA under construction ('000 m²)	
			With pre-sale permits		Without		
Project	Pre-sold (M)	Unsold (A)	Pre-sold (N)	Unsold (B)	pre-sale permits (C)	Pre-sold (M+N)	Unsold (A+B+C)
1. Jinbi Junhong Garden	—	—	—	—	39.4	—	39.4
2. Evergrande Royal Scenic Peninsula	6.9	94.2	278.6	121.9	208.2	285.5	424.4
3. Evergrande Scenic Garden	3.3	—	160.3	1.1	434.3	163.6	435.4
4. Evergrande Oasis Guangzhou	—	—	110.3	34.7	328.2	110.3	362.9
5. Evergrande Metropolis Foshan	—	—	—	—	219.6	—	219.6
6. Evergrande Splendor Qingyuan	—	—	271.4	349.6	914.3	271.4	1,263.9
7. Evergrande Splendor Chongqing	5.6	91.5	164.9	19.5	497.6	170.5	608.6
8. Evergrande City Chongqing	26.9	47.9	235.0	82.6	75.9	261.9	206.4
9. Evergrande Palace Chongqing	11.5	6.6	67.0	27.8	65.4	78.5	99.8
10. Evergrande Oasis Chongqing	—	—	30.1	40.4	54.7	30.1	95.0
11. Evergrande Metropolis Chongqing	—	—	58.9	61.8	88.0	58.9	149.8
12. Evergrande Splendor Tianjin	—	0.3	157.2	0.3	261.3	157.2	261.9
13. Evergrande Splendor E'Zhou	6.7	4.1	86.3	144.6	85.3	93.0	233.9
14. Evergrande Palace Wuhan	20.5	39.2	3.3	32.4	216.8	23.8	288.3
15. Evergrande Oasis Wuhan	—	—	160.1	35.3	291.9	160.1	327.2
16. Evergrande City Wuhan	—	—	86.5	8.9	98.5	86.5	107.3
17. Evergrande Splendor Pengshan	—	—	295.9	33.3	335.9	295.9	369.2
18. Evergrande Oasis Chengdu	10.8	45.6	117.5	148.1	51.2	128.3	244.9
19. Evergrande City Chengdu	30.7	47.0	109.9	50.6	395.7	140.6	493.3
20. Evergrande Oasis Shenyang	27.3	40.1	50.5	119.6	245.1	77.8	404.7
21. Evergrande City Shenyang	86.8	28.1	99.7	90.8	246.7	186.5	365.6
22. Evergrande Metropolis Xi'an	—	—	186.0	83.8	28.1	186.0	112.0
23. Evergrande Oasis Xi'an	—	—	137.6	69.7	64.2	137.6	133.9
24. Evergrande City Xi'an	—	—	117.7	10.5	3.4	117.7	13.9
25. Evergrande Splendor Nanjing	6.6	0.2	148.2	120.0	220.9	154.8	341.2
26. Evergrande Oasis Nanjing	—	—	133.7	3.0	131.8	133.7	134.9
27. Evergrande Splendor Qidong	—	—	—	—	841.8	—	841.8
28. Evergrande Splendor Kunming	8.3	—	301.0	26.7	552.6	309.3	579.4
29. Evergrande Palace Baotou	—	—	100.3	101.3	102.9	100.3	204.2
30. Evergrande Oasis Taiyuan	—	—	401.2	246.4	279.3	401.2	525.7
31. Evergrande Oasis Guiyang	—	—	42.8	109.8	155.5	42.8	265.2
32. Evergrande Palace Hefei	—	—	95.3	163.7	3.9	95.3	167.6
33. Evergrande City Hefei	—	—	—	—	300.0	—	300.0
34. Evergrande Palace Changsha	—	—	125.7	12.1	301.5	125.7	313.6
35. Evergrande Metropolis Changsha	—	—	152.5	144.9	433.9	152.5	578.7
36. Evergrande City Changsha	—	—	—	—	205.3	—	205.3
37. Evergrande Oasis Changsha	—	—	—	—	217.0	—	217.0
38. Evergrande Oasis Luoyang	—	—	84.3	38.1	250.9	84.3	289.0
39. Evergrande Oasis Nanchang	—	—	—	—	20.9	—	20.9
40. Evergrande City Shijiazhuang	—	—	—	—	129.3	—	129.3
41. Evergrande Splendor Shijiazhuang	—	—	—	—	123.0	—	123.0
Total	251.9	444.8	4,569.8	2,533.3	9,520.0	4,821.7	12,498.2

Total GFA under Construction and Delivery Schedule of Saleable GFA under Construction

As of September 30, 2009, we had a total GFA under construction of approximately 16.8 million square meters and a total saleable GFA under construction of 16.6 million square meters.

	Project	Total GFA under construction ('000 m^2)	Estimated completion date of saleable GFA under construction ('000 m^2)			
			2009	2010	2011	Total
1.	Jinbi Junhong Garden	39.4	—	39.4	—	39.4
2.	Evergrande Royal Scenic Peninsula	610.8	—	307.3	301.5	608.8
3.	Evergrande Scenic Garden	598.6	109.9	198.8	287.0	595.7
4.	Evergrande Oasis Guangzhou	483.7	—	250.8	222.3	473.2
5.	Evergrande Metropolis Foshan	221.5	—	—	219.6	219.6
6.	Evergrande Splendor Qingyuan	1,546.5	—	725.5	809.8	1,535.4
7.	Evergrande Splendor Chongqing	683.9	—	386.7	295.3	682.0
8.	Evergrande City Chongqing	395.4	—	342.4	51.1	393.5
9.	Evergrande Palace Chongqing	161.7	8.3	152.0	—	160.2
10.	Evergrande Oasis Chongqing	125.2	—	125.2	—	125.2
11.	Evergrande Metropolis Chongqing	208.7	—	99.9	108.8	208.7
12.	Evergrande Splendor Tianjin	418.9	75.0	343.9	—	418.9
13.	Evergrande Splendor E'Zhou	318.0	156.0	160.1	—	316.1
14.	Evergrande Palace Wuhan	252.5	12.8	122.2	117.5	252.5
15.	Evergrande Oasis Wuhan	496.7	—	300.9	186.4	487.3
16.	Evergrande City Wuhan	193.8	—	193.8	—	193.8
17.	Evergrande Splendor Pengshan	667.1	—	480.9	184.2	665.1
18.	Evergrande Oasis Chengdu	316.7	28.9	99.6	188.2	316.7
19.	Evergrande City Chengdu	558.1	67.6	146.4	342.3	556.2
20.	Evergrande Oasis Shenyang	417.2	109.6	98.8	206.8	415.2
21.	Evergrande City Shenyang	439.3	21.7	125.6	289.9	437.3
22.	Evergrande Metropolis Xi'an	303.8	64.9	128.4	104.7	298.0
23.	Evergrande Oasis Xi'an	273.2	42.0	168.0	61.5	271.5
24.	Evergrande City Xi'an	133.7	—	131.6	—	131.6
25.	Evergrande Splendor Nanjing	489.2	173.4	167.3	148.4	489.2
26.	Evergrande Oasis Nanjing	272.5	117.6	65.8	85.2	268.5
27.	Evergrande Splendor Qidong	891.6	—	—	841.8	841.8
28.	Evergrande Splendor Kunming	882.2	28.5	701.9	150.0	880.4
29.	Evergrande Palace Baotou	304.7	—	147.1	157.3	304.4
30.	Evergrande Oasis Taiyuan	928.9	163.3	328.3	435.3	926.9
31.	Evergrande Oasis Guiyang	308.0	—	308.0	—	308.0
32.	Evergrande Palace Hefei	265.0	—	112.6	150.4	263.0
33.	Evergrande City Hefei	300.0	—	300.0	—	300.0
34.	Evergrande Palace Changsha	442.5	7.0	125.1	307.2	439.3
35.	Evergrande Metropolis Changsha	731.2	5.1	399.8	326.3	731.2
36.	Evergrande City Changsha	205.5	—	5.1	200.2	205.3
37.	Evergrande Oasis Changsha	217.2	—	5.1	211.9	217.0
38.	Evergrande Oasis Luoyang	373.3	—	317.9	55.5	373.3
39.	Evergrande Oasis Nanchang	20.9	—	20.9	—	20.9
40.	Evergrande City Shijiazhuang	131.3	—	129.3	—	129.3
41.	Evergrande Splendor Shijiazhuang	125.0	—	123.0	—	123.0
	Total	16,753.3	1,191.5	8,385.2	7,046.4	16,623.1

Properties Held for Future Development

We had 15 projects held for future development as of September 30, 2009. These properties were meant for future development and had an aggregate site area of approximately 3.3 million square meters and an estimated total GFA of 9.3 million square meters as of September 30, 2009.

We set forth in the table below further information about our properties held for future development as of September 30, 2009. The total GFA with respect to each project included in our properties held for future development represents estimates by our management on the basis of our current development plans formulated pursuant to the relevant land grant contracts.

	Project	Location	Site area (m^2)	Total estimated GFA (m^2)	Attributable equity interest (%)
Guangdong Province					
1.	Jinbi Garden No. 2 Commercial Plaza	Guangzhou	7,932	30,201	100
2.	Jinbi Garden No. 3 Phase 5	Guangzhou	26,590	79,545	100
Chongqing Municipality					
3.	Evergrande Palace Chongqing	Chongqing	9,442	24,718	100
4.	Evergrande Oasis Chongqing	Chongqing	55,614	314,039	100
5.	Evergrande Metropolis Chongqing	Chongqing	155,852	632,409	100
Hubei Province					
6.	Evergrande Oasis Wuhan	Wuhan	97,666	278,552	100
7.	Evergrande City Wuhan	Wuhan	92,858	184,250	100
Liaoning Province					
8.	Evergrande Oasis Shenyang	Shenyang	311,406	1,458,491	100
9.	Evergrande City Shenyang	Shenyang	23,903	44,567	100
Shanxi Province					
10.	Evergrande Oasis Taiyuan	Taiyuan	252,586	915,765	100
Anhui Province					
11.	Evergrande Palace Hefei	Hefei	61,547	234,600	100
Henan Province					
12.	Evergrande Oasis Zhengzhou	Zhengzhou	438,667	1,591,151	80
13.	Evergrande Oasis Luoyang	Luoyang	594,420	2,368,867	100
Jiangxi Province					
14.	Evergrande Oasis Nanchang	Nanchang	948,262	284,019	100
Hebei Province					
15.	Evergrande City Shijiazhuang	Shijiazhuang	195,413	819,706	100
	Total		3,272,157	9,260,880	

For all of our projects held for future development, we had entered into a land grant contract or a land transaction confirmation letter. We had not, however, received the land use rights certificates, construction land planning permits, construction works planning permits and construction permits as of September 30, 2009.

Product Series

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

- *High-end series.* This series consists mainly of products of Evergrande Palace (恒大華府) series. Properties of this series account for approximately 10% of the number of our current projects. They are positioned as high-end urban residential projects targeting high-income residents. Typically situated in the prime locations of existing urban areas, or areas with significant future value appreciation potential within large cities, these projects generally include garden houses and condominiums. Most of them are large units with the highest and most luxury design and construction standards. Usually, these projects are fully equipped with facilities and services of superior standard, including large luxurious clubhouse, commerce and education facilities.

- *Mid- to mid-high-end series.* This series consists mainly of products of Evergrande Oasis (恒大綠洲) series, Evergrande Metropolis (恒大名都) series and Evergrande City (恒大城) series. Properties of this series account for approximately 70% of the number of our current projects. They are positioned as large residential complexes with a full range of ancillary facilities and services. Typically located in the sub-central urban areas with comprehensive infrastructure and easy transportation network, these projects generally include multi-storey, mid-rise, mid-to-high-rise and high-rise apartments. They are usually equipped with large clubhouses, sports centers, kindergartens, commercial streets and other living facilities.

- *Tourism-related series.* This series consists mainly of products of Evergrande Splendor (恒大金碧天下) series. Properties of this series account for approximately 20% of the number of our current projects. They are positioned as large resort projects offering a mix of tourism, resort, commercial and residential-related properties. Typically located in or close to the key transportation network within urban cities with population of over five million, and in areas with beautiful natural surroundings of rivers, lakes or mountains, and unique eco landscape resources, these projects generally include low-density houses, garden houses, mid-rise and high-rise apartments. They are usually equipped with comprehensive ancillary facilities with a total GFA of over 100,000 square meters which include upscale hotels, conference centers, health centers, entertainment centers, food centers, commercial centers, sports centers and regional public transportation systems.

- *Completed projects prior to 2008.* Our projects completed prior to 2008 consist mostly of products of Jinbi (金碧) series. Most of these completed residential property developments are located in Guangzhou.

We design and develop all of our product series under our standardized management and market them under the brand name of "Evergrande" on a nationwide basis. We also market products of these series under different project names.

Within our product series, we mainly develop five types of residential properties:

- villas, which are typically independent houses with one or three stories;

- semi-detached villas, which are typically two separate houses that share a common wall;

- townhouses, which are typically connected houses of more than two units;

- condominiums, which are typically low-rise residential buildings of four to 18 stories; and

- high-rise residential buildings, which are typically higher than 18 stories.

Project Description — Guangdong Province

(1) *Jinbi Garden No. 1*（第一金碧花園）

Jinbi Garden No. 1 is a residential complex located in Haizhu District in Guangzhou. This project occupies a total site area of 63,544 square meters with a total GFA of 341,683 square meters. It comprises primarily 3,921 residential units with an aggregate total GFA of 291,288 square meters, 228 commercial units with an aggregate total GFA of 25,327 square meters and 480 carparks with an aggregate total GFA of 17,963 square meters. Ancillary facilities in this project include an elementary school, a kindergarten, a cultural activity center, a community service center, an agricultural produce market, an outdoor swimming pool and other sports facilities. The total GFA of the individual residential unit ranges from 23 to 135 square meters.

We completed this project in March 2005. As of September 30, 2009, except for 11 residential units with a total GFA of 1,011 square meters, all residential units in this project had been sold.

(2) *Jinbi Garden No. 2*（第二金碧花園）

Jinbi Garden No. 2 is a residential complex located in Haizhu District in Guangzhou, next to Jinbi Garden No. 1. This project occupies a total site area of 69,146 square meters with a total GFA of 305,722 square meters. We have divided this project into six phases.

We completed the development of phases 1 to 5 in September 2003. As of September 30, 2009, all residential units in these phases had been sold. They comprise 24 high-rise residential buildings consisting of an aggregate of 3,484 residential units with an aggregate total GFA of 247,082 square meters, 154 commercial units with an aggregate total GFA of 5,207 square meters and 88 carparks with an aggregate total GFA of 7,132 square meters. Ancillary facilities in this project include an elementary school, a kindergarten, a cultural activity center, a community service center, and sports facilities. The total GFA of the individual residential unit ranges from 27 to 127 square meters.

Phase 6 of Jinbi Garden No. 2 is held for future development and consists of a commercial center and related premises. It occupies a total site area of 7,932 square meters with an aggregate total GFA of 30,201 square meters.

(3) *Jinbi Garden No. 3*（第三金碧花園）

Jinbi Garden No. 3 is a residential complex located in Haizhu District in Guangzhou, across the street from Jinbi Garden No. 1 and Jinbi Garden No. 2. This project occupies a total site area of 145,978 square meters with an aggregate total GFA of 460,323 square meters. We have divided this project into five phases.

We have completed the development of phases 1 to 4 of this project in May 2007. As of September 30, 2009, all of the residential units had been sold. Phases 1 to 4 comprise 25 high-rise residential buildings consisting of 3,829 residential units with an aggregate total GFA of 322,775 square meters, 46 villas with an aggregate total GFA of 10,607 square meters, 143 commercial units with an aggregate total GFA of 5,864 square meters and 204 carparks with an aggregate total GFA of 12,511 square meters. Ancillary facilities in this project include a commercial center, a middle school, a kindergarten, an outdoor swimming pool, a cultural activity center, a community center and various outdoor sports grounds. The total GFA of the individual residential unit in the high-rise buildings ranges from 27 to 143 square meters and the total GFA of the individual villa ranges from 176 to 280 square meters.

Phase 5 of Jinbi Garden No. 3 is held for future development and consists of five high-rise residential buildings. It occupies a total site area of 26,590 square meters with an aggregate total GFA of 79,545 square meters.

(4) *Jinbi Palace*（金碧華府）

Jinbi Palace is a high-end residential project located in the central business district of the Tianhe Pearl River New City in Guangzhou. This project occupies a total site area of 26,686 square meters with an aggregate total GFA of 137,399 square meters. It comprises 13 high-rise residential buildings consisting of 706 residential units with an aggregate total GFA of 111,141 square meters, 18 commercial units with an aggregate total GFA of 1,694 square meters and 533 underground carparks with an aggregate total GFA of 21,983 square meters. Ancillary facilities in this project include a swimming pool with constant water temperature. The total GFA of the individual residential unit ranges from 126 to 755 square meters.

We completed this project in November 2004. As of September 30, 2009, except for one penthouse duplex unit with a total GFA of 727 square meters, all of the residential units in this project had been sold.

(5) *Jinbi City Plaza*（金碧都市廣場）

Jinbi City Plaza is a residential complex located in Haizhu District in Guangzhou, near Jinbi Garden No. 1, Jinbi Garden No. 2 and Jinbi Garden No. 3. This project occupies a total site area of 21,073 square meters with an aggregate total GFA of 118,483 square meters. It comprises eight residential-commercial dual-function buildings consisting of 1,194 residential units with an aggregate total GFA of 79,536 square meters, commercial properties located on the bottom four floors with an aggregate total GFA of 12,004 square meters and 190 underground carparks with an aggregate total GFA of 11,548 square meters. The total GFA of the individual residential unit ranges from 24 to 173 square meters.

We completed this project in June 2006. As of September 30, 2009, all residential units in this project had been sold.

(6) *Jinbi Emerald Court*（金碧翡翠華庭）

Jinbi Emerald Court is a residential complex located in Tianhe District in Guangzhou. This project occupies a total site area of 5,409 square meters with an aggregate total GFA of 53,453 square meters. It comprises three high-rise residential buildings consisting of 464 residential units with an aggregate total GFA of 37,133 square meters, commercial properties located on the bottom five floors with an aggregate total GFA of 11,367 square meters and underground carparks with an aggregate total GFA of 3,981 square meters. Ancillary facilities in this project include restaurants and entertainment facilities. The total GFA of the individual residential unit ranges from 48 to 167 square meters.

We completed this project in December 2006. As of September 30, 2009, all of the residential units in this project had been sold. The commercial properties are under leases and held as our investment properties.

(7) *Jinbi New City Garden*（金碧新城）

Jinbi New City Garden is a large-scale residential complex located in Baiyun District in Guangzhou. This project occupies a total site area of 120,240 square meters with an aggregate total GFA of 428,003 square meters. It comprises 49 residential buildings consisting of an aggregate of 4,492 residential units with an aggregate total GFA of 342,108 square meters, 516 commercial units with an aggregate total GFA of 16,790 square meters and 1,294 carparks with an aggregate total GFA of 35,415 square meters. Ancillary facilities in this project include a clubhouse, a community service center, a shopping center, an elementary school, a kindergarten and sport facilities. The total GFA of the individual residential unit ranges from 24 to 107 square meters.

We have divided Jinbi New City Garden into five phases. We completed phases 1 to 4 in May 2007. Phases 1 to 4 include 3,888 residential units with an aggregate total GFA of 296,590 square meters. As of September 30, 2009, all of the residential units in these phases had been sold. The commercial properties have a total GFA of 13,505 square meters. As of September 30, 2009, other than two commercial retail units with an aggregate total GFA of 310 square meters held as our investment properties, all remaining commercial properties had been sold.

We completed phase 5 in June 2008. It comprises three high-rise residential buildings consisting of 604 residential units with an aggregate total GFA of 45,518 square meters, 49 commercial units with an aggregate total GFA of 3,485 square meters and an underground area with an aggregate total GFA of 27,277 square meters. As of September 30, 2009, except for 16 residential units with an aggregate total GFA of 1,281 square meters, all of the residential units in this project had been sold.

(8) *Jinbi Century Garden*（金碧世紀花園）

Jinbi Century Garden is a large-scale residential complex located in Huangpu District in Guangzhou, next to the main avenue in Huangpu District, Zhongshan Avenue. This project occupies a total site area of 138,116 square meters with an aggregate total GFA of 413,021 square meters. It comprises 31 residential buildings consisting of 4,168 residential units with an aggregate total GFA of 346,498 square meters, 134 commercial units with an aggregate total GFA of 4,579 square meters and 1,270 carparks with an aggregate total GFA of 34,423 square meters. Ancillary facilities in the project include a grand outdoor garden swimming pool, other sports facilities, an elementary school and a kindergarten. The total GFA of the individual residential unit ranges from 23 to 221 square meters.

We have divided Jinbi Century Garden into five phases. We completed phases 1 to 4 in June 2007. Phases 1 to 4 include 26 residential buildings with an aggregate total GFA of 339,794 square meters. As of September 30, 2009, all residential units in these phases had been sold.

We completed phase 5 in June 2008. It comprises five high-rise residential buildings consisting of 369 residential units with an aggregate total GFA of 54,465 square meters and an underground area with an aggregate total GFA of 18,762 square meters. As of September 30, 2009, all residential units in this phase had been sold.

(9) *Jinbi Bay Garden*（金碧灣）

Jinbi Bay Garden is a high-end riverside residential project located in Haizhu District in Guangzhou, facing one of the eight best sightseeing attractions in Guangzhou — "Night View over the White Goose Pond." This project occupies a total site area of 20,403 square meters with an aggregate total GFA of 89,323 square meters. It comprises 12 residential buildings consisting of 920 residential units with an aggregate total GFA of 78,132 square meters and 235 carparks with an aggregate total GFA of 8,152 square meters. Ancillary facilities in the project include an outdoor swimming pool. The total GFA of the individual residential unit ranges from 23 to 171 square meters.

We completed this project in March 2007. As of September 30, 2009, except for two residential units with a total GFA of 137 square meters, all of the residential units in this project had been sold.

(10) *Jinbi Atrium*（金碧雅苑）

Jinbi Atrium is a residential complex located in Baiyun District in Guangzhou, close to the scenic area of Baiyun mountain and Baiyun New City. This project occupies a total site area of 54,930 square meters with an aggregate total GFA of 209,005 square meters. It comprises 27 residential buildings consisting of 2,279 residential units with an aggregate total GFA of 174,156 square meters and 779 carparks with an aggregate total GFA of 24,803 square meters. Ancillary facilities in the project include integrated commercial buildings, a kindergarten, an outdoor swimming pool and sports facilities. The total GFA of the individual residential unit ranges from 35 to 180 square meters.

We completed this project in May 2007. As of September 30, 2009, except for three residential units with a total GFA of 251 square meters, all residential units in this project had been sold.

(11) *Jinbi Junhong Garden*（金碧駿鴻花園）

Jinbi Junhong Garden is a residential complex located in Huangpu District in Guangzhou. It is conveniently located along Line 5 of Guangzhou subway. It has a scenic view of the Huangpu port to its south and a river view to its southeast. This project occupies a total site area of 36,357 square meters with an aggregate total GFA of 197,013 square meters. It comprises six residential buildings consisting of 1,548 residential units with an aggregate total GFA of 130,061 square meters, 74 townhouses with an aggregate total GFA of 12,304 square meters, one office tower with an aggregate total GFA of 30,675 square meters and an underground carpark area with an aggregate total GFA of 7,019 square meters. Ancillary facilities in the project include an elementary school, a kindergarten, a commercial center and an outdoor swimming pool. The total GFA of the individual residential unit in the residential buildings ranges from 33 to 136 square meters and the total GFA of the individual townhouse ranges from 163 to 170 square meters.

We have divided this project into two phases. Phase 1 comprises six residential buildings consisting of 1,548 residential units with an aggregate total GFA of 130,061 square meters and 74 townhouses with an aggregate total GFA of 12,304 square meters. We completed development of this phase in April 2008. As of September 30, 2009, except for 47 residential units and one townhouse with an aggregate total GFA of 4,967 square meters, all of the residential units in this project had been sold.

Phase 2 comprises an office tower with a total GFA of 30,675 square meters and an elementary school with a total GFA of 6,864 square meters and a kindergarten with a total GFA of 1,899 square meters. We commenced development of this phase in March 2008 and expect to commence pre-sale in December 2010.

As of September 30, 2009, the total development costs (including land acquisition costs, construction costs and capitalized finance costs) incurred for phase 2 were RMB 11.4 million. The outstanding commitment for this project was RMB 74.6 million.

We are developing this project through our PRC subsidiary, Guangzhou Junhong Real Estate Development Co., Ltd. (廣州市駿鴻房地產開發有限公司).

(12) *Evergrande Royal Scenic Peninsula*（恒大御景半島）

Evergrande Royal Scenic Peninsula is positioned as a large-scale luxurious residential complex located in the ecological living community of Guangzhou, Jinshazhou area. Situated in the center of the commercial circle of Guangzhou and Foshan, this project is in a scenic area with a 2.8-kilometer coastline in the upstream area of the Pearl River. The project occupies a total site area of 543,528 square meters with an aggregate total GFA of 1,073,147 square meters. It will comprise high-rise residential buildings, villas, semi-detached villas, as well as ancillary facilities including a five-star hotel, a large-scale indoor sports complex, an elementary school affiliated to South China Normal University, two kindergartens, a shopping street, and a private boat pier.

We plan to develop this project in multiple phases. We commenced development of phase 1 in March 2005. As of September 30, 2009, phase 1 had been completed with an aggregate total GFA of 263,650 square meters. Phases 2 and 3 will have an aggregate total GFA of 498,237 square meters, and will comprise 28 high-rise residential buildings. We commenced development of phase 2 in December 2006 and expect to complete it in May 2010. We commenced development of phase 3 in March 2009 and expect to complete it in October 2010.

We commenced pre-sale of phase 1, phase 2 and phase 3 in October 2007, June 2008 and August 2009, respectively. As of September 30, 2009, the aggregate total GFA pre-sold and sold was 433,452 square meters, and the total contracted sales amounted to RMB 4.8 billion.

We are developing this project through our PRC subsidiary, Xinzhongjian.

As of September 30, 2009, the total development costs (including land acquisition costs, construction costs and capitalized finance costs) incurred for this project were RMB 1,912.7 million. The outstanding commitment for this project was RMB 176.8 million.

(13) *Evergrande Scenic Garden*（恒大山水城）

Evergrande Scenic Garden is positioned as a large-scale natural ecological resort property with a full range of facilities. It is located in Zengcheng, Guangzhou, being an integrated part of the 45-minute living circle of Guangzhou. Surrounded by mountains on four sides, with two lakes and one natural reservoir, the project is situated in a unique natural environment close to highways. This project occupies a total site area of 536,199 square meters with an aggregate total GFA of 751,914 square meters. It will comprise villas, semi-detached villas, townhouses, condominiums, high-rise residential buildings, as well as ancillary facilities including an upscale hotel, two kindergartens, a business center and outdoor sports facilities.

We plan to develop this project in three phases. Phases 1 and 2 will have an aggregate total GFA of 533,900 square meters, and will comprise villas, high-rise residential buildings, as well as ancillary facilities such as an upscale hotel. We commenced development of phase 1 in March 2007. As of September 30, 2009, we had completed an aggregate total GFA of 77,886 square meters in this phase.

We commenced pre-sale of phase 1 in September 2008. As of September 30, 2009, the total GFA pre-sold and sold was 238,190 square meters, and the total contracted sales amounted to RMB 1.1 billion.

As of September 30, 2009, the total development costs (including land acquisition costs, construction costs and capitalized finance costs) incurred for this project were RMB 743.4 million. The outstanding commitment for this project was RMB 485.5 million.

We are developing this project through our PRC subsidiary, Guangzhou Hengda (Zengcheng) Real Estate Development Co., Ltd. (廣州恒大（增城）房地產開發有限公司), for phase 1 and our PRC subsidiary, Hengda Real Estate Group Co., Ltd. (恒大地產集團有限公司), or Hengda Real Estate Group, for phase 2.

(14) *Evergrande Oasis Guangzhou*（廣州恒大綠洲）

Evergrande Oasis Guangzhou is positioned as a high-class riverside residential complex located in Baiyun District in Guangzhou. It is in the Jinshazhou area which is the focus of the local government for residential development. This project faces the Pearl River, and is close to Subway Line 6, which is currently under construction. This project occupies a total site area of 111,048 square meters with an aggregate total GFA of 484,919 square meters. It will comprise garden-view villas, condominiums, high-rise residential buildings, as well as ancillary facilities including a large-scale commercial center, a kindergarten and clubhouse.

We plan to develop this project in three phases. Phases 1 and 2 will have an aggregate total GFA of 373,657 square meters, and will comprise garden-view villas, condominiums, high-rise residential buildings as well as ancillary facilities including an elementary school, a kindergarten and a clubhouse. We commenced development of phase 1 in October 2008 and expect to complete it in June 2010.

We commenced pre-sale of phase 1 in September 2009. As of September 30, 2009, the total GFA pre-sold was 110,273 square meters, and the total contracted sales amounted to RMB 1.1 billion.

As of September 30, 2009, the total development costs (including land acquisition costs, construction costs and capitalized finance costs) incurred for this project were RMB 768.6 million. The outstanding commitment for this project was RMB 477.2 million.

We are developing this project through our PRC subsidiary, Hengda Real Estate Group.

(15) *Evergrande Metropolis Foshan*（佛山恒大名都）

Evergrande Metropolis Foshan is positioned as a well-equipped and garden-style residential complex, next to our Evergrande Royal Scenic Penninsula. The project is close to the Pearl River and surrounded by an attractive natural environment with greenery and hills. It is conveniently located adjacent to the main roads and subway lines which are currently under construction. This project occupies a total site area of 171,869 square meters with an aggregate total GFA of 861,897 square meters. It will comprise condominiums and high-rise residential buildings, as well as ancillary facilities including an upscale clubhouse, a large-scale commercial center and a kindergarten.

On April 30, 2008, we and a subsidiary of Chow Tai Fook Group, or NWS, entered into a co-development agreement pursuant to which we and NWS agreed to co-develop this project. Under the co-development arrangement, we have provided the land use rights to the project whereas NWS would contribute to the development costs of the project (other than those units that were already completed before the handover date of the project) and manage its development. NWS has also extended a 10-year term loan in the amount of approximately RMB 483 million to us.

Under the co-development arrangement, the sales proceeds from the sale and/or pre-sale of the properties in the development, after deducting costs, expenses and management fee, will be shared between NWS and us in the proportion of 60% and 40%. If the aggregate amount of the loan provided by NWS and the sales proceeds received by us from the development is less than RMB 600 million, NWS will pay an amount equivalent to the difference between RMB 600 million and the then outstanding amount of the loan to us at the time of our receipt of the distribution of the sales proceeds, at which time our obligation to repay the loan will be waived and forgiven.

This project is planned to be developed in three phases. Phase 1 will have an aggregate total GFA of 383,400 square meters, and will comprise condominiums, high-rise residential buildings, as well as ancillary facilities including an upscale clubhouse, a large-scale commercial center and a kindergarten.

As of September 30, 2009, the total development costs (including land acquisition costs, construction costs and capitalized finance costs) incurred for this project were nil. The outstanding commitment for this project was nil.

This project is being developed through our PRC subsidiary, Foshan Nanhai Juncheng Property Development Co., Ltd. (佛山市南海駿城房地產開發有限公司), managed by NWS.

(16) *Evergrande Splendor Qingyuan*（清遠恒大金碧天下）

Evergrande Splendor Qingyuan is positioned as a large-scale ecological living community with facilities for residence, vacation, business convention, and casual outing. This project is located in the Qingxin county of Qingyuan city, adjacent to State 4A-graded Scenery Area of Qingxin hot spring resort, with easy access to multiple highways as well as light rails under construction. This project occupies a total site area of 1,801,408 square meters with an aggregate total GFA of 2,803,581 square meters. It will comprise villas, semi-detached villas, townhouses, garden-view villas and high-rise residential buildings, as well as ancillary facilities including an upscale hotel, a convention center, a food center, a sports center, a recreation center, a fitness center and a commercial center. We expect to acquire additional land use rights in the adjacent areas at a reasonable cost to further develop this project.

We plan to develop this project in multiple phases. Phases 1 and 2 will have an aggregate total GFA of 739,581 square meters, and will comprise villas and condominiums, as well as ancillary facilities including six complexes, a hotel and a kindergarten. We commenced development of phase 1 in December 2007 and expect to complete it in June 2010. We expect to commence development of phase 2 in August 2009 and complete it in December 2010.

We commenced pre-sale of phase 1 and phase 2 in January 2009 and September 2009, respectively. As of September 30, 2009, the total GFA pre-sold was 271,434 square meters, and the total contracted sales amounted to RMB 873 million.

As of September 30, 2009, the total development costs (including land acquisition costs, construction costs and capitalized finance costs) incurred for this project were RMB 1,072.0 million. The outstanding commitment for this project was RMB 1,071.2 million.

We are developing this project through our PRC subsidiary, Hengda Shengyu (Qingxin) Property Co., Ltd. (恒大盛宇（清新）置業有限公司).

Project Description — Chongqing

(17) *Evergrande Splendor Chongqing*（重慶恒大金碧天下）

Evergrande Splendor Chongqing is positioned as a large-scale ecological living community with facilities for residence, vacation, business convention, and casual outing. The project site is located in the Shuangfu Industrial Park of Jiangjin City of Chongqing. It is adjacent to the State 4A-Graded Scenery Area of the Jinyun Mountain and surrounded by multiple lakes, with convenient access to the center of the city via multiple highways.

This project occupies a total site area of 808,799 square meters with an aggregate total GFA of 813,432 square meters. It will comprise villas, semi-detached villas, townhouses, garden-view villas, condominiums and high-rise residential buildings as well as ancillary facilities including an upscale hotel and six complexes. We plan to acquire additional land use rights in the adjacent areas at a reasonable cost to further develop this project.

We plan to develop this area in multiple phases. Phase 1 will have an aggregate total GFA of 416,505 square meters and will comprise villas, semidetached villas, townhouse, condominiums and high-rise residential buildings as well as ancillary facilities including an upscale hotel and six complexes. We commenced development of phase 1 in May 2007. As of September 30, 2009, we had completed an aggregate total GFA of 113,372 square meters in this phase. We expect to commence development of phase 2 in May 2010, and expect to complete it in June 2012.

We commenced pre-sale of phase 1 in September 2008. As of September 30, 2009, the total GFA pre-sold and sold was 186,798 square meters, and the total contracted sales amounted to RMB 868 million.

As of September 30, 2009, the total development costs (including land acquisition costs, construction costs and capitalized finance costs) incurred for this project were RMB 626.7 million. The outstanding commitment for this project was RMB 295.5 million.

We are developing this project through our PRC subsidiary, Hengda Real Estate Group Jiangjin Co., Ltd. (恒大地產集團江津有限公司).

(18) *Evergrande City Chongqing*（重慶恒大城）

Evergrande City Chongqing is positioned as a large-scale garden-style residential community located in Banan District, with the Yangtze River to the north and Nanshan Scenic Area to the east. It is adjacent to Jiangnan University Town and the Hotspring Resort District, with a station for Light Rail No. 6 which is under construction in the vicinity.

This project occupies a total site area of 316,329 square meters with an aggregate total GFA of 1,174,862 square meters. It will comprise garden-view villas, condominiums and high-rise residential buildings, as well as ancillary facilities including a sports center, a commercial center, a kindergarten, an elementary school and a shopping street.

We plan to develop this project in four phases. Phase 1 will have an aggregate total GFA of 600,080 square meters and will comprise garden-view villas, condominiums, high-rise residential buildings, as well as ancillary facilities including a clubhouse, a sports center and an elementary school. We commenced development of this phase in January 2008. As of September 30, 2009, we had completed an aggregate total GFA of 154,319 square meters in this phase.

We commenced pre-sale of phase 1 in September 2008. As of September 30, 2009, the total GFA pre-sold and sold was 341,332 square meters, and the total contracted sales amounted to RMB 1.4 billion.

As of September 30, 2009, the total development costs (including land acquisition costs, construction costs and capitalized finance costs) incurred for this project were RMB 932.2 million. The outstanding commitment for this project was RMB 230.8 million.

We are developing this project through our PRC subsidiary, Chongqing Hengda Jiyu Property Co., Ltd. (重慶恒大基宇置業有限公司).

(19) *Evergrande Palace Chongqing*（重慶恒大華府）

Evergrande Palace Chongqing is positioned as an upscale residential complex located in northern Chongqing, which is a new development area designated as a core zone of economic growth by the government. Situated in front of a botanical garden and several large ecological parks, the project lies adjacent to the central business district of the new city in northern Chongqing.

This project occupies a total site area of 169,812 square meters with an aggregate total GFA of 378,372 square meters. It will comprise garden-view villas, condominiums, as well as ancillary facilities including an upscale clubhouse, a kindergarten and an outdoor garden-view swimming pool. This project will also feature a large European-style ecological water park.

We plan to develop this project in two phases. We commenced development of phase 1 in August 2007. As of September 30, 2009, we had completed an aggregate total GFA of 70,089 square meters in this phase.

We commenced pre-sale of phase 1 in July 2008. As of September 30, 2009, the total GFA pre-sold and sold was 130,468 square meters, and the total contracted sales amounted to RMB 827 million. We expect to commence pre-sale of phase 2 in May 2010.

As of September 30, 2009, the total development costs (including land acquisition costs, construction costs and capitalized finance costs) incurred for this project were RMB 743.1 million. The outstanding commitment for this project was RMB 164.5 million.

We are developing this project through our PRC subsidiary, Hengda Real Estate Group Chongqing Co., Ltd. (恒大地產集團重慶有限公司), or Hengda Chongqing.

(20) *Evergrande Oasis Chongqing*（重慶恒大綠洲）

Evergrande Oasis Chongqing is positioned as a large-scale urban scenic community located at the main commercial center of the Jiulongpo District of Chongqing. It is adjacent to the Chongqing Zoo, the Jiulongpo Library and a high-speed light rail station.

This project occupies a total site area of 91,928 square meters with an aggregate total GFA of 465,753 square meters. It will comprise condominiums, high-rise residential buildings, as well as ancillary facilities including a large clubhouse and a kindergarten.

We plan to develop this project in three phases. Phase 1 will have an aggregate total GFA of 287,135 square meters and will comprise condominiums as well as ancillary facilities including a multi-functional complex and a kindergarten. We commenced development of this phase in January 2008 and expect to complete it in June 2010. We commenced pre-sale of phase 1 in September 2009. As of September 30, 2009, the total GFA pre-sold was 30,135 square meters, and the total contracted sales amounted to RMB 187 million.

As of September 30, 2009, the total development costs (including land acquisition costs, construction costs and capitalized finance costs) incurred for this project were RMB 273.5 million. The outstanding commitment for this project was RMB 512.4 million.

We are developing this project through our PRC subsidiary, Hengda Chongqing.

(21) *Evergrande Metropolis Chongqing*（重慶恒大名都）

Evergrande Metropolis Chongqing is positioned as a garden-style residential community with a full range of integrated facilities. The project site is located in the commercial circle of the Yuzhong District of Chongqing, surrounded by upscale hotels and large shopping centers, and is well integrated with the transport network.

This project occupies a total site area of 191,400 square meters with an aggregate total GFA of 841,597 square meters. It will comprise condominiums and high-rise residential buildings, as well as ancillary facilities including an upscale clubhouse, an indoor professional sports center, a kindergarten and an elementary school.

We plan to develop this project in multiple phases. Phase 1 will have an aggregate total GFA of 209,187 square meters, and comprise condominiums, as well as ancillary facilities including a clubhouse. We commenced development of this phase in April 2008 and expect to complete it in June 2010. We commenced pre-sale of phase 1 in August 2009. As of September 30, 2009, the total GFA pre-sold was 58,914 square meters, and the total contracted sales amounted to RMB 342 million.

As of September 30, 2009, the total development costs (including land acquisition costs, construction costs and capitalized finance costs) incurred for this project were RMB 248.8 million. The outstanding commitment for this project was RMB 720.1 million.

We are developing this project through our PRC subsidiary, Hengda Chongqing.

Project Description — Tianjin

(22) *Evergrande Splendor Tianjin*（天津恒大金碧天下）

Evergrande Splendor Tianjin is positioned as a large-scale resort with convention centers adjacent to both Beijing and Tianjin. This project is located in a national 5A-graded scenic area in the Ji County of Tianjin, which is to the south of Panshan Scenic Area and adjacent to Pinggu District of Beijing. This project occupies a total site area of 854,165 square meters with an aggregate total GFA of 512,650 square meters. It will comprise villas, semi-detached villas, townhouses, and condominiums, as well as ancillary facilities including an upscale hotel and six complexes. We also plan to acquire additional land use rights in the adjacent areas at a reasonable cost to further develop this project.

Phase 1 will have an aggregate total GFA of 294,336 square meters and will comprise villas, semi-detached villas, and townhouses as well as ancillary facilities including six complexes and a hotel. We commenced development of this phase in September 2007. As of September 30, 2009, we had completed an aggregate total GFA of 49,899 square meters in this phase. We commenced development of phase 2 in August 2009, and expect to complete it in November 2010.

We commenced pre-sale of phase 1 and phase 2 in September 2008 and September 2009, respectively. As of September 30, 2009, the total GFA pre-sold and sold was 206,822 square meters, and the total contracted sales amounted to RMB 1.2 billion.

As of September 30, 2009, the total development costs (including land acquisition costs, construction costs and capitalized finance costs) incurred for this project were RMB 290.3 million. The outstanding commitment for this project was RMB 125.5 million.

We are developing this project through our PRC subsidiary, Hengda Real Estate Group Tianjin Jixian Co., Ltd. (恒大地產集團天津薊縣有限公司).

Project Description — Wuhan and Adjacent Areas

(23) *Evergrande Splendor E'zhou*（鄂州恒大金碧天下）

Evergrande Splendor E'zhou is positioned as a large-scale resort project, with facilities for residence, vacation, business convention and entertainment. Located by the Honglian Lake with two peninsulas, it has easy access to Wuhan Optics Valley High-Tech Development Zone via multiple highways.

This project occupies a total site area of 765,073 square meters with an aggregate total GFA of 858,257 square meters. It will comprise villas, semi-detached villas, townhouses, garden-view villas, condominiums, as well as ancillary facilities including an upscale hotel and six complexes. We plan to acquire additional land use rights in the adjacent areas at a reasonable cost to further develop this project.

We plan to develop this project in multiple phases. Phase 1 will have an aggregate total GFA of 347,666 square meters and will comprise villas, garden-view villas, townhouses, condominiums, as well as ancillary facilities. We commenced development of phase 1 in June 2007. As of September 30, 2009, we had completed an aggregate total GFA of 22,685 square meters in this phase.

We commenced pre-sale of phase 1 in September 2008. As of September 30, 2009, the total GFA pre-sold and sold was 104,854 square meters, and the total contracted sales amounted to RMB 465 million.

As of September 30, 2009, the total development costs (including land acquisition costs, construction costs and capitalized finance costs) incurred for this project were RMB 687.9 million. The outstanding commitment for this project was RMB 781.0 million.

We are developing this project through our PRC subsidiary, E'zhou Hengda Real Estate Development Co., Ltd. (鄂州恒大房地產開發有限公司).

(24) *Evergrande Palace Wuhan*（武漢恒大華府）

Evergrande Palace Wuhan is positioned as an upscale residential complex located at the Donghu Development Zone, adjacent to the Forest Park of Wuhan and the regional commercial center. The project site is situated in a scenic area with several high schools and high-tech companies in the neighborhood.

This project occupies a total site area of 284,577 square meters with an aggregate total GFA of 564,596 square meters and will comprise garden-view villas, condominiums, high-rise residential buildings as well as ancillary facilities including a multi-functional complex, a shopping street and a kindergarten.

On April 30, 2008, we and a subsidiary of Chow Tai Fook Group, or NWS 2, entered into a co-development agreement pursuant to which we and NWS 2 agreed to co-develop phase 2 of the project. As at the date of the signing of the agreement, we were developing phase 1 of the project, which occupy a site area of approximately 152,176 square meters with a GFA of approximately 241,649 square meters. phase 2 occupies the remaining site area of the project of approximately 132,401 square meters with a GFA of approximately 345,225 square meters.

Under the co-development arrangement, we have provided the land use rights for phase 2 while NWS 2 will contribute to the development costs of phase 2 and manage its development. NWS 2 has also extended a 6-year term loan in the amount of approximately RMB 272 million to us.

Under the co-development arrangement, the sales proceeds from the sale and/or pre-sale of the properties in phase 2, after deducting costs, expenses and management fee, will be shared between NWS 2 and us in the proportion of 60% and 40%. If the aggregate amount of the loan provided by NWS 2 and the sale and pre-sale proceeds received by us from the development of phase 2 is less than RMB 500 million, NWS 2 will pay an amount equivalent to the difference between RMB 500 million and the then outstanding amount of the loan to us at the time of our receipt of the distribution of such sale and pre-sale proceeds, at which time our obligation to repay the loan will be waived and forgiven.

This project is being developed in two phases. Phase 1 has an aggregate total GFA of 182,678 square meters, comprising garden-view villas and condominiums as well as ancillary facilities including a clubhouse and a kindergarten. Development of this phase commenced in June 2007. As of September 30, 2009, an aggregate total GFA of 107,968 square meters in this phase had been completed. Pre-sale of phase 1 commenced in April 2008. As of September 30, 2009, the total GFA pre-sold and sold was 70,206 square meters, and the total contracted sales amounted to RMB 445 million.

As of September 30, 2009, the total development costs (including land acquisition costs, construction costs and capitalized finance costs) incurred for phase 1 of this project were RMB 899.2 million. The outstanding commitment for phase 1 of this project was RMB 163.3 million.

We are developing this project through our PRC subsidiary, Wuhan Donghu Hengda Real Estate Development Co., Ltd. (武漢東湖恒大房地產開發有限公司), with the development of phase 2 under the management of NWS 2.

(25) *Evergrande Oasis Wuhan*（武漢恒大綠洲）

Evergrande Oasis Wuhan is positioned as a garden-style urban residential community located by the Zhiyin Lake at Wuhan New District. It is adjacent to an industry development zone and Nanhu Eco-tourism Area.

This project occupies a total site area of 314,901 square meters with an aggregate total GFA of 815,914 square meters. It will comprise garden-view villas, condominiums and high-rise residential buildings, as well as ancillary facilities including a multi-functional commercial complex, a kindergarten, an elementary school and an outdoor sports center.

We plan to develop this project in four phases. Phase 1 will have an aggregate total GFA of 219,646 square meters and will comprise condominiums and high-rise residential buildings, as well as ancillary facilities. We commenced development of phase 1 in October 2007 and expect to complete it in August 2010. We commenced development of phase 2 in September 2009 and expect to complete it in August 2010.

We commenced pre-sale of phase 1 and phase 2 in June 2009 and September 2009, respectively. As of September 30, 2009, the total GFA pre-sold was 160,090 square meters, and the total contracted sales amounted to RMB 594 million.

As of September 30, 2009, the total development costs (including land acquisition costs, construction costs and capitalized finance costs) incurred for this project were RMB 287.8 million. The outstanding commitment for this project was RMB 290.1 million.

We are developing this project through our PRC subsidiary, Wuhan Jinbi Oasis Real Estate Development Co., Ltd. (武漢市金碧綠洲房地產開發有限公司).

(26) *Evergrande City Wuhan*（武漢恒大城）

Evergrande City Wuhan is positioned as a large-scale scenic community located next to Jinyin Lake in the Dongxihu District of Wuhan, adjacent to 10,000-acre Grape Garden. The district is designated as a technology and commercial center by the local government with a well-established transportation network.

This project occupies a total site area of 370,692 square meters with an aggregate total GFA of 835,480 square meters. It will comprise garden-view villas, condominiums, high-rise residential buildings, as well as ancillary facilities including a large-scale commercial multi-functional complex, a professional indoor sports center and a kindergarten.

We plan to develop this project in multiple phases. Phase 1 will have an aggregate total GFA of 249,857 square meters and will comprise garden-view villas, high-rise residential buildings, condominiums, as well as ancillary facilities including a clubhouse. We commenced development of phase 1 in December 2007 and expect to complete it in September 2010.

We commenced pre-sale of phase 1 in March 2009. As of September 30, 2009, the total GFA pre-sold was 86,481 square meters, and the total contracted sales amounted to RMB 373 million.

As of September 30, 2009, the total development costs (including land acquisition costs, construction costs and capitalized finance costs) incurred for this project were RMB 657.8 million. The outstanding commitment for this project was RMB 125.4 million.

We are developing this project through our PRC subsidiary, Hubei Yiqingyazhou Real Estate Development Co., Ltd. (湖北怡清雅築房地產開發有限公司).

Project Description — Chengdu and Adjacent Areas

(27) *Evergrande Splendor Pengshan*（彭山恒大金碧天下）

Evergrande Splendor Pengshan is positioned as a large-scale resort community with facilities for residence, vacation, business convention and casual outing. It is located in Pengshan county of Meishan city, which connects to Chengdu in the north, is 37 kilometers away from Chengdu Second-ring Road, and 10 kilometers away from the famous scenic attraction of Pengzu Mountain.

This project occupies a total site area of 1,205,932 square meters with an aggregate total GFA of 1,128,470 square meters and will comprise villas, semi-detached villas, garden-view villas, condominiums, as well as ancillary facilities including an upscale hotel, an upscale clubhouse and a commercial center. We plan to acquire additional land use rights in the adjacent areas at a reasonable cost to further develop this project.

We plan to develop this project in multiple phases. Phase 1 will have an aggregate total GFA of 340,115 square meters and will comprise villas, condominiums and ancillary facilities. We commenced development of phase 1 in December 2007 and expect to complete it in December 2010. We commenced development of phase 2 in September 2009 and expect to complete it in December 2010. We commenced pre-sale of phase 1 in June 2009. As of September 30, 2009, the total GFA pre-sold was 295,904 square meters, and the total contracted sales amounted to RMB 1.4 billion.

As of September 30, 2009, the total development costs (including land acquisition costs, construction costs and capitalized finance costs) incurred for this project were RMB 634.2 million. The outstanding commitment for this project was RMB 289.8 million.

We are developing this project through our PRC subsidiary, Hengda Xinfeng (Pengshan) Property Co., Ltd. (恒大鑫豐(彭山)置業有限公司).

(28) *Evergrande Oasis Chengdu*（成都恒大綠洲）

Evergrande Oasis Chengdu is positioned as a large-scale scenic community with a full range of integrated facilities. The project site is situated in an ecological tourism area which is designated as a development focus by the local government, and adjacent to the 3,300-acre Sichuan Normal University and two 4A-rated national scenic areas. Transportation networks such as Subway Line No. 2 are planned for development in the neighborhood.

This project occupies a total site area of 142,145 square meters with an aggregate total GFA of 629,449 square meters. It will comprise condominiums, high-rise residential buildings, as well as ancillary facilities including an upscale hotel, a shopping street, an upscale clubhouse and a kindergarten.

We plan to develop this project in three phases. Phase 1 will have an aggregate total GFA of 297,349 square meters and will comprise condominiums, high-rise residential buildings and a clubhouse. We commenced development of phase 1 in April 2007. As of September 30, 2009, we had completed an aggregate total GFA of 158,542 square meters in this phase. We commenced development of phase 2 in August 2009, and expect to complete it in June 2011.

We commenced pre-sale of this project in April 2008. As of September 30, 2009, the total GFA pre-sold and sold was 230,618 square meters, and the total contracted sales amounted to RMB 1.0 billion.

As of September 30, 2009, the total development costs (including land acquisition costs, construction costs and capitalized finance costs) incurred for this project were RMB 662.7 million. The outstanding commitment for this project was RMB 451.9 million.

We are developing this project through our PRC subsidiary, Chengdu Hengda Galaxy New City Property Co., Ltd. (成都恒大銀河新城置業有限公司).

(29) *Evergrande City Chengdu*（成都恒大城）

Evergrande City Chengdu is positioned as a garden-style urban residential community, adjacent to the government centers, an 800-acre floral theme park and a university complex. Alight rail and Subway Line No. 4 are planned for development in the area.

This project occupies a total site area of 169,501 square meters with an aggregate total GFA of 698,761 square meters. It will comprise condominiums and high-rise residential buildings, as well as ancillary facilities including an upscale clubhouse, a commercial center and a kindergarten.

We plan to develop this project in multiple phases. Phases 1 and 2 will have an aggregate total GFA of 522,267 square meters and will comprise condominiums, high-rise residential buildings, as well as ancillary facilities. We commenced development of phase 1 in August 2007. As of September 30, 2009, we had completed an aggregate total GFA of 140,637 square meters in phase 1. We commenced development of phase 2 in August 2009 and expect to complete it in June 2011.

We commenced pre-sale of phase 1 in July 2008. As of September 30, 2009, the total GFA pre-sold and sold was 203,516 square meters, and the total contracted sales amounted to RMB 888 million. We expect to commence pre-sale of phase 2 in December 2009.

As of September 30, 2009, the total development costs (including land acquisition costs, construction costs and capitalized finance costs) incurred for this project were RMB 817.3 million. The outstanding commitment for this project was RMB 68.3 million.

We are developing this project through our PRC subsidiary, Chengdu Wenjiang Xinjinkang Property Co., Ltd. (成都市溫江區鑫金康置業有限公司).

Project Description — Shenyang

(30) *Evergrande Oasis Shenyang*（瀋陽恒大綠洲）

Evergrande Oasis Shenyang is positioned as a large-scale residential project with a view of Hun River to its north. It has a 2.5-kilometer Binjiang coastline and a 500-hectare ecological conservation area, adjacent to a well-developed transportation network connecting to the major areas within the city. It occupies a total site area of 602,130 square meters with an aggregate total GFA of 2,291,000 square meters. It will comprise condominiums and high-rise residential buildings, as well as ancillary facilities such as an indoor sports center, two large upscale clubhouses, two kindergartens and an elementary school.

We plan to develop this project in multiple phases. Phases 1 and 2 will have an aggregate total GFA of 718,455 square meters and will comprise condominiums and high-rise residential buildings, as well as ancillary facilities. We commenced development of phase 1 in June 2007. As of September 30, 2009, we had completed an aggregate total GFA of 157,972 square meters in phase 1. We commenced development of phase 2 in August 2009 and expect to complete it in September 2011.

We commenced pre-sale of phase 1 in December 2007. As of September 30, 2009, the total GFA pre-sold and sold was 168,411 square meters, and the total contracted sales amounted to RMB 776 million. We expect to commence pre-sale of phase 2 in March 2010.

As of September 30, 2009, total development costs (including land acquisition costs, construction costs and capitalized finance costs) incurred for this project were RMB 589.5 million. The outstanding commitment for this project was RMB 739.9 million.

We are developing this project through our PRC subsidiary, Hengda Changji (Shenyang) Property Co., Ltd. (恒大長基(瀋陽)置業有限公司).

(31) *Evergrande City Shenyang*（瀋陽恒大城）

Evergrande City Shenyang is positioned as a large-scale water-view residential development located in Yunhong District with a university complex in the north and 80,000-acre Beiling Park in the south. This project is adjacent to Songshan Station on the No. 2 subway line. It occupies a total site area of 355,000 square meters with an aggregate total GFA of 887,500 square meters. It will comprise condominiums and high-rise residential buildings, as well as ancillary facilities including two large-scale commercial centers, an indoor sports center, an upscale clubhouse and outdoor sport facilities.

We plan to develop this project in multiple phases. Phases 1 and 2 will have an aggregate total GFA of 439,369 square meters and will comprise condominiums and high-rise residential buildings, as well as ancillary facilities. We commenced development of phase 1 in December 2007. As of September 30, 2009, we completed an aggregate total GFA of 156,702 square meters in phase 1. We commenced development of phase 2 in January 2008 and expect to complete it in October 2010.

We commenced pre-sale of phase 1 and phase 2 in September 2008 and September 2009, respectively. As at September 30, 2009, the total GFA pre-sold and sold was 228,340 square meters, and the total contracted sales amounted to RMB 995 million.

As of September 30, 2009, total development costs (including land acquisition costs, construction costs and capitalized finance costs) incurred for this project were RMB 754.0 million. The outstanding commitment for this project was RMB 411.5 million.

We are developing this project through our PRC subsidiary, Hengda Xinyuan (Shenyang) Property Co., Ltd. (恒大鑫源(瀋陽)置業有限公司).

Project Description — Xi’an

(32) *Evergrande Metropolis Xi’an*（西安恒大名都）

Evergrande Metropolis Xi’an is positioned as a garden-view residential community located along the Er Huan East subway line of Xi’an and multiple urban highways. The project is within 15 minutes’ driving distance from urban commercial center and two kilometers away from Chanba Ecological Conservation Zone. This project occupies a total site area of 78,574 square meters with a total GFA of 309,079 square meters. It will comprise high-rise residential buildings, as well as ancillary facilities such as an upscale clubhouse and a shopping street.

We plan to develop this project in two phases. We commenced development of phase 1 in November 2007 and expect to complete it in December 2009. We commenced development of phase 2 in June 2009 and expect to complete it in June 2011.

We commenced pre-sale of phase 1 and phase 2 in September 2008 and September 2009, respectively. As of September 30, 2009, the total GFA pre-sold was 186,041 square meters, and the total contracted sales amounted to RMB 824 million.

As of September 30, 2009, total development costs (including land acquisition costs, construction costs and capitalized finance costs) incurred for this project were RMB 609.9 million. The outstanding commitment for this project was RMB 305.1 million.

We are developing this project through our PRC subsidiary, Xi'an Qiyun Property Co., Ltd. (西安祺雲置業有限公司).

(33) *Evergrande Oasis Xi'an*（西安恒大綠洲）

Evergrande Oasis Xi'an is positioned as a large-scale residential project located to the west of Chan River. It has a panoramic river view and a scenic view of fruit trees as well as various tourist resorts opposite to the river. It is two kilometers away from the commercial districts at the urban center. This project occupies a total site area of 207,175 square meters with an aggregate total GFA of 630,070 square meters. It will comprise condominiums and high-rise residential buildings, as well as ancillary facilities including an upscale clubhouse, a large indoor sports center and a kindergarten.

We plan to develop this project in multiple phases. Phases 1 and 2 will have an aggregate total GFA of 389,217 square meters and will comprise condominiums and high-rise residential buildings as well as ancillary facilities including a clubhouse and a sports center. We commenced development of phase 1 in November 2007 and expect to complete it in December 2009. We commenced development of phase 2 in September 2009 and expect to complete it in December 2010.

We commenced pre-sale of phase 1 and phase 2 in September 2008 and September 2009, respectively. As of September 30, 2009, the total GFA pre-sold was 137,579 square meters, and the total contracted sales amounted to RMB 707 million.

As of September 30, 2009, total development costs (including land acquisition costs, construction costs and capitalized finance costs) incurred for this project were RMB 798.8 million. The outstanding commitment for this project was RMB 360.1 million.

We are developing this project through our PRC subsidiary, Xi'an Qujiang Investment & Construction Co., Ltd. (西安曲江投資建設有限公司).

(34) *Evergrande City Xi'an*（西安恒大城）

Evergrande City Xi'an is positioned as a large-scale, well-supported urban residential community located to the east of a hi-tech industry zone, adjacent to various urban parks and historical and cultural scenic spots. This project occupies a total site area of 162,471 square meters with an aggregate total GFA of 690,339 square meters. It will comprise high-rise residential buildings and ancillary facilities such as a luxurious clubhouse, an elementary school and a kindergarten.

We plan to develop this project in four phases. Phase 1 will have an aggregate total GFA of 197,310 square meters and will comprise high-rise residential buildings and a clubhouse. We commenced development of phase 1 in September 2009 and expect to complete it in December 2010.

We commenced pre-sale of phase 1 in September 2009. As of September 30, 2009, the total GFA pre-sold was 117,738 square meters, and the total contracted sale amounted to RMB 648 million.

As of September 30, 2009, total development costs (including land acquisition costs, construction costs and capitalized finance costs) incurred for this project were of RMB 442.6 million. The outstanding commitment for this project was RMB 72.5 million.

We are developing this project through our PRC subsidiary, Shaanxi Jinhong Investment Co., Ltd. (陝西金泓投資有限公司).

Project Description — Nanjing

(35) *Evergrande Splendor Nanjing*（南京恒大金碧天下）

Evergrande Splendor Nanjing is positioned as a large-scale resort integrating the functions of residential community, tourism, conference and leisure. It is located in the north of Lishui, Nanjing, adjacent to Wolong lake in the south east. It is connected to a well-developed transportation network and is with 20 minutes of driving distance from the city center. This project occupies a total site area of 983,033 square meters with an aggregate total GFA of 1,133,523 square meters. It will comprise villas, semi-detached villas, townhouses, garden-view villas, condominiums and high-rise residential buildings, as well as ancillary facilities including an upscale hotel, six complexes, and a kindergarten. We plan to acquire additional land reserves in the neighboring area at an appropriate cost to further expand the development of the site.

We plan to develop this project in multiple phases. Phases 1 and 2 will have an aggregate total GFA of 495,454 square meters and will comprise villas, garden-view villas and condominiums, as well as ancillary facilities including an upscale hotel, six complexes and a kindergarten. We commenced development of phase 1 in August 2007. As of September 30, 2009, we had completed an aggregate total GFA of 9,682 square meters in this phase. We commenced development of phase 2 in August 2009, and expect to complete it in June 2011.

We commenced pre-sale of phase 1 and phase 2 in September 2008 and September 2009, respectively. As of September 30, 2009, the total GFA pre-sold and sold was 157,661 square meters, and the total contracted sales amounted to RMB 770 million.

As of September 30, 2009, the total development costs (including land acquisition costs, construction costs and capitalized finance costs) incurred for this project were RMB 1,469.9 million. The outstanding commitment for this project was RMB 161.8 million.

We are developing this project through our PRC subsidiary, Nanjing Hengda Fufeng Property Co., Ltd. (南京恒大富豐置業有限公司).

(36) *Evergrande Oasis Nanjing*（南京恒大綠洲）

Evergrande Oasis Nanjing is positioned as an ecological residential community, and located in the Jiangning Economic Development Zone in Nanjing at the foot of Fangshan mountain, adjacent to Jiangning University City, Qinhuai river and Jiangning Science Park. It is less than 800 meters away from the planned extension of the south subway line. This project occupies a total site area of 137,098 square meters with an aggregate total GFA of 306,862 square meters. It will comprise condominiums and high-rise residential buildings, as well as ancillary facilities including an upscale clubhouse and a kindergarten. We plan to acquire additional land reserves in the neighbouring area at an appropriate cost to further expand the development site.

We plan to develop this project in multiple phases. Phases 1 and 2 will have an aggregate total GFA of 304,615 square meters and will comprise condominiums and high-rise residential buildings, as well as ancillary facilities including a clubhouse. We commenced development of phase 1 in December 2007 and expect to complete it in December 2009. We commenced development of phase 2 in July 2008, and expect to complete it in December 2011.

We commenced pre-sale of phase 1 in September 2008. As of September 30, 2009, the total GFA pre-sold was 133,671 square meters, and the total contracted sales amounted to RMB 746 million. We expect to commence pre-sale of phase 2 in January 2010.

As of September 30, 2009, the total development costs (including land acquisition costs, construction costs and capitalized finance costs) incurred for this project were RMB 842.8 million. The outstanding commitment for this project was RMB 164.0 million.

We are developing this project through our PRC subsidiary, Nanjing Handian Property Development Co., Ltd. (南京漢典房地產開發有限公司).

Project Description — Qidong

(37) *Evergrande Splendor Qidong*（啟東恒大金碧天下）

Evergrande Splendor Qidong is located at the mouth of the Yangtze River on the northern coast of Shanghai. This project faces the ocean on three sides with a 4.8-kilometer coastline. The Shanghai-Chongming Island-Jiangsu Expressway is expected to be completed in 2011. By then, it would take only 50 minutes to drive from the project site to Shanghai. The project will be developed on a piece of land acquired through marine reclamation by the local government. We have paid relevant relocation fees and marine use right fees to the local government as the consideration to obtain the land use right. At present, the local government has completed construction of the main structure of the southern section of this expressway, and has commenced construction of the northern section in February 2008.

This project occupies a total site area of 5,978,624 square meters with an aggregate total GFA of 11,957,045 square meters. We plan to develop a large-scale resort featured with Venetian themes, primarily targeting business and vacation home buyers from the Yangtze River Delta and overseas. It will comprise villas, semi-detached villas, townhouses, garden-view villas, condominiums and high-rise residential buildings, as well as ancillary facilities including an upscale hotel, a large convention center, an upscale clubhouse, a sports center, a commercial center and a school.

We plan to develop this project in multiple phases. As of September 30, 2009, we had completed piping, reclamation, road construction and drainage.

As of September 30, 2009, the total development costs (including land acquisition costs, construction costs and capitalized finance costs) incurred for this project were RMB 285.3 million. The outstanding commitment for this project was RMB 19.4 million.

We have not yet determined on the PRC subsidiary or subsidiaries that will develop this project.

Project Description — Kunming

(38) *Evergrande Splendor Kunming*（昆明恒大金碧天下）

Evergrande Splendor Kunming is positioned as a large-scale resort integrating the functions of residential community, tourism, conference and leisure. It is located in Anning city, connected to a well-developed transport network to the city center. It is adjacent to the Xishan forest park in the east and a natural reservoir. This project occupies a total site area of 660,891 square meters with an aggregate total GFA of 918,832 square meters. It will comprise villas, semi-detached villas, townhouses, garden-view villas, condominiums, as well as ancillary facilities including an upscale hotel, six complexes, and a kindergarten. We plan to acquire additional land reserves in the neighbouring area at an appropriate cost to further expand the development site.

We plan to develop this project in multiple phases. Phases 1 and 2 will have an aggregate total GFA of 577,166 square meters and will comprise villas, garden-view villas, condominiums, an upscale hotel and six complexes. We commenced development of phase 1 in November 2007. As of September 30, 2009, we had completed an aggregate total GFA of 19,237 square meters in this phase. We commenced development of phase 2 in August 2009, and expect to complete it in December 2010.

We commenced pre-sale of phase 1 and phase 2 in September 2008 and September 2009, respectively. As of September 30, 2009, the total GFA pre-sold and sold was 320,204 square meters, and the total contracted sales amounted to RMB 1.3 billion.

As of September 30, 2009, the total development costs (including land acquisition costs, construction costs and capitalized finance costs) incurred for this project were RMB 1,222.1 million. The outstanding commitment for this project was RMB 217.7 million.

We are developing this project through our PRC subsidiary, Hengda Xinyuan (Kunming) Property Co., Ltd. (恒大鑫源(昆明)置業有限公司).

Project Description — Baotou

(39) *Evergrande Palace Baotou*（包頭恒大華府）

Evergrande Palace Baotou is positioned as an upscale garden-view residential community. It is located on the north-south axis of the city center, opposite to a large urban park and adjacent to the district government and other administrative buildings. It is connected with a well-developed transportation network and is adjacent to various public ancillary facilities. This project occupies a total site area of 437,925 square meters with an aggregate total GFA of 1,666,225 square meters. It will comprise condominiums and high-rise residential buildings, as well as ancillary facilities including two large-scale commercial complexes, an indoor sports center, a primary school and a kindergarten.

We plan to develop this project in multiple phases. Phase 1 will have an aggregate total GFA of 415,525 square meters and will comprises condominiums, high-rise residential buildings, and a clubhouse. We commenced development of phase 1 in November 2008 and expect to complete it in November 2010.

We commenced pre-sale of phase 1 in August 2009. As of September 30, 2009, the total GFA pre-sold was 100,272 square meters, and the total contracted sales amounted to RMB 624 million.

As of September 30, 2009, the total development costs (including land acquisition costs, construction costs and capitalized finance costs) incurred for this project were RMB 780.7 million. The outstanding commitment for this project was RMB 464.5 million.

We are developing this project through our PRC subsidiary, Hengda (Baotou) Real Estate Group Co., Ltd. (恒大地產集團包頭有限公司).

Project Description — Taiyuan

(40) *Evergrande Oasis Taiyuan*（太原恒大綠洲）

Evergrande Oasis Taiyuan is positioned as a large-scale scenic residential community. It is located in the Xiaodian District of Taiyuan, connected with multiple main roads to the Economic and Technological Development Zone, and is within 10 minutes of driving distance from Taiyuan Airport and the South Passenger Railway Station.

This project occupies a total site area of 691,797 square meters with an aggregate total GFA of 1,848,044 square meters. It will comprise condominiums and high-rise residential buildings, as well as ancillary facilities including an upscale clubhouse, a large indoor sports center, an elementary school and two kindergartens.

We plan to develop this project in multiple phases. Phases 1 and 2 will have an aggregate total GFA of 831,231 square meters and will comprise condominiums and high-rise residential buildings, as well as ancillary facilities. We commenced development of phase 1 in December 2007 and expect to complete it in December 2009. We commenced development of phase 2 in May 2009 and expect to complete it in October 2010.

We commenced pre-sale of phase 1 and phase 2 in September 2008 and September 2009, respectively. As of September 30, 2009, the total GFA pre-sold was 401,174 square meters, and the total contracted sales amounted to RMB 2.0 billion.

As of September 30, 2009, the total development costs (including land acquisition costs, construction costs and capitalized finance costs) incurred for this project were RMB 1,491.2 million. The outstanding commitment for this project was RMB 740.2 million.

We are developing this project through our PRC subsidiary, Hengda (Taiyuan) Real Estate Group Co., Ltd. (恒大地產集團太原有限公司).

Project Description — Guiyang

(41) *Evergrande Oasis Guiyang*（貴陽恒大綠洲）

Evergrande Oasis Guiyang is positioned as a mountain-view residential complex, located in a new residential area between the Guiyang municipal government and the Baiyun district government, with a well-planned transportation network.

This project occupies a total site area of 146,825 square meters with an aggregate total GFA of 312,583 square meters. It will comprise condominiums as well as ancillary facilities including an upscale clubhouse and a kindergarten.

We plan to develop this project in two phases. We commenced development of phase 1 in December 2007 and expect to complete it in October 2010. We commenced development of phase 2 in August 2009 and expect to complete it in December 2010.

We commenced pre-sale of phase 1 in September 2009. As of September 30, 2009, the total GFA pre-sold was 42,561 square meters, and the total contracted sales amounted to RMB 177 million. We expect to commence pre-sale of phase 2 in March 2010.

As of September 30, 2009, the total development costs (including land acquisition costs, construction costs and capitalized finance costs) incurred for this project were RMB 267.0 million. The outstanding commitment for this project was RMB 289.4 million.

We are developing this project through our PRC subsidiary, Hengda Real Estate Group Guiyang Property Co., Ltd. (恒大地產集團貴陽置業有限公司).

Project Description — Hefei

(42) *Evergrande Palace Hefei*（合肥恒大華府）

Evergrande Palace Hefei is positioned as a luxurious urban residential community. This project site is located in the new political and cultural district promoted by Hefei government as its new development focus, and is adjacent to the Economic Development Zone with a scenic mountain view.

This project occupies a total site area of 142,578 square meters with an aggregate total GFA of 516,088 square meters and will comprise condominiums and high-rise residential buildings, as well as ancillary facilities including an upscale clubhouse, a kindergarten and a shopping street.

We plan to develop this project in three phases. Phases 1 and 2 will have an aggregate total GFA of 341,945 square meters and will comprise condominiums, high-rise residential buildings and an upscale clubhouse. We commenced development of phase 1 in February 2008 and expect to complete it in August 2010. We commenced development of phase 2 in August 2009 and expect to complete it in June 2011.

We commenced pre-sale of phase 1 and phase 2 in June 2009 and September 2009, respectively. As of September 30, 2009, the total GFA pre-sold was 95,331 square meters, and the total contracted sales amounted to RMB 513 million.

As of September 30, 2009, the total development costs (including land acquisition costs, construction costs and capitalized finance costs) incurred for this project were RMB 532.2 million. The outstanding commitment for this project was RMB 510.2 million.

We are developing this project through our PRC subsidiary, Hefei Qijia Property Co., Ltd. (合肥祺嘉置業有限公司).

(43) *Evergrande City Hefei*（合肥恒大城）

Located at Longgang Development Zone in eastern Hefei city, Evergrande City Hefei has easy access to main highways and offers comprehensive ancillary facilities. It occupies an area of 310,929 square meters with a planned aggregate total GFA of 932,787 square meters. This project will be developed as European-style garden community with condominiums and high-rise residential buildings as well as ancillary facilities including an upscale clubhouse and a sports center.

We plan to develop this project in three phases. We will commence development of phase 1 in September 2009 and expect to complete it in December 2010. We expect to commence pre-sale of phase 1 in February 2010.

As of September 30, 2009, the total development costs (including land acquisition costs, construction costs and capitalized finance costs) incurred for this project were Nil. The outstanding commitment for this project was RMB 449.7 million.

We are developing this project through our PRC subsidiary, Anhui Sanlin Property Co., Ltd. (安徽三林置業有限公司).

Project Description — Changsha

(44) *Evergrande Palace Changsha*（長沙恒大華府）

Evergrande Palace Changsha is positioned as an upscale residential community. The project is located in the new district near the city government of Changsha, adjacent to the Ecological Green Garden on the north. It faces a first-tier municipal middle school, and is adjacent to the 4A-graded scenic area of the Yue Lu Mountain.

This project occupies a total site area of 144,978 square meters with an aggregate total GFA of 495,207 square meters and will comprise condominiums, high-rise residential buildings and service apartments, as well as ancillary facilities including an upscale clubhouse, a shopping street, and a kindergarten.

We plan to develop the project in multiple phases. Phase 1 will have an aggregate total GFA of 128,687 square meters and will comprise condominiums and high-rise residential buildings, as well as ancillary facilities including an upscale clubhouse. We commenced development of this phase in January 2008 and expect to complete it in June 2010. We commenced development of phase 2 in August 2009 and expect to complete it in June 2011.

We commenced pre-sale of phase 1 and phase 2 in January 2009 and September 2009, respectively. As of September 30, 2009, the total GFA pre-sold was 125,746 square meters, and the total contracted sales amounted to RMB 625 million.

As of September 30, 2009, the total development costs (including land acquisition costs, construction costs and capitalized finance costs) incurred for this project were RMB 684.2 million. The outstanding commitment for this project was RMB 767.1 million.

We are developing this project through our PRC subsidiary, Hunan Xiongzhen Investment Co., Ltd. (湖南雄震投資有限公司).

(45) *Evergrande Metropolis Changsha*（長沙恒大名都）

Evergrande Metropolis Changsha is positioned as a garden-view urban residential complex. This project is located in Wang Cheng County, Changsha, adjacent to a hot-spring scenic area and connected with a well-developed transportation network, overlooking the Xiangjiang River with a new metro station under planning in the neighborhood.

This project occupies a total site area of 185,376 square meters with an aggregate total GFA of 840,914 square meters. It will comprise high-rise residential buildings, as well as ancillary facilities including an upscale clubhouse and kindergartens.

We plan to develop the project in five phases. Phases 1 and 2 will have an aggregate total GFA of 409,715 square meters and will comprise high-rise residential buildings as well as ancillary facilities. We commenced development of phase 1 in August 2008 and expect to complete it in September 2010. We commenced development of phase 2 in August 2009 and expect to complete it in June 2011.

We commenced pre-sale of phase 1 in May 2009. As of September 30, 2009, the total GFA pre-sold was 152,516 square meters, and the total contracted sales amounted to RMB 543 million. We expect to commence pre-sale of phase 2 in September 2009.

As of September 30, 2009, the total development costs (including land acquisition costs, construction costs and capitalized finance costs) incurred for this project were RMB 599.7 million. The outstanding commitment for this project was RMB 212.0 million.

We are developing this project through our PRC subsidiary, Hunan Shengji Real Estate Co., Ltd. (湖南盛基置業有限公司).

(46) *Evergrande City Changsha* （長沙恒大城）

Evergrande City Changsha is located in Yuhua District of Changsha, opposite to a national forest park and Hunan Botanic Garden and close to the provincial government of Hunan and a natural lake.

This project occupies a total site area of 268,506 square meters with a total GFA of 862,833 square meters and will comprise condominiums and high-rise residential buildings surrounded by large-scale water-view landscape, as well as ancillary facilities including a large clubhouse.

We plan to develop the project in four phases. Phase 1 is expected to have an aggregate total GFA of 198,804 square meters and is expected to comprise high-rise residential buildings and ancillary facilities. We commenced development of phase 1 in August 2009 and expect to complete it in June 2011. We expect to commence pre-sale of phase 1 in December 2009.

As of September 30, 2009, the total development costs (including land acquisition costs, construction costs and capitalized finance costs) incurred for this project were RMB 424.0 million. The outstanding commitment for this project was RMB 250.2 million.

We are developing this project through our PRC subsidiary, Changsha Xinlin Property Co., Ltd. (長沙鑫霖置業有限公司).

(47) *Evergrande Oasis Changsha* （長沙恒大綠洲）

Evergrande Oasis Changsha is located in Yuhua district of Changsha, bordering the Liuyang River in the east, and close to a number of expressways and a national forest park, which present beautiful surrounding environment and convenient traffic.

This project occupies a total site area of 144,187 square meters with an aggregate total GFA of 747,484 square meters and will comprise condominiums and high-rise residential buildings, as well as ancillary facilities including an upscale clubhouse.

We plan to develop this project in three phases. Phase 1 will have an aggregate total GFA of 195,364 square meters and will comprise high-rise residential buildings and ancillary facilities. We commenced development of phase 1 in September 2009 and expect to complete it in June 2011. We expect to commence pre-sale of phase 1 in December 2009.

As of September 30, 2009, the total development costs (including land acquisition costs, construction costs and capitalized finance costs) incurred for this project were RMB 35.4 million. The outstanding commitment for this project was RMB 445.4 million.

We are developing this project through our PRC subsidiary, Changsha Tianxi Real Estate Property Co., Ltd. (長沙天璽置業有限公司).

Project Description — Nanning

(48) *Evergrande Oasis Nanning*（南寧恒大綠洲）

Evergrande Oasis Nanning is positioned as a large-scale riverside garden-view residential complex. This project is located in Liangqing District of Nanning. It is close to Yong River to the north and mountainous landscape of Wuxiang Forest Garden to the east. It is approximately five kilometers away from the downtown area of Nanning, and situated in a scenic natural surroundings well connected with developed transportation facilities including multiple main roads.

This project occupies a total site area of 341,449 square meters with a total GFA of 787,756 square meters and will comprise condominiums and high-rise residential buildings, as well as ancillary facilities including an upscale clubhouse, elementary schools and kindergartens.

As of September 30, 2009, the total development costs (including land acquisition costs, construction costs and capitalized finance costs) incurred for this project were RMB 235.2 million. The outstanding commitment for this project was RMB 354.6 million.

We are developing this project through our PRC subsidiary, Nanning Yinxiang Real Estate Development Co., Ltd. (南寧銀象房地產開發有限責任公司).

Project Description — Zhengzhou

(49) *Evergrande Oasis Zhengzhou*（鄭州恒大綠洲）

Evergrande Oasis Zhengzhou is positioned as an upscale residential complex with facilities for residence, business and culture learning. It is located in the national development area in the southern New Zhengdong District, a central business area. This project is close to the airport highway and surrounded by a nautical stadium, a central plaza, a shopping center and a golf course.

This project occupies a total site area of 438,667 square meters with an aggregate total GFA of 1,591,151 square meters. It will comprise condominiums and high-rise residential buildings, as well as ancillary facilities including an upscale hotel.

As of September 30, 2009, the total development costs (including land acquisition costs, construction costs and capitalized finance costs) incurred for this project were RMB 154.1 million. The outstanding commitment for this project was RMB 210.0 million.

We are developing this project through our PRC subsidiary, Henan Software Institute Industrial Development Co., Ltd. (河南省軟件園實業發展有限公司).

Project Descriptions — Luoyang

(50) *Evergrande Oasis Luoyang*（洛陽恒大綠洲）

Evergrande Oasis Luoyang is positioned as a large-scale residential community with a natural panoramic river-view. This project is located in eastern Luoyang, adjacent to the Luopu Garden with the Luohe River on the south side. It has convenient access to the long-distance bus station and major urban transportation hub of Luoyang.

This project occupies a total site area of 892,080 square meters with an aggregate total GFA of 3,164,544 square meters. It will comprise condominiums, high-rise residential buildings and a commercial center, as well as ancillary facilities including an upscale hotel, an office, an upscale clubhouse, a kindergarten, an elementary school and a large indoor sports center.

We plan to develop this project in multiple phases. Phase 1 will comprise condominiums, a clubhouse and a sports center with an aggregate GFA of 176,562 square meters. We commenced development of this phase in January 2008 and expect to complete it in June 2010. We commenced pre-sale of phase 1 in September 2009. As of September 30, 2009, the total GFA pre-sold was 84,333 square meters, and the total contracted sales amounted to RMB 333 million.

As of September 30, 2009, the total development costs (including land acquisition costs, construction costs and capitalized finance costs) incurred for this project were RMB 191.5 million. The outstanding commitment for this project was RMB 723.3 million.

We are developing this project through our PRC subsidiary, Hengda Real Estate Group Luoyang Co., Ltd. (恒大地產集團洛陽有限公司).

Project Descriptions — Nanchang

(51) *Evergrande City Nanchang* （南昌恒大城）

Evergrande City Nanchang is located in south Nanchang, bordering the Ganjiang River to the west, and near major highways connecting downtown of Nanchang city.

This project, planned as a large-scale landscape residential development, occupies a total site area of 976,800 square meters with an aggregate total GFA of 1,367,526 square meters. It will comprise condominiums and high-rise residential buildings. Ancillary facilities at the project will include a clubhouse and a sports center.

We plan to develop this project in five phases. Phase 1 will have an aggregate total GFA of 325,235 square meters and will comprise condominiums and high-rise residential buildings, as well as ancillary facilities including a clubhouse and a sports center. We commenced development of phase 1 in October 2009 and expect to complete it in November 2010. We expect to commence pre-sale of phase 1 in January 2010.

As of September 30, 2009, the total development costs (including land acquisition costs, construction costs and capitalized finance costs) incurred for this project were RMB 205.4 million. The outstanding commitment for this project was RMB 410.0 million.

We are developing this project through our PRC subsidiary, Jiangxi Hongji Investment Co., Ltd. (江西宏吉投資有限公司).

(52) *Evergrande Oasis Nanchang* （南昌恒大綠洲）

Evergrande Oasis Nanchang is positioned as an urban golf community located at Yingxiong Development Zone of Nanchang. This project has easy access to the main highways of Nanchang city and occupies an area of 1,620,008 square meters with a planned aggregate total GFA of 972,005 square meters. It will comprise condominiums, high-rise residential buildings and ancillary facilities including a large-scale golf course, an upscale clubhouse and a sports center.

We plan to develop this project in multiple phases. We commenced development of phase 1 in October 2009 and expect to complete it in December 2010. We expect to commence pre-sale of phase 1 in March 2010.

As of September 30, 2009, the total development costs (including land acquisition costs, construction costs and capitalized finance costs) incurred for this project were RMB 30.0 million. The outstanding commitment of this project was RMB 418.8 million.

We are developing this project through our PRC subsidiary, Jiangxi Cuilin Shanzhuang Co., Ltd. (江西省翠林山莊有限公司).

Project Description — Shijiazhuang

(53) *Evergrande City Shijiazhuang* （石家莊恒大城）

Evergrande City Shijiazhuang is positioned as a large-scale urban scenic community located at the prosperous area of Qiaoxi District of Shijiazhuang surrounded by numerous city gardens, upscale hotels and commercial centers. The project occupies a total area of 245,414 square meters with a planned aggregate total GFA of 950,972 square meters. It will comprise high-rise residential buildings and an upscale clubhouse.

We plan to develop the project in two phases. We commenced development of phase 1 in September 2009 and expect to complete it in December 2010. We expect to commence pre-sale of phase 1 in January 2010.

As of September 30, 2009, the total development costs (including land acquisition costs, construction costs and capitalized finance costs) incurred for this project were RMB 55.9 million. The outstanding commitment for this project was RMB 213.5 million.

We are developing this project through our PRC subsidiary, Hengda Real Estate Group Shijiazhuang Co., Ltd. (恒大地產集團石家庄有限公司).

(54) *Evergrande Splendor Shijiazhuang*（石家莊恒大金碧天下）

Evergrande Splendor Shijiazhuang is positioned as a large-scale resort project integrating residential, commercial and tourism-related functions. This project is located at the south bank of Panlong River and adjacent to main highways with easy access to the city center. It occupies a total area of 666,667 square meters with a planned aggregate total GFA of 666,667 square meters, and it will comprise villas, garden-view townhouses, and condominiums as well as ancillary facilities including an upscale hotel, a sports center, and a conventional center. We plan to acquire more land reserves in its adjacent areas to further expand this project.

We plan to develop this project in three phases. We commenced development of phase 1 in September 2009 and expect to complete it in December 2010. We expect to commence pre-sale of phase 1 in March 2010.

As of September 30, 2009, the total development costs (including land acquisition costs, construction costs and capitalized finance costs) incurred for this project were RMB 30.0 million. The outstanding commitment for this project was RMB 210.0 million.

We are developing this project through our PRC subsidiary, Hebei Dadi Panlong Property Development Co., Ltd. (河北大地蟠龍房地產開發有限公司).

Other Land Acquisitions

As of December 31, 2009, we had also acquired interests in the following property projects.

Guangzhou Juanmachang Project

In January 2008, we won the land use right to a piece of land through our successful bidding of RMB 4.1 billion at the auction conducted by the PRC government. This project is located in Tianhe district in Guangzhou, next to the Pearl River New City central business district. It occupies a total site area of 98,156 square meters. We entered into a land grant contract on January 8, 2008 with Guangzhou city government. We have paid an auction deposit of RMB 130.0 million and have not yet paid the remaining land premium. The land was originally designated by the government for residential use, but has since been re-zoned by the Guangzhou city government as part of a newly established financial district of Guangzhou city. We are in negotiation with the government with the intent to amending the terms of the land grant contract, including use of the land and our payment terms. It is not entirely certain at this stage how the government will propose to amend our land grant contract.

Land in Shanghai Lujiazui Financial and Trade District

In October 2007, as amended in August 2008 and April 2009, we entered into a sale and purchase agreement with two independent individual third parties to purchase their wholly owned company incorporated in Hong Kong for a consideration of RMB 1,385.5 million in cash. The consideration was negotiated on the basis of the market price of the land at the location and its vicinities. The two individual sellers are Mr. Yeung Shung Choi and Mr. Ho Hok Ling, both Hong Kong residents and not connected persons of us. The Hong Kong company owns a 84% equity interest in a PRC joint venture, which in turn owns land use rights to a piece of land in Lujiazui Financial and Trade District of Shanghai with a site area of approximately 34,063 square meters. This site is planned for a high-end hotel with a total GFA of approximately 183,605 square meters. The additional 16% equity interest in the PRC joint venture is owned by Baosteel Group, an independent joint venture partner. We are in discussion with Baosteel Group with a view to acquiring its 16% interest in the joint venture for cash.

As of December 31, 2009, we had already paid an aggregate of HK$516.9 million to the sellers, with the remaining consideration of RMB 904.0 million originally payable in quarterly installments until the earlier of December 31, 2011 or the 7th day following our IPO. We have since entered into an agreement with the sellers to postpone our payment of the remaining consideration to the end of January 2010.

Evergrande Metropolis Taiyuan (太原恒大名都)

Evergrande Metropolis Taiyuan is located on the northern side of Beijian River in Taiyuan city. It occupies an area of 121,746 square meters with a planned aggregate total GFA of 408,449 square meters. This site is planned for the construction of a residential and commercial community. We plan to develop this project in multiple phases.

In July 2009, we entered into an equity cooperation agreement with an independent third party to purchase 100% of the equity interests in its wholly-owned subsidiary established in China, now re-named as Evergrande Metropolis Taiyuan Real Estate Development Co., Ltd. (太原名都房地產開發有限公司), that owns the site underlying Evergrande Metropolis Taiyuan for a consideration of RMB 445 million. The seller has already signed a land grant contract with the relevant land bureau, settled the land premium and received the land use rights certificates. As of December 31, 2009, we had paid RMB 244.8 million to the seller to acquire 55% equity interest in Evergrande Metropolis Taiyuan Real Estate Development Co., Ltd. We are required to complete the acquisition of the remaining 45% equity interest upon our payment of the remaining consideration of RMB 200.3 million in accordance with the equity cooperation agreement. We expect to complete such acquisition by June 2011.

Evergrande Atrium Changsha (長沙恒大雅苑)

In November 2009, we entered into a sale and purchase agreement with an independent third party to acquire a 60% equity interest in Changsha Baorui Real Estate Development Co., Ltd. (長沙寶瑞房地產開發有限公司), which owns land use rights to a piece of land in Kaifu District, Changsha City, Hunan Province with a site area of approximately 565,210 square meters and a total GFA of approximately 1,770,000 square meters for residential and commercial use. The total consideration for the acquisition of the 60% equity interest is RMB 900 million. As of December 31, 2009, we had paid RMB 300 million to the seller, with the remaining consideration of RMB 600 million payable in installments in accordance with the sale and purchase agreement. As of the same date, we held 60% equity interest in Changsha Baorui Real Estate Development Co., Ltd.

Evergrande Oasis Haikou (海口恒大綠洲)

In December 2009, we entered into a sale and purchase agreement with an independent third party to acquire a 100% equity interest in Fortune Luck Corporation Limited (順利有限公司), a company incorporated in Hong Kong which, through its wholly-owned PRC subsidiary, owns land use rights to a piece of land in Xue village, Haikou city, Hainan province with a site area of approximately 895,840 square meters and a total GFA of approximately 1,680,000 square meters for residential and commercial use. The total consideration for the acquisition of 100% equity interest is RMB 280 million equivalent in Hong Kong dollar. As of December 31, 2009, we had paid RMB 50 million to the seller, with the remaining consideration of RMB 230 million payable in installments in accordance with the sale and purchase agreement. As of the same date, we held 100% equity interest in Fortune Luck Corporation Limited.

Evergrande City Guiyang (貴陽恒大城)

In December 2009, we entered into an equity transfer and cooperation agreement with seven independent third parties, as sellers, to acquire a 100% equity interest in Guizhou Guangjuyuan Real Estate Development Co., Ltd. (貴州廣聚源房地產開發有限公司), which owns land use rights to a piece of land in Baiyun district, Guiyang city, Guizhou province with a site area of approximately 248,965 square meters and a total GFA of approximately 750,000 square meters for residential and commercial use. The total consideration for the acquisition of 100% equity interest is RMB 293 million. As of December 31, 2009, we had paid RMB 20 million to the seller, with the remaining consideration of RMB 273 million payable in installments in accordance with the equity transfer and cooperation agreement.

Property Development

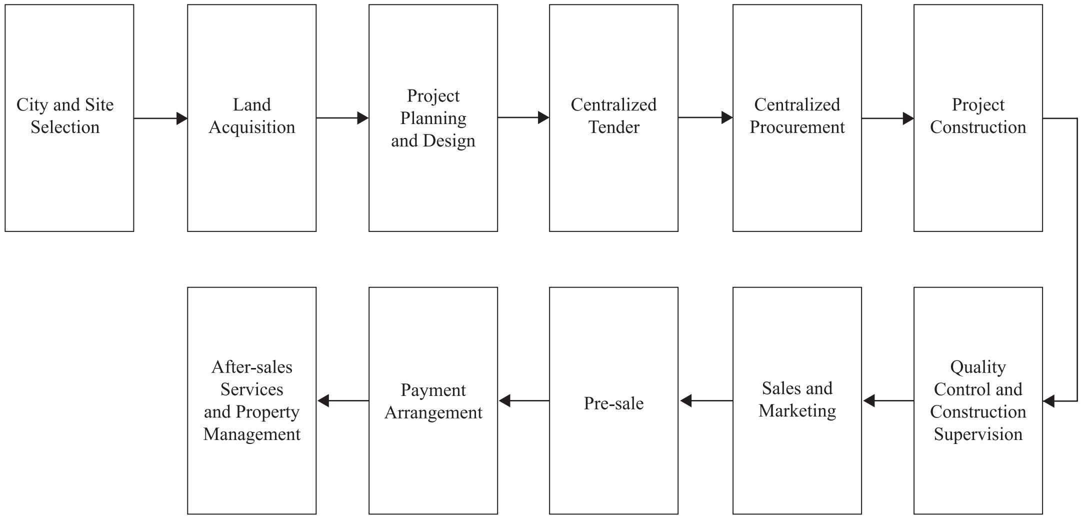
Our business operations are based on our industry-leading standardized operational model for quality real estate development. Our standard operational procedures cover all aspect of our project development process.

We believe our standardized approach to property development has enabled us to rapidly replicate our success in our home base in Guangzhou to other key provincial capitals and surrounding areas in China, to ensure consistent product quality at the same time.

The residential properties we develop are primarily comprised of four major standard product series. We have also developed a standard for high-end ancillary facilities, a standard for gardening and landscaping, and a construction standard according to different product series. We develop a diversified portfolio of properties, including low-density residential buildings, multi-storey residential buildings, mid-rise and high-rise residential buildings, to cater to individual needs of different buyers. We generally favor large-scale and extra-large scale projects because our standardized operational model tends to work more effectively and efficiently with them, as they allow the appropriate economies of scale to maximize the upside potential of property development.

Project Development and Management Procedures

We maintain a systematic development approach although each project is designed to cater to the specific target market. Our property development and management procedures are summarized as below:



City and Site Selection

We screen cities and sites in China following a standardized process in order to identify opportunities suitable for our development. The primary criteria in our project site evaluation include the following:

- location in large provincial capitals and their surrounding areas with a population over five million;
- size between 0.5 million square meters and 2.0 million square meters, appropriate for multi-phase development on a rolling basis;
- beautiful surrounding environment, with established supporting infrastructure, convenient transportation system, and appropriate value appreciation potential;
- minimal or no demolishment and resettlement costs, allowing commencement of development soon after the acquisition of the land; and
- appropriate cost and attractive financial return.

Land Acquisition

According to current PRC laws and regulations, state-owned land use rights for property development must be granted by the relevant governmental authorities via public tender, auction and listing-for-sale. Land reserves may also be acquired in the secondary market through acquisition of the equity interests of companies that possess the land use rights. You should refer to the section entitled ''Regulation'' for more information about PRC land grant regulation. We acquire land use rights either by bidding directly at auctions organized by the relevant government authorities or through acquiring companies that hold land use rights.

As a property developer targeting middle to upper-middle income customers, we believe that acquiring land at competitive prices is critical to our overall development strategy. The ability to identify potentially undervalued land reserves and the effective execution of our land acquisition strategy are our important strengths. Based on our current development and growth targets, we expect to maintain sufficient land reserves to fulfill our development requirements for the next three to five years on a rolling basis. As of September 30, 2009, we had approximately 41.9 million square meters of GFA under development and approximately 9.3 million square meters of GFA held for future development. We continually search for land sites that meet our selection criteria.

According to PRC laws and regulations, once we obtain the rights to develop a parcel of land, we begin applying for the various permits and licenses that we need in order to begin construction of our properties. If the land use right is acquired by way of grant, the land grant contract will be a precondition to applications for the following permits and licenses:

- land use rights certificate, a certificate of the right of a developer to use the parcel of land;

- construction land planning permit, a permit formally approving a developer to conduct the survey, planning and design of the parcel of land;

- construction works planning permit, a permit indicating governmental approval for a developer's overall planning and design of the project and allowing a developer to apply for a construction permit; and

- construction permit, a permit required for commencement of construction.

Except as disclosed with respect to Guangzhou Juanmachang Project, as of the date of this document, we have not commenced the construction work as required by the relevant original land grant contracts with respect to a number of projects that we have acquired. However, we do not expect such land parcels are subject to idle land fees or forfeiture primarily for the following reasons:

- the relevant local authorities' failure to deliver certain land to us due to their on-going re-zoning plans;

- our entry into supplementary agreements with the relevant local authorities to extend the commencement of the construction; and/or

- demolition of certain land has not been completed on the part of the government preventing the construction from commencing on such land.

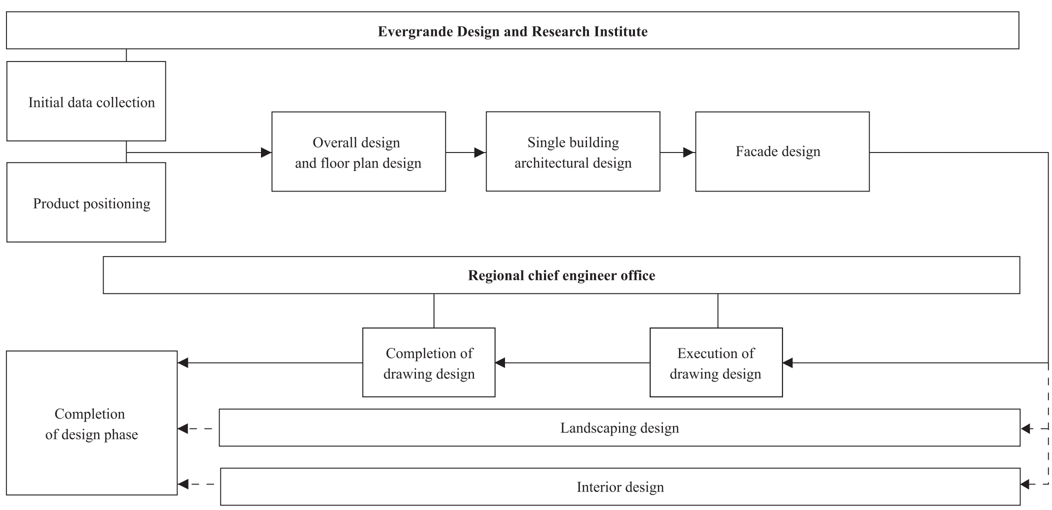
With respect to Jinbi Garden No. 2, we have received confirmation from the relevant local authorities that it is not considered as idle land. The relevant local authorities also acknowledge that we can commence construction immediately upon completion of the demolition and relocation work.

As of the date of this document, we have not been required to pay any idle land fee or forfeit any land as a result of noncompliance with the relevant PRC laws and regulations. Although there can be no assurance that circumstances leading to forfeiture or significant delays in our development schedules will not arise in the future, we do not expect that any of our current land reserves will be subject to forfeiture based on our current development plans.

To ensure timely payment of land premiums and efficient execution of our property development, we have adopted internal control procedures to monitor and manage our land acquisitions and related financing. Our legal department has authority to perform due diligence investigations into our land acquisitions and our finance department is responsible for the feasibility analysis and funding sufficiency. Both departments report their findings and issues to our senior management. We also require our regional offices to strictly adhere to the schedules with respect to application for land use right certificates, construction land planning permits, construction work planning permits and construction permits in compliance with the PRC laws and regulations. We closely monitor the land acquisition and project development process. In the event that we experience delays in payment of land premiums or construction schedule, we will seek immediate rectification, including application for an extension from the relevant government authorities as well as negotiation and entry into supplementary agreements. In addition, as part of our standardized operational model, we endeavor to train our staff of, and coordinate the proceedings at, our bidding and tendering department, development department and engineering department to ensure a timely property development in compliance with the PRC laws and regulations.

Project Planning and Design

We have strong in-house design capabilities. Evergrande Design and Research Institute, our in-house design subsidiary, is a nationally accredited architectural design firm comprised of over 100 professionals as of December 31, 2009. Our design team works closely with our project managers and marketing team in master-planning and in detailed two-dimensional and three-dimensional architectural designs. Our design team also collaborates with reputable domestic and international design houses in formulating, developing and finalizing the landscape and interior design for our projects. Our senior management is actively involved in the whole planning and design process, especially in the master-planning and architectural design of our projects. Our design process is summarized as below:



Based on our previous successful experiences, our professional R&D team has designed five standard series of products, including the Evergrande Palace series, the Evergrande Oasis series, the Evergrande City series, the Evergrande Metropolis series and the Evergrande Splendor series. We also conduct detailed market research and analysis on the products placed by other major developers into the market. We endeavor to tailor-make and ensure highest construction, gardening, landscaping, and decoration quality of our different product series. Through creative architectural planning and innovative design, we have successfully developed 150 standard floor plans and six standard plans for clubhouses and other ancillary facilities, with a view to making our products distinctive from the offerings in the market.

In our efforts to integrate quality with distinctive designs for our properties, we have also retained renowned design houses, such as Wimberly Allison Tong & Goo, Inc., Atkins Shenzhen, Shenzhen General Institute of Architectural Design and Research, China Construction Design International (Beijing) and the Architectural Design and Research Institute of Guangdong Province, to optimize our architectural design in various aspects. As we seek to standardize the designs of our product series and customize our mature series, we will continue to introduce new series in accordance with market demands and preferences. As an important part of our project planning and design process, we work closely with external landscape and interior designers to maximize the aesthetic appeal and eco-value of our properties. In addition to distinctive design features, we also seek to distinguish our property developments by offering additional value-added functions.

We have received numerous awards in recognition of our achievement in various areas of our project designs and floor plans.

Centralized Tender

We organize tenders, and invite primarily first-rate construction companies in China to participate in the bidding, for interior decoration, gardening and landscaping and other construction work to ensure that we get high-quality construction service at competitive prices. We have centralized and standardized our tender process as a part of our standard operational procedures. We outsource substantially all of our project construction work to independent contractors. We have also acquired a nationally accredited construction company to undertake some of our project construction. We also maintain strict quality control measures throughout our development chain and partner with renowned international and national service and product providers to ensure the quality of our products. Vendors and suppliers we generally partner with in our projects include:

Services or products	Suppliers or vendors
Overall project planning/design	Shenzhen General Institute of Architectural Design and Research
	China Construction Design International (Beijing)
	The Architectural Design and Research Institute of Guangdong Province
Project construction	China State Construction Engineering Corporation
	Zhong-Tie Construction Group Corporation Limited
Interior design and decoration	Suzhou Gold Mantis Construction & Decoration Co., Ltd.
	Shenzhen Grandland Decoration & Construction Co., Ltd.
	Shenzhen Decoration & Construction Industrial Co., Ltd.
Elevators	OTIS
Power switches	SIEMENS
Kitchen electric appliances	Rinnai
Bathroom fixtures	TOTO, KOHLER and American Standard
Switch boards	Panasonic
Air conditioners and cabinets	Haier

Centralized Procurement

We have signed long-term procurement agreements with reputable service and product suppliers in China and overseas and we have also established a unified national distribution system. The procurement departments in our regional offices are managed directly by our headquarters. Our regional procurement departments submit their procurement plans of material and equipment to our headquarters on a monthly basis. We require that the difference between the actual monthly purchased quantities and the procurement plans should not exceed 10% under normal circumstances. Through such requirements, we endeavor to minimize our overall purchasing costs without compromising our quality requirement.

Our centralized procurement system plays an essential role in helping us achieve economies of scale and favorable commercial terms, and in promoting our long-term partnership with quality suppliers. We have established a rigorous screening and bidding process to select our suppliers. We mainly consider first-rate national suppliers during our screening process, from which we select three to five suppliers in each category to form our pre-qualified vendor pool. Pre-qualified suppliers are invited to submit bids based on our product specifications and requirements. All submitted bids are reviewed and evaluated by our bidding and tendering committee, which consists of members from our senior management, procurement departments and design team. The bidding and tendering committee determines the winner based on a set of standards described in our bid-solicitation documents, such as product quality, price, supply lead time, financial strength, reputation and after-sales services. Our objective in this centralized procurement system is to obtain our required quality products and services at the best prices. Certain key construction materials and services, such as aluminum alloy materials, hardwood floor panels and site preparation, are partly provided by our subsidiaries.

Since 2006, all our construction material procurement contracts are tri-partite arrangements among us, suppliers and construction contractors. Such arrangements require suppliers to deliver their supplies directly to our regional procurement departments, which then distribute them to our construction contractors. We will effect payments to suppliers on a monthly basis by deducting such payments directly from our fees payable to the construction contractors. These arrangements not only ensure the quality of materials and equipment used in our projects but also relieve the concerns of our suppliers over potential late payment or lack of accountability on the part of construction contractors. Through our large-volume and centralized procurement arrangements, we are able to form long-term strategic partnerships with top suppliers in China and overseas to provide us, and indirectly our customers, with premium products at competitive costs. For example, we source our elevators primarily from OTIS, power switches from SIEMENS, kitchen electric appliances from Rinnai, bathroom fixtures from TOTO, KOHLER and American Standard, switch boards from Panasonic, air conditioners and cabinets from Haier, a renowned domestic brand.

For the years ended December 31, 2006, 2007, 2008 and the six months ended June 30, 2009, purchases from our single largest supplier accounted for approximately 8.0%, 5.6%, 10.7% and 8.5%, respectively, of our total purchases. For the same periods, purchases from our five largest suppliers accounted for approximately 16.7%, 24.0%, 36.5% and 31.8%, respectively, of our total purchases. None of our directors, their associates nor any of our shareholders holding more than 5% of our issued share capital has any interest in any of our five largest suppliers.

Project Construction

Our headquarters, in collaboration with all our specialized departments, formulate the standard of construction requirements and we require each of our regional offices to follow and implement the standard consistently. Our headquarters have a dedicated team of more than 100 professional staffs who collect and analyse information on project progress and construction quality from all of our regional offices on a weekly basis through our in-house information management system. This team not only sends out professionals to conduct on-site inspection, but also dispatches qualified professionals and engineers to supervise the overall construction of each individual project from time to time.

Under the supervision of our headquarters, each of our regional offices is responsible for the day-to-day management of specific project construction in accordance with our centralized standard. The construction contracts we enter into with construction companies typically contain warranties with respect to quality and timely completion of the construction projects. We require construction companies to comply with the relevant PRC laws and regulations as well as our own standards and specifications. Our construction management department is charged with the responsibility of closely monitoring quality and construction progress as well as controlling cost during construction. In the event of unsatisfactory quality of work, we will reject such work pursuant to our contractual arrangements until it is redone to our satisfaction. Our construction contracts typically require payments based on construction progress until a specified maximum percentage of the total contract sum is paid. Except for approximately 5% of the contract sum, which we generally withhold for two years from the time of completion to cover any contingent expenses incurred as a result of any construction defects, the remaining balance is payable upon the issue of a certificate by the relevant governmental authorities approving construction quality. You should refer to the section entitled "— Quality Control and Construction Supervision" below for additional information on our quality control system.

Quality Control and Construction Supervision

We control the overall project quality directly from our headquarters by the following means:

- provision of professional guidance and technical support to our regional offices for the purpose of overseeing and supervising the construction of all our projects;

- compilation of various standardized technical guidelines and assessment systems, including our property construction management system, to manage the various aspects of project developments;

- results evaluation conducted through the monthly plans and weekly progress reports submitted by our regional offices with respect to all of our projects under development from time to time; and

- dispatch of qualified personnel to conduct on-site quality inspections on a random basis.

We emphasise on and enforce our quality control at every stage of a project development from its initial planning and design through its final completion. In addition to our stringent and intensive selection process in choosing our suppliers and service providers as disclosed in the sections entitled "— Centralized Tender" and "— Centralized Procurement" above, we employ strict procedures to select, inspect and test equipment and materials we purchase. Our project management teams inspect equipment and materials to ensure their compliance with the contractual specifications before accepting them and approving payment. We reject and return any supplies that are below our standards or that do not comply with our specifications.

To ensure quality and to monitor the progress and workmanship of a construction project, our wholly owned construction supervision company, Evergrande Engineering and Supervision Co., Ltd., monitors our projects developments on a nationwide basis. Evergrande Engineering and Supervision Co., Ltd. has earned the highest qualification recognized by the PRC government and currently employs over 800 qualified construction supervisor-engineers. In compliance with PRC laws and regulations, we also engage certified construction supervision companies to monitor certain aspects of our project construction as specified by the relevant rules and regulations. We also require the construction contractors to implement our quality control procedures, including the appointment of their internal on-site quality control engineers, examination of materials and supplies, and their on-site inspection. We rely on our own qualified construction supervisor-engineers to effectively monitor the construction process to ensure quality control. Our qualified construction supervisor-engineers not only conduct on-site quality inspection of the construction work on a daily and continuous basis, but also are authorized to tear down sub-standard work if they deem necessary. We have formulated a series of internal quality assurance standards and systems to regulate all major processes and procedures in our project development, including construction works, water and electricity systems, pipe networks, landscaping, fitting-out works, interior design and decoration, controls over raw materials and equipment supply. To control product quality, we have also developed an information management system to enable our headquarters to access information, on a real-time basis, on the construction progress relating to each individual building across our projects anywhere in the country.

We also make great efforts to promote safety and environmental awareness at our construction sites. Many of our construction sites in Guangzhou have received "Double Excellence Construction Sites" awards by Guangzhou municipal government. In addition, prior to handing over our property to a purchaser, our sales and customer service departments, together with our engineers and the property management company, inspect the property to ensure it is fit for delivery.

Sales and Marketing

We combine a centralized sales and marketing management team with the employment of first-rate professional property sales agencies for our sales and marketing in China. Our internal sales and marketing management team is responsible for formulating our nationwide sales and marketing strategies and supervising their execution, while the retained sales agencies are responsible for implementing such strategies and actual sales. This approach assures consistency in our promotion and sales strategy on a nationwide basis and improves efficiency in our sales.

We have approximately 200 personnel to manage and coordinate our marketing and sales. Their principal responsibilities include the following:

- market research;
- brand promotion;
- sales planning;
- property pricing; and
- sales management.

Our centralized sales and marketing management team coordinates with our regional offices in selecting qualified sales agencies and promoting our brands across different regional markets in China. Our marketing and sales management team works closely with other internal teams and external agencies in order to determine the appropriate advertising and selling plans for any particular project. They also monitor sale and pre-sale procedures conducted by sales agencies. In addition, senior members of our sales and marketing management team are also actively involved in such matters as site selection, project planning and project design.

In December 2007, we entered into sales agency agreements with E-House, a New York Stock Exchange listed company and one of the largest property sales agencies in China. Under such arrangements, E-House, through its subsidiaries in China, acts as the exclusive sales agent for 24 of our projects in 13 cities in China, and is compensated in the form of consultancy fees and sales commission.

Our promotion channels primarily include advertising through newspapers, television, radio, internet, billboards, magazines and mobile phone text messages. We generally engage first-rate property sales agencies and advertising design houses in China, including E-House, Hopefluent Group Holdings Limited and Guangdong Advertising Company Limited, to assist us in our sales campaigns. As part of our marketing strategy, we organize potential customers to visit our property projects via our free shuttle buses. These show-case visits facilitate sales of our properties under development and help promote our brand.

Our principal customers are individual purchasers of residential properties in China. For 2006, 2007, 2008 and the six months ended June 30, 2009, revenues attributable to our five largest customers were less than 1.6% of our total revenues in each period.

Pre-sale

Like other developers, we pre-sell properties prior to the completion of their construction. Under the PRC pre-sale laws and regulations, property developers must satisfy specific conditions before they may pre-sell their properties under construction. These mandatory conditions include:

- The land premium has been paid in full;
- The land use right certificates, the construction land planning permits, construction works planning permits and the construction permits have been obtained;
- At least 25% of the total project development investments has been made;
- The progress and the expected completion and delivery date of the construction are certain; and
- The pre-sale permit has been obtained.

These mandatory conditions are designed to impose a timing restriction on developers with respect to the commencement of pre-sales. They are predicated on substantial progress in project construction and in capital expenditure. To protect the rights and interests of consumers, local governments generally require developers and property purchasers to use standard sales and purchase contracts prepared under the auspices of such local governments. Developers are required to file all such contracts with local land bureaus and real estate administrative authorities within 30 days of entering into such contracts. Local governments may impose additional conditions from time to time for commencing pre-sale of properties. We have complied with all the relevant pre-sale rules and regulations in the past in all material respects.

In addition, we typically impose our own additional requirements before we pre-sell. To demonstrate our superior product quality to our potential buyers and to shorten the duration between pre-sale and delivery, we generally commence our pre-sale only after we have completed the landscaping, gardening, and the construction of the on-site show units and the lobby. Our own nationwide on-site launch standard includes the following mandatory conditions:

- We have completed any artificial lake, central garden and landscape at least for the first phase;
- We have completed the clubhouse and other ancillary facilities;
- The show units have been decorated according to our delivery standards; and
- The main part of the buildings has met the pre-sale standard.

Most of our urban projects are fully fitted with various interior fittings upon delivery.

Payment Arrangement

Purchasers of our residential properties, including those purchasing our pre-sale properties, may pay us through mortgage loans with banks. We typically require our purchasers to pay a non-refundable deposit upon entering into provisional purchase contracts. If the purchasers later decide not to enter into formal purchase contracts, they will forfeit such deposits to us. Upon executing the formal purchase contracts, the purchasers are typically required to pay at least 30% of the total purchase price of the property within five days, and the remaining balance within 20 days. If the purchasers choose to fund their purchases by mortgage loans provided by banks, it is their own responsibility to apply for and obtain the mortgage approvals. Upon request, we also assist mortgage applicants by providing the relevant property information to expedite their application process. The payment terms of our sales and pre-sales are substantially identical. Our contracted sales amounted to approximately RMB 23.1 billion for the nine months ended September 30, 2009. In addition, as of September 30, 2009, we had received approximately RMB 15.7 billion of receipt in advances from our customers in relation to our pre-sale for the nine months ended September 30, 2009, and we expect to receive the remaining RMB 7.4 billion in the future in accordance with the payment schedules in the relevant sales contracts.

Most of our customers purchase our properties through mortgage financing. In accordance with industry practice in China, we provide guarantees to mortgagee banks in respect of the mortgage loans provided to the purchasers of our pre-sold properties. These guarantees are released upon the earlier of (i) the relevant property ownership certificates being delivered to the purchasers; and (ii) the full repayment of mortgage loans by the purchasers of our properties. In line with industry practice, we do not conduct independent credit checks on our purchasers but rely on the credit checks conducted by the mortgagee banks. As of December 31, 2006, 2007, 2008 and the six months ended June 30, 2009, our outstanding guarantees on the mortgage loans of our purchasers amounted to RMB 1,073.9 million, RMB 1,464.2 million, RMB 2,087.0 million and RMB 5,677.5 million, respectively. During the Track Record Period, we encountered defaulted mortgage loans in the aggregate amount of RMB 4.0 million. We were able to recoup all our guaranteed amount through foreclosure sales. As a result, we did not suffer any economic losses. You should refer to "Risk Factors — Risks Relating to Our Business — We guarantee mortgage loans of our customers and may become liable to the mortgagee banks if our customers default on their mortgage loans" for additional risk disclosure.

After-sales Services and Property Management

We have a dedicated customer service department to manage our after-sales services. We have also set up an ownership certificate department to assist our purchasers in obtaining their property ownership certificates. We offer various communication channels, such as designated mailboxes and emails, for our customers to conveniently express their feedback and complaints about our products or services. Our customer service staff is committed to finding the best solutions to the reported problems. We also provide free publications to our existing customers to cultivate a sense of belonging and community.

Prior to delivery of properties to customers, we usually engage Jinbi Property Management, our subsidiary and a nationally accredited property management company, to manage our properties until the property owners have established a homeowner's association pursuant to the PRC laws and regulations to choose their own property management company. We also engage well-known external professional property management or consultancy companies to manage some of our high-end projects. As of September 30, 2009, most owners of our developments who had become statutorily entitled to elect their property management companies continued to engage Jinbi Property Management to manage their properties. The property management services we provide in relation to our projects include maintenance of common facilities, cleaning, security, gardening, landscaping and other services. Property management companies typically enter into property management agreements with the property owners. The property management agreements set forth the scope and quality requirements of the services to be provided by property management companies. Property management companies are not allowed to assign their management responsibilities to third parties. They are responsible for establishing the property management procedures and formulating maintenance and renovation plans with respect to the properties and public facilities they manage. The property management agreements also set forth the payment arrangements of management fees, which may not be increased without the prior written consent of the relevant homeowners' association.

Investment Properties

Along with our residential property projects, we also develop office buildings, hotels, commercial properties, retail shop units and carpark spaces as part of our residential complexes for leasing. As we intend to hold these properties for long-term investment purposes, they are treated as investment properties. As of September 30, 2009, these investment properties had an aggregate GFA of approximately 231,202 square meters, which included 45,624 square meters of total GFA for commercial spaces and 5,544 carparks. Some of our retail shop units and carpark spaces are, or may be, located in large, multiple-use complexes. We may choose to sell the retail shop units when we believe that sales would generate a better return on our investment than through rental and capital appreciation. As of September 30, 2009, we leased commercial spaces with an aggregate GFA of approximately 22,938 square meters and 5,544 carparks and underground utility spaces with an aggregate GFA of approximately 185,579 square meters to third parties.

Properties Used by Us

As of September 30, 2009, we leased our office premises from independent third parties with a total GFA of 99,866 square meters in different regions of China.

Competition

We compete with other real estate developers in terms of a number of factors, including product quality, service quality, price, financial resources, brand recognition, ability to acquire proper land reserves and other factors. The property market in China highly competitive. Our existing and potential competitors include major domestic developers and, to a lesser extent, foreign developers, such as leading developers from Hong Kong. You should refer to "Risk Factors — Risks Relating to the Property Industry in China — Intensified competition might adversely affect our business and our financial position" for additional disclosure.

Intellectual Property Rights

We have registered "恒大地產集團" with the State Administration for Industry and Commerce in China and "Evergrande" and "Evergrande Real Estate Group" in Hong Kong as our trademarks. We have also applied for trademark registration with the PRC intellectual property administrative authorities with respect to our logo, company name in Chinese and English, and certain other names and logos of our product series.

Insurance

Property developers are not required under PRC national and local laws and regulations to maintain insurance coverage in respect of their property development operations. We do not maintain insurance coverage on our properties developed for sale other than with respect to those developments over which our lending banks have security interests, or for which we are required to maintain insurance coverage under the relevant loan agreements. In addition, we do not require the construction companies we engage to maintain insurance coverage on properties under construction. We generally do not carry insurance against personal injuries that may occur during the construction of our properties. The construction companies, however, are responsible for quality and safety control during the course of the construction and are required to maintain accident insurance for their construction workers pursuant to PRC laws and regulations. To help ensure construction quality and safety, we have formulated a set of standards and specifications for the construction workers to comply with during the construction process. We deploy our own qualified construction supervisor-engineers and also engage qualified external supervision companies to oversee the construction process. Under PRC laws and regulations, the owner or manager of a property under construction bears the civil liability for personal injuries arising out of construction work unless the owner or manager can prove that it is not at fault. We have taken these and other steps in an effort to prevent construction accidents and personal injuries. We believe that we should be in a position to demonstrate that we were not at fault as the property owner if a personal injury claim should be brought against us. In addition, according to our construction contracts, any liability that may arise from tortious acts committed on work sites should be borne by the construction companies. To date, we have not experienced any destruction of or material damage to our property developments nor have any material personal injury-related claims be brought against us.

We believe that our policies with respect to insurance are in line with the industry practice in China. However, there are risks that we do not have sufficient insurance coverage for losses, damages and liabilities that may arise in our business operations. You should refer to "Risk Factors — Risks Relating to Our Business — We have limited insurance to cover our potential losses and claims" for additional risk disclosure.

Environmental and Safety Matters

We are subject to PRC environmental laws and regulations promulgated by both the central and local governments. As required by PRC laws and regulations, depending on the impact of a project on the environment, an environmental impact report, an environmental impact analysis table or an environmental impact registration form is required to be submitted to the relevant government authorities for approval before commencement of construction, and each project developed by a property developer is required to undergo an environmental assessment after project completion. When there is a material change in respect of the construction site, scale or nature of a given project, a new environmental impact assessment report must be submitted for approval. During the course of a construction, the property developer and the construction companies must take measures to prevent air pollution, noise emissions and water and waste discharges.

In addition, in accordance with PRC environmental laws and regulations, a construction project may be required to include environmental facilities (such as devices, monitors and other facilities that are constructed or equipped in order to prevent pollution and protect the environment). Such facilities will have to pass an inspection by the environmental authorities and an approval must be obtained before the environmental facilities can commence operation. If a construction project is not required to, or does not otherwise, include any environmental facilities, no such approval is required. Our business is of such a nature that we are not required to construct environmental facilities and, therefore no approval in respect of environmental facilities from the environmental authorities is necessary.

We believe that our operations are in compliance with currently applicable national and local environmental and safety laws and regulations in all material respects. You should refer to "Risk Factors — Risks Relating to the Property Industry in China — Potential liability for environmental damages could result in substantial outflow of our resources" for additional risk disclosure.

Legal Proceedings

From time to time we are involved in legal proceedings or disputes in the ordinary course of business, including claims relating to our guarantees for mortgage loans provided to our purchasers and contract disputes with our purchasers and suppliers. We are not aware of any material legal proceedings, claims or disputes currently existing or pending against us. You should refer to "Risk Factors — Risks Relating to Our Business — We may be involved from time to time in material disputes, legal and other proceedings arising out of our operations and may face significant liabilities as a result" for additional risk disclosure.

During the three years ended December 31, 2006, 2007 and 2008 and the six months ended June 30, 2009 and as of the date of this document, we and our PRC subsidiaries are in possession of all of the material approvals and permits required under PRC laws and regulations in order to conduct our businesses.

We are not delinquent in the payment of any taxes due and were in compliance with all tax law and regulations during the three years ended December 31, 2006, 2007 and 2008 and the six months ended June 30, 2009 and as of the date of this document.

The following discussion summarizes the principal laws, regulations, policies and administrative directives to which we are subject.

The PRC Legal System

The PRC legal system is based on the PRC Constitution and is made up of written laws, regulations, directives and local laws, laws of Special Administrative Regions and laws resulting from international treaties entered into by the PRC government. Court verdicts do not constitute binding precedents. However, they are used for the purposes of judicial reference and guidance.

The National People's Congress of the PRC, or NPC, and the Standing Committee of the NPC are empowered by the PRC Constitution to exercise the legislative power of the State. The NPC has the power to amend the PRC Constitution and enact and amend basic laws governing State agencies and civil and criminal matters. The Standing Committee of the NPC is empowered to enact and amend all laws except for the laws that are required to be enacted and amended by the NPC.

The State Council is the highest organ of the State administration and has the power to enact administrative rules and regulations. The ministries and commissions under the State Council are also vested with the power to issue orders, directives and regulations within the jurisdiction of their respective departments. All administrative rules, regulations, directives and orders promulgated by the State Council and its ministries and commissions must be consistent with the PRC Constitution and the national laws enacted by the NPC. In the event that a conflict arises, the Standing Committee of the NPC has the power to annul administrative rules, regulations, directives and orders.

At the regional level, the provincial and municipal congresses and their respective standing committees may enact local rules and regulations and the people's governments may promulgate administrative rules and directives applicable to their own administrative areas. These local laws and regulations must be consistent with the PRC Constitution, the national laws and the administrative rules and regulations promulgated by the State Council.

The State Council, provincial and municipal governments may also enact or issue rules, regulations or directives in new areas of the law for experimental purposes. After gaining sufficient experience with experimental measures, the State Council may submit legislative proposals to be considered by the NPC or the Standing Committee of the NPC for enactment at the national level.

The PRC Constitution vests the power to interpret laws in the Standing Committee of the NPC. According to the Decision of the Standing Committee of the NPC Regarding the Strengthening of Interpretation of Laws passed in June 1981, the Supreme People's Court, in addition to its power to give general interpretation on the application of laws in judicial proceedings, also has the power to interpret specific cases. The State Council and its ministries and commissions are also vested with the power to interpret rules and regulations that they have promulgated. At the regional level, the power to interpret regional laws is vested in the regional legislative and administrative bodies which promulgate such laws.

The PRC Judicial System

Under the PRC Constitution and the Law of Organization of the People's Courts, the judicial system is made up of the Supreme People's Court, the local courts, military courts and other special courts. The local courts are comprised of the basic courts, the intermediate courts and the higher courts. The basic courts are organized into civil, criminal, economic and administrative divisions. The intermediate courts are organized into divisions similar to those of the basic courts, and are further organized into other special divisions, such as the intellectual property division. The higher level court supervise the basic and intermediate courts. The people's procuratorates also have the right to exercise legal supervision over the civil proceedings of courts of the same level and lower levels. The Supreme People's Court is the highest judicial body in China. It supervises the administration of justice by all other courts.

The courts employ a two-tier appellate system. A party may appeal against a judgment or order of a local court to the court at the next higher level. Second judgments or orders given at the same level and at the next higher level are final. First judgments or orders of the Supreme People's Court are also final. If, however, the Supreme People's Court or a court at a higher level finds an error in a judgment which has been given in any court at a lower level, or the presiding judge of a court finds an error in a judgment which has been given in the court over which he presides, the case my then be retried according to the judicial supervision procedures.

The Civil Procedure Law of the PRC adopted in April 1991 sets forth the criteria for instituting a civil action, the jurisdiction of the courts, the procedures to be followed for conducting a civil action and the procedures for enforcement of a civil judgment or order. All parties to a civil action conducted within the PRC must comply with the Civil Procedure Law. Generally, a civil case is initially heard by a local court of the municipality or province in which the defendant resides. The parties to a contract may, by express agreement, select a jurisdiction where civil actions may be brought, provided that the jurisdiction is either the plaintiff's or the defendant's place of residence, the place of execution or implementation of the contract or the object of the action. However, such selection can not violate the stipulations of grade jurisdiction and exclusive jurisdiction in any case.

A foreign individual or enterprise generally has the same litigation rights and obligations as a citizen or legal person of the PRC. If a foreign country's judicial system limits the litigation rights of PRC citizens and enterprises, the PRC courts may apply the same limitations to the citizens and enterprises of that foreign country within the PRC. If any party to a civil action refuses to comply with a judgment or order made by a court or an award granted by an arbitration panel in the PRC, the aggrieved party may apply to the court to request for enforcement of the judgment, order or award. There are time limits imposed on the right to apply for such enforcement. If at least one of the parties to the dispute is an individual, the time limit is one year. If both parties to the dispute are legal persons or other institutions, the time limit is six months. If a person fails to satisfy a judgment made by the court within the stipulated time, the court will, upon application by either party, mandatorily enforce the judgment.

A party seeking to enforce a judgment or order of a court against a party who is not located within the PRC and does not own any property in the PRC may apply to a foreign court with proper jurisdiction for recognition and enforcement of the judgment or order. A foreign judgment or ruling may also be recognized and enforced by the court according to the PRC enforcement procedures if the PRC has entered into, or acceded to, an international treaty with the relevant foreign country, which provides for such recognition and enforcement, or if the judgment or ruling satisfies the court's examination according to the principal of reciprocity, unless the court finds that the recognition or enforcement of such judgment or ruling will result in a violation of the basic legal principles of the PRC, its sovereignty or security, or for reasons of social and public interests.

Establishment of a Real Estate Development Enterprise

According to the PRC Law on Administration of Urban Real Estate 《城市房地產管理法》 promulgated by the National People's Congress, effective in January 1995, amended in August 2007, a real estate developer is defined as an enterprise that engages in the development and operation of real estate for the purpose of making profits. Under the Regulations on Administration of 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 that is to engage in development of real estate must satisfy the following requirements:

- its registered capital must be RMB 1 million or more; and

- 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 the relevant qualification certificate.

The local government of a province, autonomous region or municipality directly under the PRC central government may, based on local circumstances, impose more stringent requirements on the registered capital and the professional personnel of a real estate developer.

To establish a real estate development enterprise, the developer must apply for registration with the administration for industry and commerce. The developer must also report its establishment to the real estate development authority in the location of its registration, within 30 days of the receipt of its business license. Where a foreign-invested enterprise is to be established to engage in the development and operation of real estate, it must also comply with the relevant requirements under the PRC laws and administrative regulations regarding foreign-invested enterprises and apply for approvals relating to foreign investments in China.

Under the Catalog of Guidance on Industries for Foreign Investment 《外商投資企業指導目錄》 promulgated by MOFCOM and NDRC in October 2007,

- the development of a whole land lot, namely primary preparation of a land site including infrastructure construction and utility installation, solely by foreign investors, falls within the category of industries in which foreign investment is prohibited,

- the joint development of a whole land lot with the PRC partners, as well as the construction and operation of high-end hotels, villas, premium office buildings and international conference centers fall within the category of industries in which foreign investment is subject to restrictions, and

- other real estate development falls within the category of industries in which foreign investment is permitted.

A foreign investor intending to engage in the development and sale of real estate in China may establish an equity joint venture, a cooperative joint venture or a wholly foreign owned enterprise by the foreign investor in accordance with the PRC laws and administrative regulations governing foreign-invested enterprises.

Under the Notice on Adjusting the Portion of Capital Fund for Fixed Assets Investment of Certain Industries 《關於調整部分行業固定資產投資項目資本金比例的通知》 issued by the State Council in April 2004, the portion of capital-account funding for real estate projects (excluding affordable housing projects) has been increased from 20% or above to 35% or above. However, pursuant to the Notice on Adjusting the Percentage of Capital Fund for Investment Projects in Fixed Assets 《關於調整固定資產投資項目資本金比例的通知》 issued by the State Council in May, 2009, the minimum portion of the capital funding for ordinary commodity housing projects and affordable housing projects has been reduced to 20%, while that for other real estate projects has been decreased to 30%.

In July 2006, the Ministry of Construction, MOFCOM, NDRC, PBOC, SAIC and SAFE jointly issued an Opinion on Standardizing the Admittance and Administration of Foreign Capital in the Real Estate Market 《關於規範房地產市場外資進入和管理的意見》, which provides, among other things, that an overseas entity or individual investing in real estate in China other than for self-use must apply for the establishment of a foreign invested real estate enterprise ("FIREE") in accordance with applicable PRC laws and may only conduct operations within the authorized business scope. The joint opinion attempts to impose additional restrictions on the establishment and operation of FIREE by regulating the amount of registered capital as a percentage of total investment in certain circumstances, limiting the validity of approval certificates and business licenses to one year, restricting the ability to transfer equity interests of a FIREE or its projects and prohibiting the borrowing of money from domestic and foreign lenders where its registered capital is not paid up or the land use rights not obtained. In addition, the joint opinion also limits the ability of foreign individuals to purchase commodity residential properties in China.

In May 2007, MOFCOM and SAFE issued the Circular on Strengthening and Regulating the Examination and Approval and Supervision of Foreign Direct Investment in the Real Estate Sector 《關於進一步加強、規範外商直接投資房地產業審批和監管的通知》 ("Circular 50"). Under Circular 50, prior to applying for establishment of real estate companies, foreign investors must first obtain land use rights and building ownership, or must have entered into pre-sale or pre-grant agreements with respect to the land use rights or building ownership. If foreign-invested enterprises in China engage in real estate development or operations or if FIREEs in China engage in new real estate project developments, they must first apply to the relevant PRC governmental authorities to expand their scope of business or scale of operations in accordance with the PRC laws and regulations related to foreign investments. In addition, the local PRC governmental authorities must file with MOFCOM for record their approvals of establishment of FIREEs, and must exercise due control over foreign investments in high-end properties. Foreign exchange authorities may not allow capital-account foreign exchange sales and settlements by FIREEs that have been established in contravention of these requirements.

In July 2007, SAFE issued a Notice on the Distribution of the List of the First Group of Foreign Invested Real Estate Projects Filed with MOFCOM 《關於下發第一批通過商務部備案的外商投資房地產項目名單的通知》("Notice 130"), together with a list of FIREEs that had effected their filings with MOFCOM. According to Notice 130, SAFE will no longer process foreign debt registrations or applications by FIREEs for permission to purchase foreign exchange to service their foreign debt if such FIREEs have not obtained their approval certificates from the government before June 1, 2007. As a result of Notice 130, unless the approval certificate of an FIREE as of May 31, 2007 contained an aggregate investment amount, which includes its registered capital and foreign debt amount, sufficient to permit foreign currency to be injected into its operations in China, such FIREE effectively will no longer be able to borrow foreign debt including shareholder loans and overseas commercial loans to finance their operations in China. It can only use its capital contributions instead. SAFE further provided in its Notice 130 that it will not process any foreign exchange registration (or change of such registration) or application for settlement of foreign currency under capital account by any FIREE if it has obtained the relevant approval certificates from local government authorities on or after June 1, 2007 but has not completed its filing with MOFCOM.

In connection with the filing requirement, MOFCOM issued the Notice on the Proper Filings of Foreign Investment in the Real Estate Sector《關於做好外商投資房地產業備案工作的通知》in June 2008 to authorize the competent MOFCOM at the provincial level to verify and check the filing documents.

Qualifications of a Real Estate Developer

Under the Provisions on Administration of Qualifications of Real Estate Developers《房地產開發企業資質管理規定》 (the "Provisions on Administration of Qualifications") promulgated by the Ministry of Construction in March 2000, a real estate developer must apply for registration of its qualifications according to such Provisions on Administration of Qualifications. An enterprise may not engage in property development without a qualification classification certificate for real estate development. The Ministry of Construction oversees the qualifications of real estate developers with national operations, and local real estate development authorities at or above the county level oversee the qualifications of local real estate developers.

In accordance with the Provisions on Administration of Qualifications, real estate developers are classified into four classes.

- Class 1 qualifications are subject to preliminary examination by the construction authorities at the provincial level and final approval of the Ministry of Construction. A class 1 real estate developer is not restricted as to the scale of its real estate projects and may undertake a real estate development anywhere in the country.

- Class 2 or lower qualifications are regulated by the construction authorities at the provincial level subject to delegation to lower level government agencies. A real estate developer of class 2 or lower may undertake a project with a gross floor area of less than 250,000 square meters subject to confirmation by the construction authorities at the provincial level.

Under the relevant PRC laws and regulations, the real estate development authorities will examine applications for registration of qualifications submitted by real estate developers by considering the professional personnel in their employ, financial condition and operating results. A real estate developer that passes the qualification examination will be issued a qualification certificate of the relevant class by the qualification examination authority. A developer of any qualification classification may only engage in the development and sale of real estate within its approved scope of business and may not engage in business which is limited to another classification.

For a newly established real estate developer, the real estate development authority will issue a provisional qualification certificate, if it is an eligible developer, within 30 days of receipt by the authority of the application. The provisional qualification certificate will be effective for one year from its date of issue and may be extended for not more than two additional years with the approval of the real estate development authority. The real estate developer must apply for qualification classification to the real estate development authority within one month before expiration of the provisional qualification certificate.

Development of a Real Estate Project

Under the Catalog for Guidance on Industries for Foreign Investment promulgated by MOFCOM and NDRC in October 2007, foreign investments are restricted in the development of a whole land lot and the construction and operation of high-end hotels, villas, premium office buildings and international conference centers in China; and foreign investments are permitted in other real estate developments. According to the Interim Provisions on Approving Foreign Investment Project 《外商投資項目核准暫行管理辦法》promulgated by NDRC in October 2004, approval of NDRC is required for foreign investment projects with total investment of US$100 million or more within the category of encouraged or permitted foreign investments and those with total investment of US$50 million or more within the category of foreign investments subject to restrictions. Other foreign investments in China will require only local approval. Specifically, the local authorities may examine and approve foreign investment projects with total investment less than US$100 million within the category of encouraged or permitted foreign investments and those with total investment less than US$50 million within the category of foreign investments subject to restrictions. Furthermore, after examination by NDRC, approval of State Council is required for foreign investment projects with total investment of US$500 million or more within the category of encouraged or permitted foreign investments and those with total investment of US$100 million or more within the category of foreign investments subject to restrictions. In addition, the projects subject to restrictions should be approved by the development and reform authority at provincial level. In July 2008, NDRC issued the Notice on Further Reinforcing and Regulating the Administration of Foreign Investment Projects 《關於進一步加強和規範外商投資項目管理的通知》, which further requires that the capital-increase and reinvest projects of the foreign-invested enterprises shall get the approval from NDRC or its local counterpart.

Under the Interim Regulations of the People's Republic of China on Grant and Assignment of the Use Right of State-owned Urban Land 《城鎮國有土地使用權出讓和轉讓暫行條例》promulgated by the State Council in May 1990, China adopted a system to grant and assign the right to use state-owned land. A land user must pay a land premium to the state as consideration for the grant of the right to use a land site within a specified period of time, and the land user may assign, lease out, mortgage or otherwise commercially exploit the land use rights within the term of use. Under the relevant PRC laws and regulations, the land administration authority at the city or county level may enter into a land grant contract with the land user to provide for the grant of land use rights. The land user must pay the land premium as provided by the land use rights grant contract. After payment in full of the land premium, the land user may register with the land administration authority and obtain a land use rights certificate which evidences the acquisition of land use rights. The relevant PRC laws and regulations provide that land use rights for a site intended for real estate development must be obtained through grant except for land use rights which may be obtained through premium-free allocation by the PRC government pursuant to the PRC laws or the stipulations of the State Council. Government-allocated land is not allowed to be transferred unless the transfer is approved by the relevant PRC government authorities and the land premium as determined by the relevant PRC government authorities has been paid.

When carrying out the feasibility study for a construction project, the construction or the developer entity must make a preliminary application for construction on the relevant site to the relevant land administration authority in accordance with the Measures for Administration of Examination and Approval for Construction Sites 《建設用地審查報批管理辦法》promulgated by the Ministry of Land and Resources in March 1999 and the Measures for Administration of Preliminary Examination of Construction Project Sites 《建設項目用地預審管理辦法》 promulgated by the Ministry of Land and Resources in July 2001, as amended in October 2004. After receiving the preliminary application, the land administration authority will carry out preliminary examinations of various aspects of the construction project in compliance with the overall zoning plans and land supply policy of the government, and will issue a preliminary approval in respect of the project site if its examination proves satisfactory. The land administration authority at the relevant city or county will sign a land use rights grant contract with the land user and issue an approval for the construction site to the construction entity or the developer.

Under the Measures for Control and Administration of Grant and Assignment of Right to Use Urban State-owned Land《城鎮國有土地使用權出讓轉讓規劃管理辦法》promulgated by the Ministry of Construction in December 1992, the grantee under a land grant contract, i.e. a real estate developer, must further apply for a permit for construction site planning from the relevant municipal planning authority. After obtaining such permit, a real estate developer will organize the necessary planning and design work. Planning and design proposals in respect of a real estate development project are again subject to relevant reporting and approval procedures required under the Law of the People's Republic of China on Urban and Rural Planning 《中華人民共和國城鄉規劃法》promulgated by the National People's Congress in October 2007 and local statutes on municipal planning. Upon approval by the authorities, a permit for construction works planning will be issued by the relevant municipal planning authority.

In accordance with the Regulations for the Administration of Demolishment and Removal of Urban Housing 《城市房屋拆遷管理條例》promulgated by the State Council in June 2001, if demolishment of existing structures and removal of existing residents on the construction site need to be conducted before commencement of construction of the real estate project contemplated, the developer may apply to the local municipal, district or county level government in the place where the real estate is located for a permit for demolishment and removal. Upon approval, the local government will issue a demolishment and removal permit and post a demolishment and removal notice to inform the inhabitants of the area subject to demolishment. The designated demolishment and removal party, either a local government entity or a developer, must implement the demolishment and removal within the area and period specified in the demolishment and removal permit. If the demolishment and removal party fails to complete the demolishment and removal works within the permitted period, it may, within 15 days prior to the expiration of the permit, apply to the original approval department in charge of demolishment and removal for an extension.

During the demolishment and removal period announced by the department in charge of demolishment and removal, the demolishment and removal party and the parties subject to demolishment and removal will enter into a written agreement for compensation and resettlement in respect of the demolishment and removal. If the demolishment and removal party and the parties subject to demolishment and removal cannot reach an agreement, any such party may apply to the original approval department in charge of the demolishment and removal for a ruling. Such a ruling must be rendered within 30 days of the application. If any such party disagrees with the ruling, it may initiate proceedings in a People's Court in China. Pursuant to current PRC laws, if the demolishment and removal party has provided proper monetary compensation or proper replacement housing to the parties subject to demolishment and removal, the demolishment and removal may not be stopped.

Compensation for demolishment and removal may be effected by way of monetary compensation or exchange of property rights. If the monetary compensation method is used, the amount of compensation is assessed on the basis of the real property market price determined by the location, uses and the gross floor area of the housing to be demolished. If property exchange or replacement is used, the demolishment and removal party and the parties subject to demolishment and removal will, on the basis of the location, usage and the gross floor area of the housing to be demolished and the housing offered for exchange or replacement, calculate the amount of compensation for the housing to be demolished, the price of the housing to be exchanged or replaced for the housing to be demolished, and work out the difference between the two. In addition to paying the demolishment and removal compensation, the demolishment and removal party will also pay removal allowance to the parties subject to demolishment and removal.

When the site has been properly prepared and is ready for the commencement of construction works, the developer must apply for a permit for commencement of works from the construction authorities at or above the county level according to the Measures for Administration of Granting Permission for Commencement of Construction Works 《建築工程施工許可管理辦法》promulgated by the Ministry of Construction in October 1999, as amended in July 2001. According to the Notice Regarding Strengthening and Regulating the Administration of Newly-commenced Projects 《國務院辦公廳關於加強和規範新開工項目管理的通知》 issued by the General Office of the State Council on November 17, 2007, before commencement of construction, all kinds of projects shall fulfill certain conditions, including, among other things, compliance with national industrial policy, development plan, land supply policy and market access standard, completion of all approval and filing procedures, compliance with zoning plan in terms of site and planning, completion of proper land use procedures and obtaining proper environmental valuation approvals and construction permit or report.

The development of a real estate project must comply with various laws and legal requirements on construction quality, safety standards and technical guidance on architecture, design and construction work, as well as provisions of the relevant contracts. On January 30, 2000, the State Council promulgated and implemented the Regulation on the Quality Management of Construction Projects 《建設工程質量管理條例》, which sets the respective quality responsibilities and liabilities for developers, construction companies, reconnaissance companies, design companies and construction supervision companies. In August 2008, the State Council issued the Regulations on Energy Efficiency for Civil Buildings 《民用建築節能條例》, which reduces the energy consumption of civil buildings and improves the efficiency of the energy utilization. According to this regulation, the design and construction of new buildings must meet the mandatory criteria on energy efficiency for buildings, and failure to meet such criteria will result in no neither commencement of construction or acceptance upon completion. Among other things, this regulation sets forth additional requirements for property developers in the sale of commodity buildings in this respect. After completion of construction works for a project, the real estate developer must organize an acceptance examination by relevant government authorities and experts according to the Interim Provisions on Inspection Upon Completion of Buildings and Municipal Infrastructure promulgated by the Ministry of Construction in June 2000, and file with the construction authority at or above the county level where the project is located within 15 days after the construction is qualified for the acceptance examination according to the Provisional Measures for Reporting Details Regarding Acceptance Examination Upon Completion of Buildings and Municipal Infrastructure 《房屋建築工程和市政基礎設施工程竣工驗收備案管理暫行辦法》 promulgated by the Ministry of Construction in April 2000. The developer must also report details of the acceptance examination according to the Interim Measures for Reporting Details Regarding Acceptance

Examination upon Completion of Buildings and Municipal Infrastructure 《房屋建築工程和市政基礎設施工程竣工驗收備案管理暫行辦法》promulgated by the Ministry of Construction in April 2000. A real estate development project may not be delivered until and unless it has satisfactorily passed the necessary acceptance examination. Where a property project is developed in phases, an acceptance examination may be carried out for each phase upon completion.

In China, there are two registers of property interests. Land registration is effected by the issue of land use right certificates by the relevant authorities to the land users. Land use rights may be assigned, mortgaged or leased. The building registration is effected by the issue of property ownership certificates to the property owners. Property or building ownership rights are only related to the building or improvements erected on the land. Under the PRC laws and regulations, all land use rights and property ownership rights that are duly registered are protected by law. Most cities in China maintain separate registries for the registration. However, Shenzhen, Shanghai, Guangzhou and some other major cities have a consolidated registry for both land use rights and the property ownership interests for the building erected on the relevant land.

Land for Property Development

In April 1988, the National People's Congress amended the PRC Constitution to permit the transfer of land use rights in accordance with the laws and regulations. In December 1988, the National People's Congress amended the Land Administration Law 《土地管理法》to permit the transfer of land use rights in accordance with the laws and regulations.

Pursuant to the Measures on Disposal of Idle Land 《閑置土地處置辦法》 promulgated by the Ministry of Land and Resources on April 28, 1999, idle land fees may be imposed on land that has not been developed for one year from the contractual construction commencement date. Land use rights may be forfeited to the government without compensation to the developer if the land has not been developed for two years as required by the laws and regulations, and allotted for other purposes. Under current PRC laws and regulations on land administration, land for property development may be obtained only by grant except for land use rights obtained through allocation. Under the Regulations on the Grant of State-owned Land Use Rights Through Public Tender, Auction and Listing-for-Sale promulgated by the Ministry of Land and Resources 《招標拍賣掛牌出讓國有土地使用權規定》in May 2002, land for commercial use, tourism, entertainment and commodity housing development must be granted by public tender, auction or listing-for-sale. Under these regulations, the relevant land administration authority at city or county level, or the grantor, is responsible for preparing the public tender or auction documents and must make an announcement 20 days prior to the day of public tender or auction with respect to the particulars of the land parcel and the time and venue of the public tender or auction. The grantor must also verify the qualification of the bidding and auction applicants, accept an open public auction to determine the winning tender or hold an auction to ascertain a winning bidder. The grantor and the winning tender or bidder will then enter into a confirmation followed by the execution of a contract for assignment of state-owned land use rights. Over the years, the Ministry of Land and Resources has promulgated further rules and regulations to define the various circumstances under which the state-owned land use rights may be granted by means of public tender, auction and listing-for-sale or by agreement.

Under the Regulation on Grant of State-owned Land Use Rights by Agreements 《協議出讓國有土地使用權規定》 promulgated by the Ministry of Land and Resources on June 11, 2003, except for the project that must be granted through tender, auction and listing as required by the relevant laws and regulations, land use right may be granted through transfer by agreement and the land premium for the transfer by agreement of the state-owned land use right shall not be lower than the benchmark land price.

The Urgent Notice on Further Governing and Rectifying Land Market and Strengthening Administration of Land 《關於深入開展土地市場治理整頓嚴格土地管理的緊急通知》 issued by the General Office of the State Council on April 29, 2004 restated the principle of strict administration of the approval process for the construction land and protection of the basic farmlands.

The Notice on Issues Relating to Strengthening the Land Control 《關於加強土地調控有關問題的通知》 promulgated by the State Council on August 31, 2006 sets forth the administration of the receipt and disbursement of the land premium, modifies the tax policies relating to the construction land, and builds up the system of publicity for the standards of the lowest price with respect to the granted state-owned land use right.

In March 2007, the National People's Congress adopted the PRC Property Rights Law 《中華人民共和國物權法》, which became effective on October 1, 2007. According to the Property Rights Law, when the term of the right to use construction land for residential (but not other) purposes expires, it will be renewed automatically. Unless it is otherwise prescribed by any law, the owner of construction land use rights has the right to transfer, exchange, and use such land use rights as equity contributions or collateral for financing. If the state takes the premises owned by entities or individuals, it must compensate the property owners in accordance with law and protect the lawful rights and interests of the property owners.

In September 2007, the Ministry of Land and Resources further promulgated the Regulations on the Grant of State-owned Construction Land Use Rights Through Public Tender, Auction and Listing-for-sale 《招標拍賣掛牌出讓國有建設用地使用權規定》to require that land for industrial use, except land for mining, must also be granted by public tender, auction and listing-for-sale. Only after the grantee has paid the land premium in full under the land grant contract, can the grantee apply for the land registration and obtain the land use right certificates. Furthermore, land use rights certificates may not be issued in proportion to the land premium paid under the land grant contract.

In October 2007, the Standing Committee of National People's Congress promulgated the PRC City and Countryside Planning Law 《中華人民共和國城鄉規劃法》, pursuant to which, a construction planning permit must be obtained from the relevant urban and rural planning government authorities for building any structure, fixture, road, pipeline or other engineering project within an urban or rural planning area.

In November 2007, the Ministry of Land and Resources, the Ministry of Finance and PBOC jointly promulgated the Administration Measures on Land Reserve 《土地儲備管理辦法》, pursuant to which, local authorities should reasonably decide the scale of land reserve in accordance with the macro-control of the land market. Those idle, unoccupied, and low-efficient state-owned construction land inventory shall be used as land reserve in priority.

In December, 2007, the Ministry of Land and Resources promulgated the Rules on Land Registration 《土地登記辦法》, which further stresses payment in full of the land premium prior to the application for the registration of state-owned construction land use rights.

In November 2009, the Ministry of Land and Resources issued a Circular on the Distribution of the Catalog for Restricted Land Use Projects (2006 Version Supplement) and the Catalog for Prohibited Land Use Projects (2006 Version Supplement) 《關於印發〈限制用地項目目錄（2006年本增補本）〉和〈禁止用地項目目錄（2006年本增補本）〉的通知》, as a supplement to its 2006 version. In this Circular, the Ministry of Land and Resources has set forth a ceiling for the land granted by local governments for development of commodity housing as follows: seven hectares for small cities and towns, 14 hectares for medium-sized cities and 20 hectares for large cities.

In November 2009, the Ministry of Finance, the Ministry of Land and Resources, PBOC, the PRC Ministry of Supervision and the PRC National Audit Office jointly promulgated the Notice on Further Enhancing the Revenue and Expenditure Control over Land Grant《關於進一步加強土地出讓收支管理

的通知》. The Notice raises the minimum down-payment for land premiums to 50% and requires the land premium to be fully paid within one year after the signing of a land grant contract, subject to limited exceptions.

Sale of Commodity Houses

Under the Measures for Administration of Sale of Commodity Houses 《商品房銷售管理辦法》 promulgated by the Ministry of Construction in April 2001, sale of commodity houses can include both sales before the completion of the properties, or pre-sale, and sales after the completion of the properties.

Any pre-sale of commodity buildings must be conducted in accordance with the Measures for Administration of Pre-sale of Commodity Buildings in Urban Area promulgated by the Ministry of Construction in November 1994 《城市商品房預售管理辦法》, as amended in August 2001 and July 2004, and other related regulations. The pre-sale regulations provide that any pre-sale of commodity properties is subject to specified procedures. According to the current PRC laws and regulations, a pre-sale permit must be in place before a commodity building may be put to pre-sale. Specifically, a developer intending to sell a commodity building before its completion must apply to the real estate development authorities for a pre-sale permit. A commodity building may be sold before completion only if:

- the purchase price has been paid in full for the grant of the land use rights involved and a land use rights certificate has been properly obtained;
- a construction planning permit and a construction permit have been properly obtained;
- funds invested in the development of the commodity buildings for pre-sale represent 25% or more of the total investment in the project and the construction progress as well as the completion and delivery dates have been properly ascertained; and
- a pre-sale permit has been obtained.

The pre-sale proceeds of commodity buildings must be used to develop the relevant project so pre-sold.

Commodity buildings may be put to post-completion sale and delivery after they have passed the acceptance examination and otherwise satisfy the various preconditions for such sale. Before the post-completion sale of a commodity building, the developer must, among other things, submit a real estate development project manual and other documents relating to the project evidencing the satisfaction of the preconditions for post-completion sale to the real estate development authority for its record.

Transfer of Real Estate

According to the PRC laws and the Provisions on Administration of Transfer of Urban Real Estate 《城市房地產轉讓管理規定》 promulgated by the Ministry of Construction in August 1995, as amended in August 2001, a real estate owner may sell, gift or otherwise legally transfer the property to another natural person or legal entity. When transferring a building, the ownership of the building and the land use rights to the site on which the building is situated are transferred together. The parties to a transfer must enter into a written real estate transfer contract and register the transfer with the real estate administration authority having jurisdiction over the location of the real estate within 90 days of the execution of the transfer contract.

Where the land use rights are originally obtained by grant, the real property may only be transferred on the condition that:

- the land premium has been paid in full for the granted land use rights as required by the land grant contract and a land use rights certificate has been properly obtained; and

- in the case of a project in which buildings are being developed, development representing more than 25% of the total investment has been completed; or

- in case of a whole land lot development project, construction works have been carried out as planned, water supply, sewerage, electricity supply, heat supply, access roads, telecommunications and other infrastructure or utilities have been made available, and the site has been leveled and made ready for industrial or other construction purposes.

If the land use rights are originally obtained by grant, the term of the land use rights after transfer of the real estate will be the remaining portion of the original term in the land grant contract. In the event that the assignee intends to change the use of the land provided in the land grant contract, consent must first be obtained from the original land use rights grantor and the planning administration authority at the relevant city or county and an agreement to amend the land grant contract or a new land grant contract must be signed in order to, *inter alia*, change the use of the land and adjust the land premium accordingly.

If the land use rights are originally obtained by allocation, such allocated land use right may be changed to granted land use rights upon approval by the government vested with the necessary approval power as required by the State Council. After the government authorities vested with the necessary approval power approve such change, the grantee must complete the formalities for the grant of the land use rights and pay the land premium according to the relevant statutes. Assignment of Land for commercial use, tourism, entertainment and commodity housing development must be conducted through public tender, auction or listing-for-sale under the current PRC laws and regulations.

Leases of Buildings

Under the PRC laws and the Measures for Administration of Leases of Buildings in Urban Areas 《城市房屋租賃管理辦法》 promulgated by the Ministry of Construction in May 1995, parties to a lease of a building must enter into a lease contract in writing. China has adopted a system to register the leases of real properties. When a lease contract is signed, amended or terminated, the parties must register the details with the real estate administration authority at the city or county in which the building is situated.

Mortgages of Real Estate

Under the PRC Urban Real Estate Administration Law 《中華人民和國城市房地產管理法》 promulgated by the Standing Committee of the National People's Congress in July 1994, the PRC Security Law 《中華人民共和國擔保法》 promulgated by the National People's Congress in June 1995, and the Measures for Administration of Mortgages of Urban Real Estate 《城市房地產抵押管理辦法》 promulgated by the Ministry of Construction in May 1997, as amended in August 2001, when mortgage is created on the ownership of a building legally obtained, such mortgage must be simultaneously created on the land use rights of the land on which the building is situated. The mortgagor and the mortgagee must sign a mortgage contract in writing. China has adopted a system to register mortgages of real estate. After a real estate mortgage contract has been signed, the parties to the mortgage must register the mortgage with the real estate administration authority at the location where the real estate is situated. A real estate mortgage contract will become effective on the date of registration of the mortgage. If a mortgage is created on the real estate in respect of which a property ownership certificate has been obtained legally, the registration authority will, when registering the mortgage, make an entry under "third party rights" on the original property ownership certificate and then issue a certificate of third party rights to the mortgagee. If a mortgage is created on the commodity building put to pre-sale or on works in progress, the registration authority will, when registering the mortgage, record the details on the mortgage contract. If construction of a real property is completed during the term of a mortgage, the parties involved will re-register the mortgage of the real property after issue of the certificates evidencing the rights and ownership to the real estate.

The PRC Property Rights Law promulgated in March 2007 that became effective in October 2007 further widens the scope of assets that can be mortgaged, allowing for any asset associated with property rights to be mortgaged as collateral unless a specific prohibition under another law or regulation applies.

According to the PBOC Notice on Regulating Home Financing Business 《關於規範住房金融業務的通知》promulgated in June 2001, all banks must comply with the following requirements before granting residential development loans, individual home mortgage loans and individual commercial property mortgage loans:

- Property development loans from banks may only be granted to real estate developers with development qualification and credit ratings in the higher categories. Such loans may be offered to residential projects with good market potential. While the borrowing enterprise's internal capital may not be less than 30% of the total investment required for the project, the project must have obtained the land use rights certificate, construction land planning permit, construction works planning permit and construction permit.

- In respect of the grant of individual home mortgage loans, the ratio between the loan amount and actual value of the collateral may never exceed 80%. Where an individual applies for a home purchase loan to buy a pre-sale property, the property must have achieved the stage of "topping-out of the main structure completed" for multi-storey buildings and "two-thirds of the total investment completed" for high-rise apartment buildings.

- In respect of the grant of individual commercial use building mortgage loans, the mortgage ratio for commercial use building mortgage loans may not exceed 60% with a maximum loan period of 10 years and the subject commercial use building already completed.

The down-payment requirement was subsequently increased to 30% of the property price for residential units with a unit floor area of 90 square meters or more in May 2006. You may refer to "— Measures on Stabilizing Housing Price" below. The initial capital outlay requirement was subsequently increased to 35% by China Banking Regulatory Commission (中國銀行業監督管理委員會), or CBRC, in August 2004 pursuant to its Guidance on Risk Management of Property Loans Granted by Commercial Banks 《商業銀行房地產貸款風險管理指引》.

In a Circular on Facilitating the Continuously Healthy Development of Property Market 《關於促進房地產市場持續健康發展的通知》issued by the State Council in August 2003, a series of measures were adopted by the government to control the property market. They included, among others, strengthening the construction and management of low-cost affordable houses, increasing the supply of ordinary commodity houses and controlling the construction of high-end commodity houses. Besides, the government also staged a series of measures on the lending for residential development, including, among others, improving the loan evaluation and lending process, improving the guarantee mechanism of individual home loans and strengthening the monitoring over property loans. It is expected that the circular will have a positive effect on the development of the PRC property market in the long run by facilitating a continuously healthy growth of the property market in China.

In September 2007, PBOC and CBRC promulgated a Circular on Strengthening the Management of Commercial Real-estate Credit Loans 《關於加強商業性房地產信貸管理的通知》, with a supplement issued in December 2007. The circular aims to tighten the control over real-estate loans from commercial banks to prevent granting excessive credit. The measures include:

- for a first-time home owner, increasing the minimum amount of down payment to 30% of the purchase price of the underlying property if the underlying property has a unit floor area of 90 square meters or more and the purchaser is buying the property as its own residence;

- for a second-time home buyer, increasing (i) the minimum amount of down payment to 40% of the purchase price of the underlying property and (ii) the minimum mortgage loan interest rate to 110% of the relevant PBOC benchmark one-year bank lending interest rate. If a member of a family (including the buyer, his/her spouse and their children under 18) has financed the purchase of a residential unit, any member of the family that buys another residential unit with bank loans will be regarded as a second-time home buyer;

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

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

- prohibiting commercial banks from providing loans to real-estate developers who have been found by relevant government authorities to be hoarding land and properties.

In addition, commercial banks are also banned from providing loans to the projects that have less than 35% of capital funds (proprietary interests), or fail to obtain land use right certificates, construction land planning permits, construction works planning permits or construction permits. Commercial banks are also prohibited from accepting commercial premises that have been vacant for more than three years as collateral for loans. In principle, real-estate development loans provided by commercial banks should only be used for the projects where the commercial banks are located. Commercial banks may not provide loans to property developers to finance the payment of land premium.

According to the Notice on Extending the Downward Range of the Interest Rate for Commercial Personal Home Loans and Supporting the Residents in First-time Purchase of Ordinary Residential Homes《擴大商業性個人住房貸款利率下浮幅度支持居民首次購買普通住房的通知》issued by PBOC on October 22, 2008, the minimum amount of down payment has been adjusted to 20% since October 27, 2008.

Real Estate Management

Under the Measures for the Administration of Qualifications of Property Service Enterprises 《物業管理企業資質管理辦法》promulgated by the Ministry of Construction in March 2004, as amended in November 2007, a property service enterprise must apply for assessment of its qualification by the relevant qualification approval authority. An enterprise which passes such a qualification assessment will be issued a qualification certificate. No enterprise may engage in property management without undertaking a qualification assessment conducted by the relevant authority and obtaining a qualification certificate.

Insurance

There is no mandatory provision under the PRC laws, regulations and government rules which require a property developer to take out insurance policies for its real estate developments. According to the common practice of the property industry in China, construction companies are usually required to submit insurance proposals in the course of tendering and bidding for construction projects. Construction companies must pay for the insurance premium at their own costs and take out insurance to cover their liabilities, such as third party's liability risk, employer's liability risk, risk of non-performance of contract in the course of construction and other kinds of risks associated with the construction and installation works throughout the construction period. The insurance coverage for all these risks will cease immediately after the completion and acceptance upon inspection of construction.

Measures on Stabilizing Housing Price

The General Office of the State Council promulgated a Circular on Stabilizing Housing Price 《關於切實穩定住房價格的通知》in March 2005, introducing measures to be taken to restrain the housing price from increasing too fast and to promote a stable development of the real estate market. In April 2005, the Ministry of Construction, NDRC, the Ministry of Finance, the Ministry of Land and Resources, PBOC, the State Administration of Taxation and CBRC jointly issued an Opinions on Stabilizing Housing Prices 《關於做好穩定住房價格工作的意見》containing the following guidance:

- Where the housing price is growing too fast, while the supply of ordinary commodity houses at medium or low prices and low-cost affordable houses is insufficient, the housing construction should mainly involve projects of ordinary commodity houses at medium or low prices and low-cost affordable houses. The construction of low-density, high-end houses should be strictly controlled. The relevant local government authorities are authorized to impose conditions on planning and design such as the building height, plot ratio and green space and to impose such requirements as the selling price, type and gross floor area as preconditions on land assignment. The local governments are also required to strengthen their supervision of real estate developments in their jurisdictions.

- Where the price of land for residential use and the price for residential housing are growing too fast, the proportion of land supply for residential use to the total land supply should be appropriately raised, and the land supply for the construction of ordinary commodity houses at medium or low prices and low-cost affordable houses should be especially increased. Land supply for villa construction should continue to be suspended, and land supply for high-end housing property construction should be strictly restricted.

- Idle land fee must be imposed on land that has not been developed for one year from the contractual construction commencement date. Land use rights of land that has not been developed for two years must be forfeited without compensation.

- Commencing from June 1, 2005, a business tax upon transfer of a residential house by an individual within two years from his/her purchase will be levied on the entire sales proceeds from such sale. For an individual to transfer an ordinary residential house after two years from his/her purchase, the business tax will be exempted. For an individual to transfer a property other than an ordinary residential house after two years from his/her purchase, the business tax will be levied on the difference between the price of such sale and the original purchase price.

- Ordinary residential houses with medium or small gross floor areas and at medium or low prices may be granted preferential treatment such as planning permits, land supply, credit and taxation. Houses enjoying these preferential policies must satisfy the following conditions in principle: the plot ratio is above 1.0, the gross floor area of one single unit is less than 120 square meters, and the actual transfer price is lower than 120% of the average transfer price of comparable houses at comparable locations. The local governments at the provincial level may, based on their actual local circumstances, formulate specific standards for ordinary residential houses that may enjoy the preferential policies.

- Transfer of unfinished commodity properties by any pre-sale purchaser is forbidden. In addition, purchasers are required to buy properties in their real names. Any commodity property pre-sale contract must also be filed with the relevant government agencies electronically immediately after its execution.

The Notice on Adjustment of the Housing Loan Policy and Deposit Rate of Excess Reserve for Commercial Banks 《關於調整商業銀行住房信貸政策和超額準備金存款利率的通知》, promulgated by PBOC in March 2005, has made adjustment to individual housing loan policies of commercial banks as well as individual housing fund loan rate. Pursuant to this notice, the preferential mortgage loan interest rate was replaced by the commercial loan interest rate subject to certain restrictions on the lower limit on such interest rates. In the urban areas or cities with rapidly increased real estate prices, minimum down payment ratio for individual housing loans was adjusted from 20% to 30%. In May 2006, the Ministry of Construction, NDRC, PBOC and other relevant PRC government authorities jointly issued their Opinions on Housing Supply Structure and Stabilization of Property Prices 《關於調整住房供應結構穩定住房價格意見的通知》. Such opinions reiterated the existing measures and ushered additional measures that aim to further curb rapid increases in property prices in large cities and to promote healthy development of the PRC property market. These measures include:

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

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

- increasing the minimum amount of down-payment from 20% to 30% of the purchase price of the underlying property if the underlying property has a unit floor area of 90 square meters or more, effective from June 1, 2006;

- prohibiting commercial banks from lending to real estate developers with an internal capital ratio, calculated by dividing the internal funds by the total project capital required for the relevant projects, of less than 35%, restricting the grant or extension of revolving credit facilities to property developers holding a large amount of idle land and vacant commodity properties, and prohibiting commercial banks from accepting commodity properties which have been vacant for more than three years as security for their loans; and

- imposing a business tax levy on the entire sales proceeds from transfer of properties if the holding period is shorter than five years, effective from June 1, 2006, as opposed to two years when such levy was initially implemented in June 2005, and allowing such business tax to be levied on the difference between the price for such re-sale and the original purchase price in the event that an individual transfers a property other than an ordinary residential property after five years from his/her date of purchase.

In May 2006, the Ministry of Land and Resources published an Urgent Notice to Tighten Up Land Administration《當前進一步從嚴土地管理的緊急通知》. In this notice, the Ministry of Land and Resources stressed that local governments must adhere to their annual overall land use planning and land supply plans and tighten up the control on land supply for non-agricultural use. The notice requires local governments to suspend the supply of land for new villa projects to ensure adequate supply of land for more affordable housing. In this notice, the Ministry of Land and Resources also required the local governments to conduct thorough investigations of illegal land use and submit a report on such investigations to the Ministry by the end of October 2006.

In July 2006, the Ministry of Construction, NDRC, the Ministry of Commerce, PBOC, the State Administration for Industry and Commerce, and SAFE jointly issued an Opinion on Regulating the Access and Management of Foreign Capital in the Real Estate Market《關於規範房地產市場外資准入和管理的通知》(the "171 Opinion"). The 171 Opinion aims to tighten access by foreign capital to the PRC real estate market and to restrict property purchases in China by foreign institutions or individuals. It provides, among others, that a foreign institution or individual must establish a foreign-invested enterprise in order to purchase real property in China if the property is not intended for self use. The registered capital of such foreign-invested enterprise must amount to at least 50% of its total investments in PRC real properties if the amounts of such investments exceed US$10 million. Branches and representative offices of foreign institutions in China and foreign individuals who work or study in China for more than one year may purchase real property for their own use but not for any other purposes. In addition, foreign institutions which have no branches or representative offices in China or foreign individuals who work or study in China for less than a year are prohibited from purchasing any real property in China. In September 2006, SAFE and the Ministry of Construction jointly issued a Notice in Respect of Foreign Exchange Issues in the Real Estate Market《關於規範房地產市場外匯管理有關問題的通知》(the "47 Notice") to implement the 171 Opinion. The 47 Notice provides specific procedures for purchasing real properties by foreign institutions and foreign individuals. The 47 Notice also forbids a foreign invested real estate enterprise to apply for overseas loans if it has failed to pay its registered capital in full or failed to obtain the land use rights certificates, or its own capital funds do not reach 35% of the total investment for the project.

In July 2006, the Ministry of Construction, NDRC and the State Administration of Industry and Commerce jointly issued a Notice on Reorganizing and Regulating Orderly Real Estate Transactions《關於進一步整頓規範房地產交易秩序的通知》with the following requirements:

- The developer is required to commence the pre-sale of the commodity properties within 10 days after receiving pre-sale permits. Without pre-sale permits, the pre-sale of commodity properties as well as subscription (including reservation, registration and number-selecting) and acceptance of any kind of pre-sale payments are forbidden.

- The real estate administration authority is required to establish an immediate network system for pre-sales contracts of commodity properties and a system for the publication of real estate transaction information. The transaction information, including the basic information of the commodity building, the schedule of the sale and the rights status, should be duly, truly and fully published in the network system and on the locale of sale. Transfer of a commodity building which is pre-sold and still under construction is prohibited.

- Without the pre-sale permit, no advertisement of the pre-sale of commodity properties may be published.

- Real estate development enterprises with a record of serious irregularity or enterprises which do not satisfy the requirements of pre-sale of commodity properties are not allowed to take part in the sales activities.

- The real estate administration authority is required to strictly carry out the pre-sale contract registration and require purchasers to use their real names for property purchases.

In July 2006, CBRC promulgated a Notice on Further Strengthening the Administration of Real Estate Credit 《關於進一步加強房地產信貸管理的通知》. The notice (i) prohibits providing loans to disqualified real estate developers including those whose own capital is less than 35% of the total capital required for the projects (not including affordable housing projects), or who have not obtained the relevant land use right certificates, construction land planning permits, construction work planning permits or construction work commencement permits; and (ii) prevents real estate developers from obtaining loans by project split-up or rolling-ahead development strategies.

In September 2007, the Ministry of Land and Resources issued the Notice on Implementation of the State Council's Certain Opinions on Resolving Difficulties and Further Strengthening Macro-control of Land Supply 《關於認真貫徹國務院〈關於解決城市低收入家庭住房困難的若干意見〉進一步加強土地供應調控的通知》, pursuant to which, at least 70% of the land supply arranged by the relevant land administration authority at city or county level for residential property development for any given year must be used for developing low- to medium-cost and small-to medium-size units, low-cost rental properties and affordable housing.

In November 2007, the PRC government revised its Catalog of Guidance on Industries for Foreign Investment by, among other things, removing the development of ordinary residences from the foreign-investment-encouraged category and adding the secondary market residential property trading and brokering into the foreign-investment-restricted category.

In July 2008, PBOC and CBRC jointly issued the Notice on Financially Promoting the Saving and Intensification of Use of Land《關於金融促進節約集約用地的通知》, requiring that relevant financial institutions to strengthen the administration of construction land project loans, including the administration of commercial real estate credit loan.

In October 2008, PBOC issued the Notice on Extending the Downward Range of the Interest Rate for Commercial Personal Home Loans and Supporting the Residents in First-time Purchase of Ordinary Residential Homes《擴大商業性個人住房貸款利率下浮幅度支持居民首次購買普通住房的通知》, pursuant to which, since October 27, 2008, the bottom limit of the interest rate applicable to the commercial personal home loans has been extended, the minimum amount of down payment has been adjusted to 20% and the interest rate applicable to personal home loans financed by provident fund has been also reduced.

In October 2008, the Ministry of Finance and the State Administration of Taxation issued the Notice on the Adjustments to Taxation on Real Property Transactions《關於調整房地產交易環節稅收政策的通知》, pursuant to which, since November 1, 2008, the rate of deed tax has been reduced to 1% for a first-time home buyer of an ordinary residence with a unit floor area less than 90 square meters, individuals who sell or purchase residential properties are temporarily exempted from stamp duty and who sell residential properties are temporarily exempted from land value-added tax.

In December 2008, the General Office of the State Council issued the Several Opinions on Facilitating the Healthy Development of the Real Estate Market《關於促進房地產市場健康發展的若干意見》, which aims to, among other things, encourage the consumption of the ordinary residence and support the real estate developer to handle the market change. Pursuant to this opinion, in order to encourage the consumption of the ordinary residence, from January 1, 2009 to December 31, 2009, business tax is imposed on the full amount of the sale income upon the transfer a non-ordinary residence by an individual within two years from the purchase date. For the transfer of non-ordinary residence which is more than two years from the purchase date and ordinary residence which is within two years from the purchase date, the business tax is to be levied on the difference between the sale income and the purchase price. In the case of an ordinary residence, the business tax is exempted if that transfer occurs after two years from the purchase date. Furthermore, individuals with an existing ordinary residence that is smaller than the average size for their locality may buy a second ordinary residence under favorable loan terms similar to first-time buyers. In addition, support for real estate developers to deal with the changing market is to be provided by increasing credit financing services to "low-to-medium-level price" or "small-to-medium-sized" ordinary commercial housing projects, particularly those under construction, and providing financial support and other related services to real estate developers with good credit standing for merger and acquisition activities.

In December 2008, the Ministry of Finance and the State Administration of Taxation issued the Notice on the Policy of Business Tax on Re-sale of Personal Residential Properties 《關於個人住房轉讓營業稅政策的通知》, which reiterates the measures set forth in the above Several Opinions on Facilitating the Healthy Development of the Real Estate Market regarding the business tax.

In December 2009, the State Council terminated the policy on preferential treatment relating to business taxes payable upon transfers of residential properties by property owners as previously adopted in December 2008 by the PRC government in response to the global economic slowdown, and the Ministry of Finance and the State Administration of Taxation jointly issued the Notice on Adjusting the Policy of Business Tax on Re-sale of Personal Residential Properties 《關於調整個人住房轉讓營業稅政策的通知》 to curtail speculations in the property market in response to the property price rises across the country. Pursuant to the Notice, effective from January 1, 2010, business tax will be imposed on the full amount of the sale income upon the transfer of non-ordinary residence by an individual within five years, instead of two years, from the purchase date. For the transfer of non-ordinary residence which is more than five years from the purchase date and ordinary residence which is within five years of the purchase date, the business tax is to be levied on the difference between the sale income and the purchase prices. In the case of an ordinary residence, the business tax is exempted if that transfer occurs after five years from the purchase date.

In January 2010, the General Office of the State Council issued a Circular on Facilitating the Stable and Healthy Development of Property Market 《關於促進房地產市場平穩健康發展的通知》, which adopted a series of measures to strengthen and improve the regulation of the property market, stabilize market expectation and facilitate the stable and healthy development of the property market. These include, among others, measures to increase the supply of affordable housing and ordinary commodity housing, provide reasonable guidance for the purchase of property, restrain speculation of properties, and strengthen risk prevention and market supervision. Additionally, it explicitly requires a family (including a borrower, his or her spouse and children under 18), who have already purchased a house by mortgage and have applied to purchase a second or more houses, to pay a minimum down payment of 40% of the purchase price.

Overseas Listing

In August 2006, MOFCOM, the State Assets Supervision and Administration Commission, the State Administration of Taxation, the State Administration of Industry and Commerce, the China Securities Regulatory Commission, and SAFE jointly adopted the Regulations on Mergers and Acquisitions of Domestic Enterprises by Foreign Investors《關於外國投資者併購境內企業的規定》, as amended on June 22, 2009, or the New M&A Rule, which became effective on September 8, 2006. This New M&A Rule requires, among other things, that offshore special purpose vehicles, formed for overseas listing purposes through acquisitions of PRC domestic companies controlled by PRC companies or individuals, obtain the approval of the China Securities Regulatory Commission prior to publicly listing their securities on an overseas stock exchange. In September 2006, China Securities Regulatory Commission published a notice on its official website specifying documents and materials required to be submitted to it by special purpose vehicles seeking China Securities Regulatory Commission approval of their overseas listings.

Environmental Protection

The laws and regulations governing the environmental protection requirements for real estate development in China include the PRC Environmental Protection Law《中華人民共和國環境保護法》, the PRC Prevention and Control of Noise Pollution Law《中華人民共和國環境噪聲污染防治法》, the PRC Environmental Impact Assessment Law 《中華人民共和國環境影響評價法》and the PRC

Administrative Regulations on Environmental Protection for Development Projects《中華人民共和國建設項目環境保護管理條例》. Pursuant to these laws and regulations, depending on the impact of the project on the environment, an environmental impact report, an environmental impact analysis table or an environmental impact registration form must be submitted by a developer before the relevant authorities grant approval for the commencement of construction of the property development. In addition, upon completion of the property development, the relevant environmental authorities will also inspect the property to ensure compliance with the applicable environmental protection standards and regulations before the property can be delivered to the purchasers.

Foreign Exchange Controls

Under the PRC Foreign Currency Administration Rules 《中華人民共和國外匯管理條例》 promulgated in 1996 and revised in 1997 and as amended in 2008 and various regulations issued by SAFE and other relevant PRC government authorities, Renminbi is convertible into other currencies for the purpose of current account items, such as trade related receipts and payments and the payment interest and dividend. The conversion of Renminbi into other currencies and remittance of the converted foreign currency outside China for the purpose of capital account items, such as direct equity investments, loans and repatriation of investment, requires the prior approval from SAFE or its local office. Payments for transactions that take place within China must be made in Renminbi. Unless otherwise approved, PRC companies may repatriate foreign currency payments received from abroad or retain the same abroad. Foreign-invested enterprises may retain foreign exchange in accounts with designated foreign exchange banks subject to a cap set by SAFE or its local office. Foreign exchange proceeds under the current accounts may be either retained or sold to a financial institution engaging in settlement and sale of foreign exchange pursuant to relevant rules and regulations of the State. For foreign exchange proceeds under the capital accounts, approval from SAFE is required for its retention or sale to a financial institution engaging in settlement and sale of foreign exchange, except where such approval is not required under the rules and regulations of the State.

In October 2005, SAFE issued a Notice on Issues Relating to the Administration of Foreign Exchange in Fund-raising and Reverse Investment Activities of Domestic Residents Conducted via Offshore Special Purpose Companies 《關於境內居民通過境外特殊目的公司境外融資及返程投資外匯管理有關問題的通知》. According to the notice, a special purpose company refers to an offshore company established or indirectly controlled by PRC residents for the special purpose of carrying out financing of their assets or equity interest in PRC domestic enterprises. Prior to establishing or assuming control of a special purpose company, each PRC resident, whether a natural or legal person, must complete the overseas investment foreign exchange registration procedures with the relevant local SAFE branch. The notice applies retroactively. These PRC residents must also amend the registration with the relevant SAFE branch in the following circumstances: (1) the PRC residents have completed the injection of equity investment or assets of a domestic company into the special purpose company; (2) the overseas funding of the special purpose company has been completed; (3) there is a material change in the capital of the special purpose company. Under the rules, failure to comply with the foreign exchange registration procedures may result in restrictions being imposed on the foreign exchange activities of the violator, including restrictions on the payment of dividends and other distributions to its offshore parent company, and may also subject the violators to penalties under the PRC foreign exchange administration regulations.

In August 29, 2008, SAFE issued the Circular on the Relevant Operating Issues Concerning the Improvement of the Administration of the Payment and Settlement of Foreign Currency Capital of Foreign-Invested Enterprises《關於完善外商投資企業外匯資本金支付結匯管理有關業務操作問題的通知》, or Circular No. 142. Pursuant to Circular No. 142, a foreign-invested enterprise's Renminbi fund received from the settlement of its foreign currency capital must be used within the business scope as approved by the government authority that approved the establishment of such foreign-invested enterprise, and such Renminbi fund cannot be used for domestic equity investment unless it is otherwise provided for.

Dividends from Our PRC Operations

Under the PRC tax laws effective prior to January 1, 2008, dividends paid by our PRC subsidiaries or joint ventures to us were exempt from PRC income tax. However, pursuant to the PRC Enterprise Income Tax Law and its implementation rules that became effective on January 1, 2008, dividends payable by foreign invested enterprises, such as subsidiaries and joint ventures in China, to their foreign investors are subject to a withholding tax at a rate of 10% unless any lower treaty rate is applicable.

Under the new tax law and its implementation rules, enterprises established under the laws of foreign jurisdictions but whose "de facto management body" is located in China are treated as "resident enterprises" for PRC tax purposes, and will be subject to PRC income tax on their worldwide income. For such PRC tax purposes, dividends from PRC subsidiaries to their foreign shareholders are excluded from such taxable worldwide income. Under the implementation rules of the new Enterprise Income Law, "de facto management bodies" is defined as the bodies that have material and overall management control over the business, personnel, accounts and properties of an enterprise. Because this tax law is new and its implementation rules are newly issued, there is uncertainty as to how this new law and its implementation rules will be interpreted or implemented by relevant tax bureaus.

Our Operations in Mainland China

Our subsidiaries and joint ventures through which we conduct our business operations in mainland China are subject to PRC tax laws and regulations.

Deed Tax. Under the PRC Interim Regulation on Deed Tax《中華人民共和國契稅暫行條例》, a deed tax is chargeable to transferees of land use rights and/or ownership in real properties within the territory of mainland China. These taxable transfers include:

- grant of use right of state-owned land;
- sale, gift and exchange of land use rights, other than transfer of right to manage rural collective land; and
- sale, gift and exchange of real properties.

Deed tax rate is between 3% to 5% subject to determination by local governments at the provincial level in light of the local conditions.

Corporate Income Tax. Prior to the new Enterprise Income Tax Law and its implementation rules that became effective on January 1, 2008, our PRC subsidiaries and joint ventures were generally subject to a 33% corporate income tax. Under the new income tax law, effective from January 1, 2008, a unified enterprise income tax rate is set at 25% for both domestic enterprises and foreign-invested enterprises, The new Enterprise Income Tax Law and its implementation rules provide certain relieves to enterprises that were established prior to March 16, 2007, including (1) continuously enjoying the preferential income tax rate during a five-year transition period if such enterprises are entitled to preferential income tax rate before the effectiveness of new Enterprises Income Tax Law; (2) continuously enjoying the preferential income tax rate until its expiry if such enterprises are entitled to tax holidays for a fixed period under the relevant laws and regulations. However, where the preferential tax treatment has not commenced due to losses or accumulated loss not being fully offset, such preferential tax treatment shall be deemed to commence from January 1, 2008 and expire on December 31, 2013. In addition, dividends from PRC subsidiaries to their foreign shareholders will be subject to a withholding tax at a rate of 10% unless any lower treaty rate is applicable. However, under the new tax law and its implementation rules, enterprises established under the laws of foreign jurisdictions but whose "de facto management body" is located in China are treated as "resident enterprises" for PRC tax purposes, and will be subject to PRC income tax on their worldwide income. Dividends from PRC subsidiaries to their foreign shareholders are excluded from such taxable worldwide income. Under the implementation rules of the new Enterprise Income Law, "de facto management bodies" is defined as the bodies that have material and overall management control over the business, personnel, accounts and properties of an enterprise. Because this tax law is new and its implementation rules are newly issued, there is uncertainty as to how this new law and its implementation rules will be interpreted or implemented by relevant tax bureaus.

Business Tax. Under the PRC Interim Regulation on Business Tax《中華人民共和國營業稅暫行條例》of 1994, as amended in 2008, services in mainland China are subject to business tax. Taxable services include sale of real property in mainland China. Business tax rate is between 3% to 20% depending on the type of services provided. Sale of real properties and other improvements on the land attract a business tax at the rate of 5% of the turnover of the selling enterprise payable to the relevant local tax authorities.

On June 16, 2006, the State Administration of Taxation and the Ministry of Finance jointly issued a Notice on Adjusting the Relevant Policies for Real Estate Business Taxes《關於加強住房營業稅徵收管理有關問題的通知》. According to the notice, from June 1, 2006, business tax will be imposed on the full amount of the sale income, upon the transfer of a residential house by an individual within five years from the purchase date. In the case of a residence other than an ordinary residence, business tax will be imposed on the difference between the sale income and the purchase price, provided that the transfer occurs after five years from the purchase date.

On December 29, 2008, the Ministry of Finance and the State Administration of Taxation issued a Notice on the Policy of Business Tax on Re-sale of Individual Residential Properties《關於個人住房轉讓營業稅政策的通知》, from January 1, 2009 to December 31, 2009, business tax will be imposed on the full amount of the sale income, upon the transfer a non-ordinary residence by an individual within two years from the purchase date; for the transfer of non-ordinary residence which is more than two years from the purchase date and ordinary residence which is within two years from the purchase date, the business tax is to be levied on the difference between the sale income and the purchase price; and in the case of a ordinary residence, the business tax is exempted if that transfer occurs after two years from the purchase date.

In December 2009, the State Council terminated the policy on preferential treatment relating to business taxes payable upon transfers of residential properties by property owners as previously adopted in December 2008 by the PRC government in response to the global economic slowdown, and the Ministry of Finance and the State Administration of Taxation jointly issued the Notice on Adjusting the Policy of Business Tax on Re-sale of Personal Residential Properties《關於調整個人住房轉讓營業稅政策的通知》to curtail speculations in the property market in response to the property price rises across the country. Pursuant to the Notice, effective from January 1, 2010, business tax will be imposed on the full amount of the sale income upon the transfer of non-ordinary residence by an individual within five years, instead of two years, from the purchase date. For the transfer of non-ordinary residence which is more than five years from the purchase date and ordinary residence which is within five years of the purchase date, the business tax is to be levied on the difference between the sale income and the purchase prices. In the case of an ordinary residence, the business tax is exempted if that transfer occurs after five years from the purchase date.

Land Appreciation Tax. Under the PRC Interim Regulation on Land Appreciation Tax《中華人民共和國土地增值稅暫行條例》of 1994 and its implementation rules of 1995, LAT applies to both domestic and foreign investors in real properties in mainland China, irrespective of whether they are corporate entities or individuals. The tax is payable by a taxpayer on the appreciation value derived from the transfer of land use rights, buildings or other facilities on such land, after deducting the "deductible items" that include the following:

- payments made to acquire land use rights;
- costs and charges incurred in connection with the land development;

- construction costs and charges in the case of newly constructed buildings and facilities;

- assessed value in the case of old buildings and facilities;

- taxes paid or payable in connection with the transfer of the land use rights, buildings or other facilities on such land; and

- other items allowed by the Ministry of Finance.

The tax rate is progressive and ranges from 30% to 60% of the appreciation value as compared to the "deductible items" as follows:

Appreciation value	LAT rate
Portion not exceeding 50% of deductible items	30%
Portion over 50% but not more than 100% of deductible items	40%
Portion over 100% but not more than 200% of deductible items.	50%
Portion over 200% of deductible items	60%

Exemption from LAT is available to the following cases:

- Taxpayers constructing ordinary residential properties for sale (i.e. the residences built in accordance with the local standard for residential properties used by the general population, excluding deluxe apartments, villas, resorts and other high-end premises), where the appreciation amount does not exceed 20% of the sum of deductible items;

- Real estate taken over and repossessed according to laws due to the construction requirements of the state; and

- Due to redeployment of work or improvement of living standard, transfers by individuals of originally self-used residential properties, with five years or longer of self-used residence and with tax authorities' approval.

According to a notice issued by the Ministry of Finance in January 1995, the LAT regulation does not apply to the following transfers of land use rights:

- real estate transfer contracts executed before January 1, 1994; and

- first time transfers of land use rights and/or premises and buildings during the five years commencing on January 1, 1994 if the land grant contracts were executed or the development projects were approved before January 1, 1994 and the capital has been injected for the development in compliance with the relevant regulations.

After the enactment of the LAT regulations and the implementation rules in 1994 and 1995, respectively, due to the long period of time typically required for real estate developments and their transfers, many jurisdictions, while implementing these regulations and rules, did not require real estate development enterprises to declare and pay the LAT as they did other taxes. Therefore, in order to assist the local tax authorities in the collection of LAT, the Ministry of Finance, State Administration of Taxation, Ministry of Construction and State Land Administration Bureau separately and jointly issued several notices to reiterate that, after the assignments are signed, the taxpayers should declare the tax to the local tax authorities where the real estate is located, and pay the LAT in accordance with the amount as calculated by the tax authority and within the time period as required. For those who fail to acquire proof as regards the tax paid or the tax exemption from the tax authorities, the real estate administration authority will not process the relevant title change procedures, and will not issue the property ownership certificates.

The State Administration of Taxation issued a further notice in July 2002 to require local tax authorities to require prepayment of LAT on basis of proceeds from pre-sale of real estate.

In December 2006, the State Administration of Taxation issued a Notice on the Administration of the Settlement of Land Appreciation Tax of Property Development Enterprises《關於房地產開發企業土地增值稅清算管理有關問題通知》, which came into effect on February 1, 2007. The notice required settlement of LAT liabilities by real estate developers. Provincial tax authorities are given authority to formulate their implementation rules according to the notice and their local situation.

To further strengthen LAT collection, in May 2009, the State Administration of Taxation released the Rules on the Administration of the Settlement of Land Appreciation Tax《土地增值稅清算管理規程》, which come into force in June 1, 2009.

Urban Land Use Tax. Pursuant to the PRC Interim Regulations on Land Use Tax in respect of Urban Land《中華人民共和國城鎮土地使用稅暫行條例》promulgated by the State Council in September 1988, the land use tax in respect of urban land is levied according to the area of relevant land. The annual tax on urban land was between RMB 0.2 and RMB 10 per square meter. An amendment by the State Council in December 2006 changed the annual tax rate to between RMB 0.6 and RMB 30 per square meter of urban land.

Buildings Tax. Under the PRC Interim Regulations on Buildings Tax《中華人民共和國房產稅暫行條例》promulgated by the State Council in September 1986, buildings tax applicable to domestic enterprises is 1.2% if it is calculated on the basis of the residual value of a building and 12% if it is calculated on the basis of the rental.

And according to the Notice on Issues Relating to Assessment of Buildings Tax against Foreign-invested Enterprises and Foreign Individuals《關於對外資企業及外籍個人徵收房產稅有關問題的通知》, the foreign-invested enterprises, foreign enterprises and foreign individuals are to be levied the same as domestic enterprise.

Stamp Duty. Under the PRC Interim Regulations on Stamp Duty《中華人民共和國印花稅暫行條例》promulgated by the State Council in August 1988, for property transfer instruments, including those in respect of property ownership transfers, the duty rate is 0.05% of the amount stated therein; for permits and certificates relating to rights, including property ownership certificates and land use rights certificates, stamp duty is levied on an item-by-item basis of RMB 5 per item.

Municipal Maintenance Tax. Under the PRC Interim Regulations on Municipal Maintenance Tax《中華人民共和國城市維護建設稅暫行條例》promulgated by the State Council in 1985, taxpayer, whether an individual or otherwise, of product tax, value-added tax or business tax are required to pay municipal maintenance tax calculated on the basis of product tax, value-added tax and business tax. The tax rate is 7% for a taxpayer whose domicile is in an urban area, 5% for a taxpayer whose domicile is in a county or a town, and 1% for a taxpayer whose domicile is not in any urban area or county or town. Under the Circular Concerning Temporary Exemption from Municipal Maintenance Tax and Education Surcharge For Enterprises with Foreign Investment and Foreign Enterprises issued by the State Administration of Taxation in February 1994, the municipal maintenance tax is not applicable to foreign invested enterprises for the time being, until further explicit stipulations are issued by the State Council.

Education Surcharge. Under the Interim Provisions on Imposition of Education Surcharge《徵收教育費附加的暫行稅條例》promulgated by the State Council in April 1986 and amended in 1990 and in August 2005, any taxpayer, whether an individual or otherwise, of value-added tax, business tax or consumption tax is liable for an education surcharge, unless such taxpayer is required to pay a rural area education surcharge as provided by the Notice of the State Council on Raising Funds for Schools in Rural Areas. The Education Surcharge rate is 3% calculated on the basis of consumption tax, value-added tax and business tax. Under the Circular Concerning Temporary Exemption from Municipal Maintenance Tax and Education Surcharge For Enterprises with Foreign Investment and Foreign

Enterprises issued by the State Administration of Taxation in February 1994 and the Supplementary Circular Concerning Imposition of Education Surcharge issued by the State Council in October 1994, the education surcharge is not applicable to foreign invested enterprises the time being.

Cayman Islands Taxation

The Company has been incorporated under the laws of the Cayman Islands as an exempted company with limited liability and, as such, has obtained an undertaking from the Governor in Cabinet of the Cayman Islands as to tax concessions under the Tax Concessions Law (1999 Revision). In accordance with the provision of section 6 of The Tax Concessions Law (1999 Revision), the Governor in Cabinet undertakes with Evergrande Real Estate Group Limited:

- That no law which is hereafter enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciations shall apply to the Company or its operations; and

- In addition, that no tax to be levied on profits, income, gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable, on or in respect of the shares, debentures or other obligations of the Company, or by way of the withholding, in whole or part, of any relevant payment as defined in Section 6(3) of the Tax Concessions Law (1999 Revision).

- These concessions shall be for a period of 20 years from July 4, 2006.

MANAGEMENT

The following table sets forth certain information with respect to our directors and senior management as of December 31, 2009.

Name	Age	Title
Hui Ka Yan	51	Chairman of the board and executive director
Xia Haijun	45	Vice chairman, executive director and chief executive officer
Li Gang	45	Vice chairman, executive director and executive vice president
Tse Wai Wah	43	Executive director and chief financial officer
Xu Xiangwu	45	Executive director
Xu Wen	46	Executive director
Lai Lixin	37	Executive director
He Miaoling	44	Executive director
Yu Kam Kee, Lawrence	64	Independent non-executive director
Chau Shing Yim, David	46	Independent non-executive director
He Qi	54	Independent non-executive director
Fong Kar Chun, Jimmy	34	Company secretary and vice president
Sun Yunchi	36	Vice president
Li Guodong	46	Vice president
Shi Shouming	35	Vice president
Wei Keliang	52	Vice president
Peng Jianjun	39	Vice president
Lin Manjun	39	Vice president
Xu Jianhua	47	Assistant president

Directors

Our board of directors consists of 11 directors, three of whom are independent non-executive directors. The powers and duties of our board include:

- convening shareholders' meetings and reporting the board's work at the shareholders' meetings;
- implementing the resolutions passed at the shareholders' meetings;
- determining our business plans and investment plans;
- formulating our annual budget and final accounts;
- formulating our proposals for profit distributions and for the increase or reduction of our share capital; and
- exercising other powers, functions and duties as conferred by our memorandum and articles of association.

We have entered into service contracts with each of our executive directors and independent non-executive directors.

We operate our business in a centralized manner. Our corporate headquarters maintain overall control in management and operations of all our subsidiaries. The directors of our various project companies are appointed by our corporate headquarters primarily on the basis of their business expertise, management skills and local knowledge and for the purpose of complying with the various local PRC administrative requirements. These project company directors have limited powers and are required to report to and seek approvals from our headquarters on matters of significance. Our centralized corporate structure frees our senior executives up from the day-to-day administrative functions of our subsidiaries and allow them to focus on our overall business development and operations.

A description of the business experience and present employment of each of our directors is provided below.

Executive directors

Hui Ka Yan (許家印), age 51, has served as chairman of our group since 1996. Dr. Hui was elected an executive director of our company on June 26, 2006. Dr. Hui is responsible for formulating the overall development strategies of our group. Dr. Hui is also the sole director of our Original Shareholder. Dr. Hui has over 26 years of experience in real estate investment, property development and corporate management. Prior to founding our company, he held management positions with a number of entities including Wuyang Iron and Steel Co., Ltd. and Guangzhou Pengda Group Company Limited. Currently Dr. Hui is a member of the 11th National Committee of the Chinese People's Political Consultative Conference. In addition, Dr. Hui also serves as a vice-chairman of the China Enterprise Confederation, China Enterprise Directors Association and China Real Estate Association. He was accredited as a "National Model Worker" (one of the highest civilian honors in China) by the State Council. He graduated from Wuhan University of Science and Technology with a bachelor's degree in metallurgy in 1982, and was awarded an honorary doctorate degree in commerce by the University of West Alabama in 2008. Dr. Hui has also been an adjunct professor in Wuhan University of Science and Technology since 2003. Dr. Hui was a director of Lujing Real Estate Limited, which was formerly known as Hengda Real Estate Corporation Limited (恒大地產股份有限公司), a company listed on the Shenzhen Stock Exchange, from November 2002 to November 2005 and has not otherwise been a director of any listed companies other than our company in the three years immediately preceding the date of this document.

Xia Haijun (夏海鈞), age 45, our vice chairman of the board, chief executive officer and executive director. Dr. Xia has 16 years of experience in property development and property management, and is accredited as a senior economist in China. Dr. Xia is mainly in charge of the daily management of our nationwide business operations including business expansion, procurement, marketing and corporate brand promotion, management information system and hotel management. Dr. Xia joined us in June 2007 as our chief executive officer and was elected an executive director on March 6, 2008. Dr. Xia worked for subsidiaries of CITIC Group between 1990 and 2003 and was an executive vice general manager of CITIC South China (Group) Co., Ltd. between 2000 and 2003. Dr. Xia graduated from Jinan University with a master's degree in business administration in 1998 and a doctor's degree in industrial economy in 2001. Dr. Xia has not been a director of any listed companies other than our company in the three years immediately preceding the date of this document.

Li Gang (李鋼), age 45, our vice chairman of the board, executive vice president and executive director. Mr. Li is primarily responsible for our fund and budget management as well as the operation and management of our property projects. Mr. Li has more than 15 years of experience in property development, operation and management. He joined us in April 2003 and was elected an executive director on March 6, 2008. Mr. Li was previously the vice chairman and general manager of Guangzhou Pengda Group Company Limited from May 1999 to February 2003, during which time, he was also the vice president of Shenzhen Zhongda Group Co. Ltd. and chairman of Shanghai Wanbang Enterprises Group Corporation from 1999 to 2003. Mr. Li was a director of Lujing Real Estate Limited, which was formerly known as Hengda Real Estate Corporation Limited (恒大地產股份有限公司), a company listed on the Shenzhen Stock Exchange, from May 2003 to January 2007 and has not otherwise been a director of any listed companies other than our company in the three years immediately preceding the date of this document.

Tse Wai Wah (謝惠華), age 43, our executive director and chief financial officer. Mr. Tse joined us in December 2008 and was elected an executive director on October 14, 2009. Mr. Tse is primarily responsible for financial management and overseeing the investors relationship department. Mr. Tse has over 16 years of experience in auditing, accounting and finance. Prior to joining us, he worked in Deloitte Touche Tohmatsu, Certified Public Accountants, for more than 12 years and was the chief financial officer of China Aoyuan Property Group Limited, a public company listed on the Main Board of the Hong Kong Stock Exchange. He graduated from the University of North Carolina at Charlotte with a Master of Business Administration degree. He is a member of the Hong Kong Institute of Certified Public Accountants and the American Institute of Certified Public Accountants.

Xu Xiangwu (徐湘武), age 45, our executive director and vice president. Mr. Xu is also the general manager of our management center. Mr. Xu was elected an executive director on October 14, 2009. Mr. Xu was graduated from East China Jiaotong University with major in civil engineering in 1985 and obtained master degree in structural engineering from the Central South University in 1989. He is solely responsible for our engineering construction system. Before joining us in 1997, Mr. Xu was working at Lanzhou Railway Bureau from 1988 to 1994 and Guangzhou Waqiao Construction and Design Company (廣州市華僑建築設計所) from 1994 to 1995. He was also the supervisor of the general engineer's office in Guangzhou Pengda Group Company Limited from 1996 to 1997, gaining over 23 years of experience in project management, construction, research and development and design. Mr Xu has not been a director of any listed company other than our company in the three years immediately preceding the date of this document.

Xu Wen (徐文), age 46, our executive director and vice president. Mr. Xu was elected an executive director on October 14, 2009. Mr. Xu has over 16 years of experience in project management, construction research and design, and is the chairman of the board of directors of Guangzhou Evergrande Materials and Equipment Company Limited. Prior to that, he was an executive assistant to our chairman. Before joining us in April 1999, Mr. Xu was an assistant engineer and then engineer in Design Studio of Number 4 Construction Bureau at the Ministry of Railway (鐵道部第四工程局設計事務所) from 1985 to 1994. He graduated from Changsha Railway University with a bachelor's degree in civil construction in 1985, and is a registered structural engineer and a qualified supervising engineer in China. Mr. Xu has not been a director of any listed companies other than our company in the three years immediately preceding the date of this document.

Lai Lixin (賴立新), age 37, our executive director and vice president. Mr. Lai was elected an executive director on December 17, 2008. Mr. Lai has more than 14 years of experience in the operation and management of real estate projects. Mr. Lai is currently responsible for our capital operations, investment strategies and management of development plans. He worked as the general manager of our planning department and our assistant president, responsible for the planning and sales management of our projects. Prior to joining us in October 2000, Mr. Lai worked at Guangzhou Pengda Group Company Ltd. from 1995 to 2000. He graduated with a bachelor's degree in machinery manufacturing and engineering from Nanchang University in 1993 and received a master's degree in project management from Wuhan University of Science and Engineering in 2009.

He Miaoling (何妙玲), age 44, our executive director and vice president. Ms. He was elected an executive director on October 14, 2009. Ms. He has more than 11 years of experience in marketing and brand promotion in the property industry. Ms. He is currently responsible for our marketing and brand promotion. She acted as our sales manager, the general manager of our sales department and an assistant president. She joined us in August 1997 and had previously worked for Guangdong Petrochemical Construction Group Corporation. She graduated from South China University of Technology with bachelor's degree in applied mathematics in 1989.

Independent non-executive directors

Yu Kam Kee, Lawrence (余錦基), *B.B.S., M.B.E., J.P.*, age 64, our independent non-executive director. Mr. Yu was elected an independent non-executive director on October 14, 2009. Mr. Yu underwent training at Bayer AG and Cassella AG in Germany and has accumulated many years of extensive experience in the chemical industry. He is the Honorary Life President of the Hong Kong Dyestuffs Merchants Association Limited. He also serves on many charitable and social organizations. He is now the Co-Chairman of the Campaign Committee of The Community Chest of Hong Kong, Governor of the Hong Kong Automobile Association, Director of the Hong Kong Football Association Limited and Chairman of the Campaign Committee of the Road Safety Council. He is a senior advisor of China Renji Medical Group Ltd. and an independent non-executive director of Great China Holdings Limited, Global Flex Holdings Limited and the Hong Kong Building and Loan Agency Limited, shares of all these companies are listed on the Hong Kong Stock Exchange. Mr. Yu was the chairman and executive director of China Renji Medical Group Limited, Wing On Travel (Holdings) Limited and See Corporation Limited (shares of all these companies are listed on the Hong Kong Stock Exchange) until April 18, 2007, December 1, 2007 and October 1, 2009, respectively, when his resignations as the chairman and executive director from the three companies took effect. Mr. Yu was also the chairman and non-executive director of Trasy Gold Ex Limited, shares of which are listed on the Hong Kong Stock Exchange, until October 1, 2009 when his resignation took effect.

Chau Shing Yim, David (周承炎), age 46, our independent non-executive director. Mr. Chau was elected an independent non-executive director on October 14, 2009. Mr. Chau has over 20 years' experience in corporate finance, working on projects ranging from initial public offerings and restructuring of PRC enterprises for cross-border and domestic takeovers. He was formerly a partner of Deloitte Touche Tohmatsu in Hong Kong, heading the merger and acquisition and corporate advisory services. He is a member of the Hong Kong Securities Institute, the Institute of Chartered Accountants of England and Wales, or ICAEW with the Corporate Finance Qualification granted by ICAEW, and the Hong Kong Institute of Certified Public Accountants, or HKICPA. Mr. Chau was an ex-committee member of the Disciplinary Panel of HKICPA. He is an executive director of Tidetime Sun Holdings Limited and an independent non-executive director of Lee & Man Paper Manufacturing Limited, Shandong Molong Petroleum Machinery Company Limited and Varitronix International Limited, shares of all these companies are listed on the Hong Kong Stock Exchange.

He Qi (何琦), age 54, our independent non-executive director. Mr. He was elected an independent non-executive director on October 14, 2009. Mr. He is the Deputy Secretary of China Real Estate Association, as well as the director of the training center and the intermediary professional committee of the China Real Estate Association. He worked in the State Infrastructure Commission of the State City Construction General Bureau from 1981 to 1994. He was an executive of the Development Center of the China Real Estate Association from 1995 to 1999, and a standing deputy city mayor of Ji'an City of Jiangxi Province from 1999 to 2001. He has been the Deputy Secretary of the China Real Estate Association from 2006 to now. Mr. He has not been a director of any listed companies other than our company in the three years immediately preceding the date of this document.

Audit committee

We have established an audit committee in compliance with the Code of Corporate Governance Practices as set out in Appendix 14 to the Listing Rules. The primary duties of the audit committee will be to review and supervise our financial reporting process and internal control system and provide advice and comments to our Board. The audit committee consists of three members who are our independent non-executive directors. The chairman of the audit committee is Chau Shing Yim, David.

Remuneration committee

We have established a remuneration committee which consists of Dr. Hui, Yu Kam Kee, Lawrence, and He Qi. Dr. Hui has been appointed as the chairman of the remuneration committee. The remuneration committee considers and recommends to our board the remuneration and other benefits paid by us to our Directors and senior management. The remuneration of all our directors and senior management is subject to regular monitoring by the remuneration committee to ensure that levels of their remuneration and compensation are appropriate.

Nomination committee

We have established a nomination committee which consists of Dr. Hui, He Qi and Chau Shing Yim, David. Dr. Hui has been appointed as the chairman of the nomination committee. The nomination committee considers and recommends to our board suitably qualified persons to become our board members and is responsible for reviewing the structure, size and composition of our board on a regular basis.

Company Secretary

Fong Kar Chun, Jimmy (方家俊), age 34, our vice president and our company secretary. Mr. Fong is a member of the Law Society of Hong Kong and has been a qualified solicitor in Hong Kong since 2001. Mr. Fong joined us in June 2009 and is responsible for planning and implementing our strategy in international capital raising and is jointly responsible for overseeing the investors relationship department with Mr. Tse. Before joining us, Mr. Fong worked as a director in the investment banking division of the Royal Bank of Scotland (previously known as ABN AMRO Bank N.V.) between 2006 to 2009 specializing in mergers and acquisitions and equity capital market fund raising and Sidley Austin, a global law firm in Hong Kong as a solicitor between 2001 to 2006 and DLA Piper, an international law firm in Hong Kong between 1999 to 2001. Mr. Fong obtained his Bachelor of Laws and a postgraduate certificate in laws from the University of Hong Kong in 1997 and 1998 respectively. Mr. Fong obtained his Master of Laws in Banking and Finance Laws from the London School of Economics and Political Science, University of London in 2000.

Other Senior Management

Sun Yunchi (孫雲馳), age 36, our vice president. Mr. Sun has more than 14 years of experience in capital operations and management. Mr. Sun is currently responsible for our capital planning and management, capital operational budgets and balances. He has acted as general manager of our treasury department, our credit department and as the assistant of president. Prior to joining us in December 1996, he worked in the financial management department of Guangzhou Pengda Group Company Limited from 1995 to 1996. He graduated from Qingdao Metallurgical Community College with a diploma in finance and accounting in 1995.

Li Guodong (李國東), age 46, our vice president. Graduated from Henan Radio & Television University with major in accounting, Mr. Li is currently responsible for our financing management of the Group. Before joining us in 1996, Mr. Li was previously working at the equipment department of Wuyang Iron Steel Co. Ltd. (舞陽鋼鐵有限責任公司) from 1982 to 1985. Subsequently, from 1988 to 1995, he was working at the finance department of Wuyang Iron Steel Co. Ltd. From 1995 to 1996, Mr. Li was redesignated as the chief financial officer of an import and export company under Wuyang Iron Steel Co. Ltd.. Mr. Li has more than 13 year of experience in capital operation and management.

Shi Shouming (時守明), age 35, our vice president. Mr. Shi has more than 11 years of experience in the management of project development and operations. He is also a certified public accountant in China. He is currently responsible for our property development projects and acted as the manager of the development department, executive deputy general manager and general manager of the development department. Prior to joining us in March 2002, he worked at Chongqing Mingsheng Industrial (Group) Limited responsible for marketing. He graduated from Sichuan University, with a bachelor's degree in management engineering in 1997.

Wei Keliang (魏克亮), age 52, our vice president. Mr. Wei has more than 21 years of experience in economic management and fund management. He is accredited as a senior economist and is responsible for our financial management. Prior to joining us in January 2005, he was a sub-branch manager and the general manager of the international business department of the Industrial and Commercial Bank of China in Pingdingshan City in Henan Province. He was also the manager of the foreign exchange department of the international business department of the Industrial and Commercial Bank of China of Henan Province between 1998 and 2004. Mr. Wei graduated from Zhengzhou University and obtained a master's degree in economic in 1996.

Peng Jianjun (彭建軍), age 39, our vice president. Mr. Peng is responsible for the management and operation of our hotel management group. Prior to joining us in December 2007, he held various senior management positions in Guangzhou Dongjiu Group and Guangzhou Mingquanju Resort Hotel Co. Ltd. He was involved in the development and management of the Dongfang Hotel. Mr. Peng obtained a PhD degree in management from Jinan University in 2005 and attended seminars organized by the hotel management school of the Cornell University in 2003. Since 2007, Mr. Peng has acted as a tutor at Zhongshan University. He was also a part-time professor at Guangzhou University from 2005 to 2007. He is a deputy chief executive of the first administrative committee of Guangdong Hotel and Lodging Association, a deputy chief executive of the Federation of Guangzhou Hotel General Managers and a panel member of State Evaluation Committee of China Hotels. Mr. Peng is accredited as a senior economist and has won numerous awards as a distinguished hotel manager.

Lin Manjun (林漫俊), age 39, our vice president and the general manager of the tender and bidding center. Mr. Lin graduated from the Wuhan Urban Construction Institute majored in construction. He is currently responsible for the management of our project tender and bidding. Before joining us in 2003, he was the designer assistant of Guangdong Building Decoration Group Corporation from 1992 to 1993, the construction designer of Guangzhou Civil Construction and Scientific Research Institute (廣州市民用建築科研設計院) from 1994 to 2000, and the chief designer of a Guangdong-Hong Kong branch under Guangzhou Bonded Area Huihua Engineering Company Limited (廣州保税區匯華工程有限公司) from 2000 to 2003. Mr. Lin has over 16 years of experience in project design and tender and bidding management.

Xu Jianhua (許建華), age 47, our assistant president. Mr. Xu has more than 11 years of experience in capital operations and management and is accredited as a senior economist. Mr. Xu is responsible for our capital planning and operations management. Prior to joining us in March 2004, he was a senior manager at various departments of GF Securities Co., Ltd. from 2000 to 2004. He obtained a doctorate degree in business administration (international financial and investment) from Zhongshan University in 2000 and a post-doctoral degree in applied economics and finance from South Western University of Finance and Economics in 2003.

Compensation of Directors, Senior Management and Employees

We reimburse our directors for expenses which are necessarily and reasonably incurred for providing services to us or executing their functions in relation to our operations. The executive directors are also our employees and receive, in their capacity as our employees, compensation in the form of salaries and other allowances and benefits in kind.

The aggregate amount of salaries and other allowances and benefits in kind paid by us to our five highest paid individuals during the years ended December 31, 2006, 2007 and 2008 and the six months ended June 30, 2009 were approximately RMB 3.1 million, RMB 6.9 million, RMB 16.7 million and

RMB 8.3 million, respectively. We paid approximately RMB 6,000, RMB 73,000, RMB 131,000 and RMB 95,000 as our contribution to the pension schemes in respect of such individuals in the three years ended December 31, 2006, 2007 and 2008 and the six months ended June 30, 2009, respectively.

During the three years ended December 31, 2006, 2007 and 2008 and the six months ended June 30, 2009, Dr. Hui agreed not to receive, and did not receive, any emoluments from us.

During the three years ended December 31, 2006, 2007 and 2008 and the six months ended June 30, 2009, the aggregate amount of salaries and other allowances, pension scheme contributions (including Mandatory Provident Fund contributions in Hong Kong) and benefits in kind paid by us to or on behalf of all of our directors was RMB 532,000, RMB 710,000, RMB 18,963,000 and RMB 5,619,000, respectively.

Except as disclosed above, no other payments have been made or are payable in respect of the three years ended December 31, 2006, 2007 and 2008 and the six months ended June 30, 2009 by us or any of our subsidiaries to or on behalf of any of our directors, and no payments were made during the three years ended December 31, 2006, 2007 and 2008 and the six months ended June 30, 2009 by us to any of our directors as an inducement to join or upon joining our group.

Directors' Interests in Securities

As of December 31, 2009, the interests of our directors and their associates in our equity securities were as follows:

Name of Director	Capacity	Number of shares of the Company	Number of share options[3]	Approximate shareholding percentage
Hui Ka Yan[4]	Interest of a controlled corporation	10,202,332,702[1]	—	68.02%
	Interest of a controlled corporation	139,949,972[2]	—	0.93
Xia Haijun	Beneficial owner	—	20,000,000	0.13
Li Gang	Beneficial owner	—	20,000,000	0.13
Tse Wai Wah	Beneficial owner	—	6,000,000	0.04
Lai Lixin	Beneficial owner	—	6,000,000	0.04
Xu Xiangwu	Beneficial owner	—	6,000,000	0.04
Xu Wen	Beneficial owner	—	6,000,000	0.04
He Miaoling	Beneficial owner	—	6,000,000	0.04%

(1) All interests in these shares are long positions.
(2) These shares are short positions.
(3) These are the share options we granted under the pre-IPO Share Option Scheme adopted on October 14, 2009.
(4) Of the 10,202,332,702 shares held, 9,270,619,497 shares were held by Xin Xin (BVI) Limited, a company wholly owned by Dr. Hui and 931,713,205 shares were held by Even Honour Holdings Limited, a company wholly owned by Mrs. Hui.

SUBSTANTIAL SHAREHOLDERS

The following table sets forth certain information regarding ownership of our outstanding shares as of December 31, 2009 by those persons who beneficially own more than 5% of our outstanding shares and underlying shares, as recorded in the register maintained by us pursuant to Part XV of the SFO.

Name of Shareholder	Capacity	Number of shares of the Company	Total	Approximate shareholding percentage
Dr. Hui	Interest of controlled company	10,202,332,702[1]	10,202,332,702[1]	68.01%
Mrs. Hui	Interest of controlled company	10,202,332,702[2]	10,202,332,702[2]	68.01
Xin Xin (BVI) Limited	Beneficial owner	9,270,619,497	9,270,619,497	61.80
Even Honour Holdings Limited	Beneficial owner	931,713,205[3]	931,713,205[3]	6.21
Merrill Lynch affiliates	Interest of controlled company	836,145,805[4]	836,145,805[4]	5.57%

(1) Of the 10,202,332,702 shares held, 9,270,619,497 shares were held by Xin Xin (BVI) Limited, a company wholly owned by Dr. Hui, and 931,713,205 shares were held by Even Honour Holdings Limited, a company wholly owned by Mrs. Hui, spouse of Dr. Hui. The interest of Even Honour Holdings Limited in our company is also deemed to be held by Dr. Hui pursuant to the SFO.

(2) Of the 10,202,332,702 shares held, 931,713,205 shares were held by Even Honour Holdings Limited, a company wholly owned by Mrs. Hui, and 9,270,619,497 shares were held by Xin Xin (BVI) Limited, a company wholly owned by Dr. Hui, spouse of Mrs. Hui. The interest of Xin Xin (BVI) Limited in our company is also deemed to be held by Mrs. Hui pursuant to the SFO.

(3) Even Honour Holdings Limited is wholly owned by Mrs. Hui.

(4) Of the 836,145,805 shares, Merrill Lynch Asian Real Estate Opportunity Fund Pte Ltd. held 186,212,000 shares, Indopark Holdings Limited held 637,345,805 shares, and Merrill Lynch International held 12,588,000 shares, including 8,925,000 shares borrowed.

RELATED PARTY TRANSACTIONS

The following discussion describes certain material related party transactions between our consolidated subsidiaries and our directors, executive officers and substantial shareholders and, in each case, the companies with whom they are affiliated. Each of our related party transactions was entered into in the ordinary course of business, on fair and reasonable commercial terms, in our interests and the interests of our shareholders.

As a listed company on the Hong Kong Stock Exchange, we are subject to the requirements of Chapter 14A of the Listing Rules which require certain "connected transactions" with "connected persons" be approved by a company's independent shareholders. Each of our related party transactions disclosed hereunder that constitutes a connected transaction within the meaning of the Listing Rules requiring shareholder approval has been so approved, or otherwise exempted from compliance under Chapter 14A of the Listing Rules.

The following table sets forth certain material transactions between us and our related parties for the periods indicated:

	Year ended December 31,				Six months ended June 30,		
	2006	2007	2008		2008	2009	
	(RMB)	(RMB)	(RMB)	(US$)	(RMB) (unaudited)	(RMB)	(US$)
				(in thousands)			
Rent payable by:							
Guangzhou Jinbi Dashijie Catering and Entertainment Company Limited	3,000	8,606	2,617	383	1,309	1,309	192
Directors' emoluments :	532	710	18,963	2,776	11,076	5,619	823
Key management compensation:							
— Salaries and other short-term employee benefit	3,005	8,652	28,832	4,221	16,702	17,126	2,507
— Retirement scheme contributions	21	118	317	46	159	245	36
	3,026	8,770	29,149	4,267	16,861	17,371	2,543

The following is a brief description of the lease agreement as our major ongoing related party transaction:

On June 1, 2009, Guangzhou Jinbi Dashijie Catering and Entertainment Company Limited, or Jinbi Dashijie, entered into a property lease agreement with Hengda Real Estate Group, formerly known as Guangzhou Hengda Real Estate Development Company Limited (廣州恒大房地產開發有限公司), our wholly owned subsidiary in China. Jinbi Dashijie is 90% indirectly owned by Mrs. Hui. Pursuant to this agreement, Jinbi Dashijie agreed to lease from Hengda Real Estate Group premises of a total GFA of 14,902 square meters situated at 701 Industrial South Road, Haizhu District, Guangzhou for use as a catering and recreational service outlet for a term of three years from January 1, 2009 to December 31, 2011 at an annual rental (exclusive of rates and utilities charges) of not exceeding RMB 16.8 million, RMB 17.4 million and RMB 18.1 million for the three years ending December 31, 2009, 2010 and 2011. Rent paid for the years ended December 31, 2006, 2007 and 2008 and the six months ended June 30, 2009 were RMB 3.0 million, RMB 8.6 million, RMB 2.6 million and RMB 1.3 million, respectively. The reason for the significant increase in the rent payable under the lease agreement in 2007 and 2008 was due to revaluation of the premises and the increase in market rent in commercial properties in the Guangzhou market. The rent payable under the lease agreement was determined with reference to the prevailing market rate.

DESCRIPTION OF MATERIAL INDEBTEDNESS AND OTHER OBLIGATIONS

To fund our existing property projects and to finance our working capital requirements, we have entered into financing agreements with various financial institutions. As of September 30, 2009, our total external borrowings amounted to RMB 14,565.8 million. Set forth below is a summary of the material terms and conditions of these loans and other indebtedness.

Project Loan Agreements

Certain of our PRC subsidiaries have entered into loan agreements with various PRC banks, including Bank of China, The Agricultural Bank of China, China Construction Bank and Industrial and Commercial Bank of China, or ICBC. These loans are project loans to finance the construction of our projects and have terms ranging from 24 months to 60 months, which generally correspond to the construction periods of the particular projects. As of September 30, 2009, the aggregate outstanding amount under these project loans totaled approximately RMB 10,860.2 million, RMB 3,891.2 million of which was due within one year and RMB 6,969.0 million of which was due between one and three years. Our project loans are typically secured by land use rights and properties as well guaranteed by certain of our other PRC subsidiaries.

Interest

The principal amounts outstanding under the project loans generally bear interest at floating rates calculated by reference to the relevant bank's benchmark interest rate per annum. Floating interest rates generally are subject to review by the lending banks annually. Interest payments are payable either monthly or quarterly and must be made on each payment date as provided in the particular loan agreement. As of September 30, 2009, the weighted average interest rate on the aggregate outstanding amount of our project loans was 6.5% per annum.

Covenants

Under these project loans, many of our subsidiary borrowers have agreed, among other things, not to take the following actions without first obtaining the relevant lenders' prior consent:

- create encumbrances on any part of their property or assets or deal with their assets in a way that may adversely affect their ability to repay their loans;
- grant guarantees to any third parties that may adversely affect their ability to repay their loans;
- make any major changes to their corporate structures, such as entering into joint ventures, mergers and acquisitions and reorganizations; and
- alter the nature or scope of their business operations in any material respect.

Events of Default

The project loans contain certain customary events of default, including insolvency and breaches of the terms of the loan agreements. The banks are entitled to terminate their respective agreements and/or demand immediate repayment of the loans and any accrued interest upon the occurrence of an event of default.

Guarantee and Security

Certain of our PRC subsidiaries have entered into guarantee agreements with the PRC banks in connection with some of the project loans pursuant to which these subsidiaries have guaranteed all liabilities of the subsidiary borrowers under these project loans. Further, as of September 30, 2009, RMB 10,860.2 million of the project loans were secured by land use rights, properties and/or equity interests held by the subsidiary borrowers and/or our other PRC subsidiaries.

Structured Secured Loan

On August 27, 2007, we entered into a loan agreement (as amended on January 24, 2008, June 26, 2008 and September 21, 2009) with an affiliate of Credit Suisse, as initial lender, to raise the Structured Secured Loan with a maximum aggregate principal amount of approximately US$500 million. The aggregate amount drawn down was US$430 million as an offshore loan and RMB 20 million as an onshore loan, and there has been no further draw-down on the loan. The Credit Suisse affiliate has since sold or syndicated out a substantial portion of the Structured Secured Loan to 15 other institutions.

The borrower of the Structured Secured Loan is Shengjian (BVI) Limited, a British Virgin Islands company and our indirect wholly owned subsidiary. The loan is secured by a first-priority security interest over the equity interests and land use rights of our subsidiaries related to our Evergrande Splendor Qidong project. The security interest over such equity interests and land use rights will be released upon repayment in full of the loan.

On June 24, 2009, Tianji Holding Limited, our wholly owned subsidiary, entered into a sale and purchase agreement with an independent third party to purchase the entire issued share capital of Ever Grace, which is one of the lenders under, and owns US$48.5 million of, the Structured Secured Loan, for an aggregate consideration of US$34.0 million. Upon the consummation of our IPO, we prepaid US$127.2 million in principal amount of the Structured Secured Loan, net of our repurchased principal amount of US$48.5 million of the Structured Secured Loan, with a portion of our net proceeds from our IPO. As a result of our buyback and such partial prepayment, the effective outstanding balance of the offshore loan is US$254.3 million as of the date of this document. Other than our buyback through our wholly owned subsidiary, Tianji Holding Limited, none of the lenders are affiliated with us or our connected persons. Upon prepayment in full of the Structured Secured Loan, Tianji Holding Limited will release to us the full amount of principal and interest payable to it under the Structured Secured Loan.

Success Will Group Limited

In 2007, we incorporated Success Will Group Limited in Hong Kong as a wholly owned subsidiary of ANJI (BVI) Limited and as the indirect 100% owner of our Evergrande Royal Scenic Peninsula project. On September 28, 2007, Success Will Group Limited redesignated its issued share capital of 1,000 ordinary shares of HK$1.00 each into 600 A ordinary shares of HK$1.00 each and 400 B ordinary shares of HK$1.00 each. ANJI (BVI) Limited and Pearl River Investment Limited, an affiliate of Merrill Lynch, entered into a share purchase agreement on the same date pursuant to which Pearl River Investment Limited acquired the 400 B ordinary shares of Success Will Group Limited from ANJI (BVI) Limited.

The A ordinary shares and B ordinary shares of Success Will Group Limited rank *pari passu* to each other, with the rights to dividends actually declared and distributed by Success Will Group Limited initially distributable on a 60%–40% basis between its A ordinary shares and B ordinary shares until the total amount of dividends distributed to the holders of the B ordinary shares is equivalent to a 25% compounded annual return on the purchase price of the B ordinary shares, after which the A ordinary shares will be entitled to 80% of any dividend declared and distributed and the B ordinary shares will be entitled to 20% of such dividend.

Co-Development Projects

Evergrande Metropolis Foshan (佛山恒大名都). On April 30, 2008, we and a subsidiary of Chow Tai Fook Group, or NWS, entered into a co-development agreement pursuant to which we and NWS agreed to co-develop this project. Under the co-development arrangement, we have provided the land use rights to the project whereas NWS will contribute to the development costs of the project and manage its development. NWS has also extended a 10-year term loan in the amount of approximately RMB 483 million to us. Under the co-development arrangement, the sales proceeds from the sale and/or pre-sale of the properties in the development, after deducting costs, expenses and management fee, will be shared between NWS and us in the proportion of 60% and 40%. If the aggregate amount of the loan provided by NWS and the sales proceeds received by us from the development is less than RMB 600 million, NWS will pay an amount equivalent to the difference between RMB 600 million and the then outstanding amount of the loan to us at the time of our receipt of the distribution of the sales proceeds, at which time our obligation to repay the loan will be waived and forgiven. You may find additional information on this project in the section entitled "Business — Our Property Project — (15) Evergrande Metropolis Foshan."

Evergrande Palace Wuhan (武漢恒大華府). On April 30, 2008, we and a subsidiary of Chow Tai Fook Group, or NWS 2, entered into a co-development agreement pursuant to which we and NWS 2 agreed to co-develop Area B2 of the project. As of the date of the agreement, we were developing Areas A and B1 of the project, which occupy a site area of approximately 150,176 square meters with a total GFA of approximately 241,649 square meters. Area B2 occupies a total site area of 132,401 square meters with a GFA of approximately 345,225 square meters. Under the co-development arrangement, we have provided the land use rights to Area B2 whereas NWS 2 will contribute to the development costs of Area B2 and manage its development. NWS 2 has also extended a 6-year term loan in the amount of approximately RMB 272 million to us. Under the co-development arrangement, the sales proceeds from the sale and/or pre-sale of the properties in Area B2, after deducting costs, expenses and management fee, will be shared between NWS 2 and us in the proportion of 60% and 40%. If the aggregate amount of the loan provided by NWS 2 and the sales proceeds received by us from the development of Area B2 is less than RMB 500 million, NWS 2 will pay an amount equivalent to the difference between RMB 500 million and the then outstanding amount of the loan to us at the time of our receipt of the distribution of the sales proceeds, at which time our obligation to repay the loan will be waived and forgiven. You may find additional information on this project in the section entitled "Business — Our Property Projects — (24) Evergrande Palace Wuhan."

Tianji Holding Limited Loan Facility

In June 2009, we, through our PRC subsidiary, Hengda Real Estate Group, entered into an agreement with Agricultural Bank of China with respect to a term loan facility in an aggregate principal amount up to US$400 million. The borrower is Tianji Holding Limited, a wholly owned subsidiary of Hengda Real Estate Group established under the laws of Hong Kong, and the lender is Agricultural Bank of China Hong Kong Branch. Each takedown of the loan facility by Tianji Holding Limited is secured by a pledge as collateral of certain Renminbi-denominated accounts of Hengda Real Estate Group in China containing a required aggregate amount of Renminbi deposits. Each takedown and use of proceeds must comply with certain PRC foreign exchange regulations. This term loan facility will remain available for one year and will carry a floating interest rate for each takedown on the basis of LIBOR or HIBOR plus a margin. Up to the date of this document, An aggregate amount of US$34.0 million has been drawn down and repaid.

Customer Guarantees

In line with industry practice, we provide guarantees to mortgagee banks in respect of mortgage loans taken out by purchasers of our properties. Such guarantee obligations typically terminate upon the delivery of the relevant property ownership certificates on the underlying property to the bank. As of June 30, 2009, the aggregate outstanding amount guaranteed was RMB 5,677.5 million.

Equity Acquisition Payment Obligations

As of the date of this document, we have substantial payment obligations in connection with our current yet-to-complete acquisitions of companies that own land use rights in China. We are under contract to acquire 100% of the equity interests in these land-owning companies. For some, we have already acquired a majority stake, with a minority interest still outstanding and subject to the completion of our purchase upon payment by us of the remaining consideration pursuant to the sale and purchase agreement. The total consideration for such minority stakes is approximately RMB 3,932.4 million as of the date of this document. We have disclosed each such case under the section entitled "Corporate History and Structure — Our Current Corporate Structure" in this document. For others, we have signed the relevant sale and purchase agreements and paid a small portion of the purchase price, but have not completed the various other conditions in order to effect the transfer of any equity interest to us as of the date of this document. The total yet-to-be-paid consideration for such land-owning companies is approximately RMB 1,694.7 million as of the date of this document. We have disclosed each such case under the section entitled "Business — Other Land Acquisitions" in this document.

INDEPENDENT ACCOUNTANTS

The consolidated financial statements of Evergrande Real Estate Group Limited as of and for the years ended December 31, 2006, 2007 and 2008 and the six months ended June 30, 2009, included in this memorandum have been audited by PricewaterhouseCoopers, Certified Public Accountants, as stated in their reports appearing herein.

Litigation

Except as disclosed in this document, there are no legal or arbitration proceedings against or affecting us, any of our subsidiaries or any of our assets, nor are we aware of any pending or threatened proceedings, which are or might be material in the context of our operation.

No Material Adverse Change

There has been no adverse change, or any development reasonably likely to involve an adverse change, in the condition (financial or otherwise) of our general affairs since June 30, 2009.

The audited consolidated financial information included in this document is prepared and presented in accordance with HKFRS issued by the Hong Kong Institute of Certified Public Accountants. Certain differences exist between HKFRS and U.S. GAAP and between HKFRS and other GAAPs, which may be material to the financial information in this document.

The matters described below summarize certain differences between HKFRS and U.S. GAAP that may be material to our consolidated financial information. We are responsible for preparing the summary below. Such summary should not be construed to be exhaustive. We have not prepared a complete reconciliation of the consolidated financial information and related footnote disclosures between HKFRS and U.S. GAAP and have not quantified such differences. Accordingly, no assurance is provided that the following summary of differences between HKFRS and U.S. GAAP is complete.

Furthermore, no attempt has been made to identify all disclosure, presentation or classification differences that would affect the manner in which transactions or events are presented in the audited consolidated financial information or footnotes thereto. Additionally, no attempt has been made to identify future differences between HKFRS and U.S. GAAP that may affect the financial information as a result of prescribed changes in accounting standards. Regulatory bodies that promulgate HKFRS and U.S. GAAP have significant projects ongoing that could affect future comparisons such as this one. Finally, no attempt has been made to identify future differences between HKFRS and U.S. GAAP that may affect the financial information as a result of transactions or events that may occur in the future.

In making an investment decision, you must rely upon your own examination of us, the terms of the offering and the financial information. You should consult your own professional advisors for an understanding of the differences between HKFRS and U.S. GAAP and/or between HKFRS and other GAAPs, and how those differences might affect the financial information included herein.

Accounting for Real Estate Property Assets

Under HKFRS, properties under development for sale and completed properties held for sale are stated at the lower of cost and net realizable value. A write-down of properties under development for sale to the lower of cost and the net realizable value at the close of a fiscal period is a valuation allowance that can be subsequently reversed if the underlying facts and circumstances change.

Properties under construction and held for operational purposes upon completion are carried at cost less any accumulated impairment losses on completion. Properties held for long-term rental yield or for capital appreciation or both (completed or under development) are classified as investment properties and are carried at fair value with changes in fair value being recognized in the income statement. The carrying amounts are not depreciated.

Under U.S. GAAP, the properties held for sale (completed or under development) are stated at the lower of cost or fair value less cost to sell. A gain is recognized for any subsequent increase in fair value less costs to sell, but not in excess of the cumulative loss previously recognized (for a write-down to fair value less cost to sell).

Properties held for long-term rental yields or for capital appreciation or internal use are measured at cost less accumulated depreciation and any reduction in value due to impairment. Periodic upward revaluations are not permitted under U.S. GAAP.

The periodic depreciation expenses under HKFRS and U.S. GAAP would differ as a result of the difference in the accounting for investment properties under the two accounting standards.

Leases

Under HKFRS, leases where substantially all the risks and rewards of ownership of assets remain with the leasing company are accounted for as operating leases. Payments made under operating leases net of any incentives received from the leasing company are charged to the income statement on a straight-line basis over the lease periods.

Under U.S. GAAP, categorization of leases is more prescriptive in nature. A lease is classified as a capital lease, comparable to HKFRS definition of finance lease, when any of the following criteria as specified in SFAS No. 13 "Accounting for Leases" is met at its inception:

- Transfer of ownership to leasee by the end of the lease term;
- Existence of bargain purchase option;
- Lease term is equal to 75% or more of estimated economic life of leased property; and
- Present value of minimum lease payments is equal to or more than 90% of the excess of fair value over any related investment tax credit.

Revenue Recognition

Under HKFRS, revenue from sales of properties is recognized when the risks and rewards of properties are transferred to the purchasers, which is when the construction of relevant properties has been completed and the properties have been delivered to the purchasers and collectibility of related receivables is reasonably assured.

Under U.S. GAAP, for real estate sales other than retail land sale, profit is recognized in full on using the full accrual method if (1) a sale is consummated; (2) the buyer's initial and continuing investments are adequate to demonstrate a commitment to pay for the property; (3) the seller's receivable is not subject to future subordination; and (4) the seller has transferred to the buyer the usual risks and rewards of ownership in a transaction that is in substance a sale and does not have a substantial continuing involvement with the property. Where the buyer's initial or continuing investment is inadequate, profit should be recognized by the installment method, the cost recovery method, the reduced profit method, or deposit method upon meeting certain recognition criteria prescribed by U.S. GAAP. Where real estate transactions cannot be considered a sale as a result of the seller's continuing involvement, financing, leasing or profit sharing (or co-venture) method of revenue recognition should be used based on meeting certain criteria.

Impairment of Assets

Under HKFRS, assets that are subject to depreciation and amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount of an asset is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

U.S. GAAP requires an impairment loss to be recognized for non-current assets, including property, plant and equipment and certain identifiable intangible assets when a triggering event occurs and the carrying amount of the asset exceeds the future undiscounted cash flows expected to result from the use and eventual disposal of the assets. If it is determined that the asset is impaired, the impairment loss recognized is the difference between the carrying amount of the asset and its fair value based on the fair value. Once an impairment of asset is recorded, subsequent reversal of impairment charges cannot be made.

Deferred Income Taxes

Under HKFRS, deferred income tax is provided in full using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using the tax rates that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled. Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Under U.S. GAAP, deferred income tax is recognized for the tax consequences of carry-forward of unused tax losses, tax credits and temporary differences. Deferred taxes are measured using the enacted tax rate(s) expected to apply to taxable income in the periods on which the deferred taxes are expected to be settled or realized. A valuation allowance is provided to reduce the amount of deferred tax assets if, in the opinion of management, it is considered more likely than not that some portion of, or all of, the deferred tax asset will not be realized in the future.

Uncertain Tax Positions

Under HKFRS, the general measurement guidance is contained in HKAS 12 "Income Taxes" which requires current tax liabilities (assets) for current and prior periods to be measured at the amount to be expected to be paid to (recovered from) the taxation authorities using the tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. An entity may choose to consider tax uncertainties at the level of the individual uncertainty or group of related uncertainties. It may also choose to consider tax uncertainties at the level of its total tax liability to each taxing authority. The amount of provision for uncertain tax positions is measured using either a single best estimate of the most likely outcome or using an expected value (weighted average probability) approach. These provisions are generally classified as part of the current tax liability and presented as non-current if the entity has an unconditional right to defer payment for more than 12 months.

Under U.S. GAAP, FIN 48 "Accounting for Uncertainty in Income Taxes" prescribes the recognition threshold and measurement attribute for the financial statement recognition of a tax position taken or expected to be taken in a tax return. It also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosures and transition. Under FIN 48, the tax benefit from an uncertain tax position may be recognized only if it is more likely than not that the tax position will be sustained based on technical merits upon examination by tax authorities. The uncertain tax position is measured as the largest amount of tax benefit that is greater than 50% likely of being realized upon ultimate settlement. The provisions are measured using cumulative probability of the range of possible outcomes. Under FIN 48, provisions for uncertain tax positions are classified as a long-term liability except for those amounts management expects to require actual cash payment within the next 12 months. The cumulative effect of initially adopting FIN 48 should be recorded as an adjustment to opening retained earnings in the year of adoption. FIN 48 was required to be adopted effective April 1, 2007.

Presentation of Debt Origination Costs

Under HKFRS, the unamortized portion of the direct costs related to the procuring debts are netted from the related borrowings. Under U.S. GAAP, costs of issuing debts should be deferred as an asset and amortized using the effective interest method over the life of the debts.

Accounting for Guarantees

Under HKFRS, the financial guarantees provided by us to property purchasers on borrowings from banks are recognized initially at fair value plus transaction costs that are directly attributable to the issue of the financial guarantee liabilities. After initial recognition, such contracts are measured at the higher of the present value of the best estimate of the expenditure required to settle the present obligation or the amount initially recognized less cumulative amortization.

Under U.S. GAAP, FASB Interpretation No. 45, or FIN 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, including Indirect Guarantees of Indebtedness of Others" requires a guarantor to recognize, at the inception of a guarantee, a liability for the obligations it has undertaken in issuing the guarantee, including its ongoing obligation to stand ready to perform over the term of the guarantee in the event that the specified triggering events or conditions occur.

Accounting for Investment Properties

Under HKFRS, a property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by us, is classified as an investment property. Investment property is measured initially at its cost, including related transaction costs. After initial recognition, investment property is carried at fair value. Changes in fair values of investment property are recognized in the consolidated income statement.

Under U.S. GAAP, properties held for long-term rental yields or for capital appreciation or internal uses are measured at cost less accumulated depreciation and any reduction in value due to impairment. Periodic upward revaluations are not permitted under U.S. GAAP.

Embedded Derivatives

Under HKFRS, the definition of a derivative is a financial instrument or other contract with all three of the following characteristics: (a) its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided that, in the case of a non-financial variable, the variable is not specific to a party to the contract (sometimes called the "underlying"); (b) it requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors; and (c) it is settled at a future date.

Under U.S. GAAP, a derivative instrument is a financial instrument or other contract with all three of the following characteristics: (a) it has (i) one or more underlyings and (ii) one or more notional amounts or payment provisions or both, (b) it requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors, (c) its terms require or permit net settlement, it can readily be net settled by means outside the contract, or it provides for delivery of an asset that puts the recipient in a position not substantially different from net settlement.

For conversion options embedded in the financial instruments of an unlisted entity, they would meet the definition of a derivative under HKFRS. However, they would not meet the definition of a derivative or embedded derivative under U.S. GAAP as private equity securities cannot be readily net settled by means outside the contract.

Cash Flow Statement

Under HKFRS, interests received are classified as cash flows from investing activities whereas U.S. GAAP requires interests received to be classified as cash flows from operating activities.

Borrowing Costs

Under HKFRS, borrowing costs incurred for the construction of any qualifying asset are capitalized during the period of time that is required to complete and prepare the asset for its intended use. Other borrowing costs are expensed. To the extent the funds are borrowed specifically for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalization on the asset shall be determined as the actual borrowing costs incurred on that borrowing during the period less any investment income on the temporary investment of those borrowings. To the extent that funds are borrowed generally and used for the purpose of obtaining a qualifying assets, the amount of borrowing costs eligible for capitalization shall be determined by applying a weighted average capitalization rate to the expenditures on that asset. Borrowing costs are capitalized to the extent that such costs are directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to prepare for its intended use or sales. Borrowing costs cease to be capitalized when substantially at the activities necessary to prepare the asset for its intended use or sale are completed. Borrowing costs may include exchange differences that arise from foreign currency borrowings if they are regarded as an adjustment to interest costs.

The approach is similar under U.S. GAAP, except that the exchange differences from foreign currency borrowings are not capitalized and interest earned on funds borrowed to finance the production of the asset would not be netted against the borrowing costs.

Earnings per Share

Under HKFRS, no earnings per share information is presented prior to the Reorganization as its inclusion, for the purpose of the Accountants' Report, is not considered meaningful due to the presentation of the results for the relevant periods on a combined basis.

Under U.S. GAAP, since our historical shareholders' equity prior to our Reorganization would be retroactively restated for the equivalent number of shares issued to the shareholders, retrospective calculation and presentation of earnings per share during the three years ended December 31, 2006, 2007 and 2008 and the six months ended June 30, 2009 is required.

INDEX TO FINANCIAL INFORMATION

The following attached Accountants' Report on our financial information as at December 31, 2006, 2007 and 2008 and June 30, 2009 and for the years ended December 31, 2006, 2007 and 2008 and the six months ended June 30, 2008 and 2009 is a reproduction of Appendix I to the prospectus for our IPO dated October 22, 2009, with different page numbering herein.

The following is the text of a report, prepared for the purpose of inclusion in the prospectus dated October 22, 2009 in connection with our IPO listed on the Main Board of The Stock Exchange of Hong Kong Limited, received from the reporting accountants, PricewaterhouseCoopers, Certified Public Accountants, Hong Kong.

PRICEWATERHOUSECOOPERS

羅兵咸永道會計師事務所

PricewaterhouseCoopers
22nd Floor, Prince's Building
Central, Hong Kong

22 October 2009

The Directors
Evergrande Real Estate Group Limited
Merrill Lynch Far East Limited
Goldman Sachs (Asia) L.L.C.

Dear Sirs,

We set out below our report on the financial information (the "Financial Information") of Evergrande Real Estate Group Limited (the "Company") and its subsidiaries (together, the "Group") set out in sections I to III below, for inclusion in the prospectus of the Company dated 22 October 2009 (the "Prospectus") in connection with the initial public offering of the shares of the Company and listing of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The Financial Information comprises the consolidated balance sheets of the Group and the balance sheets of the Company as at 31 December 2006, 2007 and 2008 and 30 June 2009, the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Group for each of the years ended 31 December 2006, 2007 and 2008 and the six months ended 30 June 2008 and 2009 (the "Relevant Periods"), and a summary of significant accounting policies and other explanatory notes.

The Company was incorporated in the Cayman Islands on 26 June 2006 as an exempted company with limited liability under the Companies Law (2009 Revision) (as consolidated and revised from time to time) of the Cayman Islands. Pursuant to a group reorganisation as detailed in note 1 of section II headed "General Information and Group Reorganisation" below, which was completed in June 2006, the Company became the holding company of the subsidiaries comprising the Group (the "Reorganisation").

As at the date of this report, the Company has direct and indirect interests in the subsidiaries as set out in note 1 of section II below. All of these companies are private companies.

All companies comprising the Group have adopted 31 December as their financial year end date. Details of the financial statements of the companies comprising the Group that are subject to audit and the names of the respective auditors are set out in note 1 of section II below.

For the purpose of this report, the directors of the Company have prepared consolidated financial statements of the Group for the Relevant Periods, in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (the "Underlying Financial Statements"). We have audited the Underlying Financial Statements for each of the years ended 31 December 2006, 2007 and 2008 and the six months ended 30 June 2009 in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

The Financial Information has been prepared based on the Underlying Financial Statements with no adjustment made thereon.

DIRECTORS' RESPONSIBILITY

The directors of the Company are responsible for the preparation and the true and fair presentation of the Underlying Financial Statements and the Financial Information in accordance with HKFRSs.

For the financial information for each of the years ended 31 December 2006, 2007 and 2008 and the six months ended 30 June 2009, the directors of the Company are responsible for the preparation and true and fair presentation of the financial information in accordance with HKFRSs. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of the financial information that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

For the financial information for the six months ended 30 June 2008, the directors of the Company are responsible for the preparation and the presentation of the financial information in accordance with the accounting policies set out in note 2 of section II below which are conformity with HKFRSs.

REPORTING ACCOUNTANTS' RESPONSIBILITY

For the financial information for each of the years ended 31 December 2006, 2007 and 2008 and the six months ended 30 June 2009, our responsibility is to express an opinion on the financial information based on our examination and to report our opinion to you. We examined the Underlying Financial Statements for each of the years ended 31 December 2006, 2007 and 2008 and the six months ended 30 June 2009 used in preparing the financial information and carried out such additional procedures as we considered necessary in accordance with the Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" issued by the HKICPA.

For the financial information for the six months ended 30 June 2008, our responsibility is to express a conclusion on the financial information based on our review and to report our conclusion to you. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of the financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

OPINION AND REVIEW CONCLUSION

In our opinion, the financial information for each of the years ended 31 December 2006, 2007 and 2008 and the six months ended 30 June 2009, for the purpose of this report, gives a true and fair view of the state of affairs of the Company and the Group as at 31 December 2006, 2007 and 2008 and 30 June 2009 and of the Group's results and cash flows for the respective years and period then ended.

Based on our review, which does not constitute an audit, nothing has come to our attention that causes us to believe that the financial information for the six months ended 30 June 2008, for the purpose of this report, is not prepared, in all material respects, in accordance with the accounting policies set out in note 2 of section II below which are in conformity with HKFRSs.

I. FINANCIAL INFORMATION

(a) CONSOLIDATED BALANCE SHEETS

		31 December			30 June
		2006	2007	2008	2009
	Note	RMB'000	RMB'000	RMB'000	RMB'000
ASSETS					
Non-current assets					
Property and equipment	6	46,781	217,978	450,141	389,815
Land use rights	7	378,622	470,820	250,868	278,606
Investment properties	8	847,487	1,571,468	1,741,390	2,148,108
Other receivables	21(a)	—	—	281,849	290,351
Deferred income tax assets	18	19,957	123,904	324,364	401,461
		1,292,847	2,384,170	3,048,612	3,508,341
Current assets					
Land use rights	7	1,158,544	6,514,092	8,644,245	10,202,174
Properties under development	9	1,083,477	3,287,017	9,049,192	11,320,250
Completed properties held for sale	10	290,339	986,962	2,240,713	3,291,744
Trade and other receivables and prepayments	11	1,918,580	4,845,432	3,590,360	2,931,573
Income tax recoverable		8,128	—	31,816	100,707
Restricted cash	12	386,092	1,725,849	1,167,942	2,126,399
Cash and cash equivalents	13	1,655,970	1,640,863	749,718	2,974,188
		6,501,130	19,000,215	25,473,986	32,947,035
Total assets		7,793,977	21,384,385	28,522,598	36,455,376
EQUITY					
Capital and reserves attributable to shareholders of the Company					
Share capital	14	125,000	125,000	209,332	209,332
Share premium	14	—	—	6,000,560	6,000,560
Reserves	15	(744,315)	(640,465)	389,837	389,837
Retained earnings		110,981	1,153,145	1,662,139	2,162,311
		(508,334)	637,680	8,261,868	8,762,040
Minority interests		—	213,593	321,263	244,651
Total equity		(508,334)	851,273	8,583,131	9,006,691
LIABILITIES					
Non-current liabilities					
Borrowings	16	1,425,721	8,915,516	4,226,413	3,877,886
Convertible Preferred Shares	17	2,830,322	3,153,928	—	—
Embedded financial derivatives	17	294,232	816,436	—	—
Deferred income tax liabilities	18	422,762	482,137	451,527	441,987
		4,973,037	13,368,017	4,677,940	4,319,873
Current liabilities					
Borrowings	16	829,662	646,200	6,213,843	6,294,425
Trade and other payables	19	857,081	4,194,060	4,469,168	5,122,154
Receipt in advance from customers		1,472,096	1,763,544	3,503,265	10,765,988
Financial guarantee liabilities	31(b)	—	—	197,403	51,062
Current income tax liabilities	20	170,435	561,291	877,848	895,183
		3,329,274	7,165,095	15,261,527	23,128,812
Total liabilities		8,302,311	20,533,112	19,939,467	27,448,685
Total equity and liabilities		7,793,977	21,384,385	28,522,598	36,455,376
Net current assets		3,171,856	11,835,120	10,212,459	9,818,223
Total assets less current liabilities		4,464,703	14,219,290	13,261,071	13,326,564

(b) BALANCE SHEETS

	Note	31 December 2006 RMB'000	31 December 2007 RMB'000	31 December 2008 RMB'000	30 June 2009 RMB'000
ASSETS					
Non-current assets					
Investment in subsidiaries		1	2	2	2
Property and equipment	6	1,400	1,403	1,106	938
		1,401	1,405	1,108	940
Current assets					
Other receivables	11	2,876,263	3,134,092	6,351,153	6,471,439
Cash and cash equivalents	13	316,432	617	420	1,659
		3,192,695	3,134,709	6,351,573	6,473,098
Total assets		3,194,096	3,136,114	6,352,681	6,474,038
EQUITY					
Capital and reserves attributable to shareholders of the Company					
Share capital	14	125,000	125,000	209,332	209,332
Share premium	14	—	—	6,000,560	6,000,560
Reserve	15	—	—	1,014,536	1,014,536
Accumulated losses		(55,459)	(975,656)	(1,083,267)	(819,323)
Total equity		69,541	(850,656)	6,141,161	6,405,105
LIABILITIES					
Non-current liabilities					
Convertible Preferred Shares	17	2,830,322	3,153,928	—	—
Embedded financial derivatives	17	294,232	816,436	—	—
		3,124,554	3,970,364	—	—
Current liabilities					
Financial guarantee liabilities	31(b)	—	—	197,403	51,062
Trade and other payables	19	1	16,406	14,117	17,871
		1	16,406	211,520	68,933
Total liabilities		3,124,555	3,986,770	211,520	68,933
Total equity and liabilities		3,194,096	3,136,114	6,352,681	6,474,038
Net current assets		3,192,694	3,118,303	6,140,053	6,404,165
Total assets less current liabilities		3,194,095	3,119,708	6,141,161	6,405,105

(c) CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

		Year ended 31 December			Six months ended 30 June	
		2006	2007	2008	2008	2009
	Note	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Revenue	5	1,983,304	3,166,692	3,606,791	2,525,413	1,635,130
Cost of sales	22	(1,426,278)	(1,945,261)	(2,124,420)	(1,585,279)	(1,089,782)
Gross profit		557,026	1,221,431	1,482,371	940,134	545,348
Fair value gains on investment properties	8	300,103	657,067	77,415	107,912	299,657
Other gains	21	25,904	796,877	531,090	485,883	301,094
Selling and marketing costs	22	(63,640)	(220,651)	(665,299)	(278,161)	(415,259)
Administrative expenses	22	(150,964)	(470,579)	(545,273)	(218,146)	(349,034)
Other operating expenses	22	(19,572)	(23,356)	(34,439)	(24,243)	(6,187)
Operating profit		648,857	1,960,789	845,865	1,013,379	375,619
Fair value change on embedded financial derivatives	17	(2,515)	(562,684)	—	—	—
(Provisions)/reversals of financial guarantees	31(b)	—	—	(65,997)	(32,315)	146,341
Finance (costs)/income, net	25	(55,809)	118,765	186,520	183,980	(12,308)
Profit before income tax		590,533	1,516,870	966,388	1,165,044	509,652
Income tax (expenses)/credit	26	(265,074)	(437,766)	(333,958)	(304,480)	12,708
Profit for the year/period		325,459	1,079,104	632,430	860,564	522,360
Other comprehensive income:						
Gain/loss recognised directly in equity		—	—	—	—	—
Total comprehensive income for the year/period		325,459	1,079,104	632,430	860,564	522,360
Attributable to:						
Shareholders of the Company		325,459	1,081,533	524,760	759,883	500,172
Minority interests		—	(2,429)	107,670	100,681	22,188
		325,459	1,079,104	632,430	860,564	522,360
Basic and diluted earnings per share for profit attributable to shareholders of the Company during the year/period (expressed in RMB per share)	27	Not applicable	Not applicable	0.21	0.33	0.18
Dividends	28	493,518	—	125,651	125,651	—

(d) CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to shareholders of the Company						
	Share capital	Share premium	Reserves	Retained earnings	Total	Minority interests	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance as at 1 January 2006	—	—	982,385	285,867	1,268,252	—	1,268,252
Total comprehensive income for the year	—	—	—	325,459	325,459	—	325,459
Issuance of shares	125,000	—	—	—	125,000	—	125,000
Deemed contribution by the shareholder of the Company *(note 15(b))*	—	—	82,759	—	82,759	—	82,759
Deemed distribution to the then equity holder of the Group *(note 15(a))*	—	—	(1,816,286)	—	(1,816,286)	—	(1,816,286)
Transfer to statutory reserves	—	—	6,827	(6,827)	—	—	—
Dividends to then shareholders of the Group	—	—	—	(493,518)	(493,518)	—	(493,518)
Balance as at 31 December 2006	125,000	—	(744,315)	110,981	(508,334)	—	(508,334)
Total comprehensive income for the year	—	—	—	1,081,533	1,081,533	(2,429)	1,079,104
Deemed contribution by the shareholder of the Company *(note 15(b))*	—	—	64,481	—	64,481	—	64,481
Transfer to statutory reserves	—	—	39,369	(39,369)	—	—	—
Partial disposal of a subsidiary *(note 21(b))*	—	—	—	—	—	216,022	216,022
Balance as at 31 December 2007	125,000	—	(640,465)	1,153,145	637,680	213,593	851,273
Total comprehensive income for the year	—	—	—	524,760	524,760	107,670	632,430
Issuance of shares							
— Restructure of Convertible Preferred Shares *(note 17)*	58,652	2,873,948	1,014,536	—	3,947,136	—	3,947,136
— Issuance of new shares *(note 14(e))*	25,680	3,252,263	—	—	3,277,943	—	3,277,943
Transfer to statutory reserves	—	—	15,766	(15,766)	—	—	—
Dividends *(note 14(f))*	—	(125,651)	—	—	(125,651)	—	(125,651)
Balance as at 31 December 2008	209,332	6,000,560	389,837	1,662,139	8,261,868	321,263	8,583,131
Total comprehensive income for the period	—	—	—	500,172	500,172	22,188	522,360
Additional gain from partial disposal of a subsidiary *(note 21(b))*	—	—	—	—	—	(98,800)	(98,800)
Balance as at 30 June 2009	209,332	6,000,560	389,837	2,162,311	8,762,040	244,651	9,006,691
Unaudited							
Balance as at 31 December 2007	125,000	—	(640,465)	1,153,145	637,680	213,593	851,273
Total comprehensive income for the period	—	—	—	759,883	759,883	100,681	860,564
Issuance of shares							
— Restructure of Convertible Preferred Shares *(note 17)*	58,652	2,873,948	1,014,536	—	3,947,136	—	3,947,136
— Issuance of new shares *(note 14(e))*	25,680	3,252,263	—	—	3,277,943	—	3,277,943
Dividends *(note 14(f))*	—	(125,651)	—	—	(125,651)	—	(125,651)
Balance as at 30 June 2008	209,332	6,000,560	374,071	1,913,028	8,496,991	314,274	8,811,265

(e) CONSOLIDATED CASH FLOW STATEMENTS

	Note	Year ended 31 December 2006 RMB'000	Year ended 31 December 2007 RMB'000	Year ended 31 December 2008 RMB'000	Six months ended 30 June 2008 RMB'000 (unaudited)	Six months ended 30 June 2009 RMB'000
Cash flows of operating activities						
Cash (used in)/generated from operations	29	(1,423,776)	(7,026,900)	(4,038,562)	(2,679,221)	2,817,309
PRC enterprise income tax paid		(87,372)	(104,229)	(198,713)	(122,325)	(64,950)
PRC land appreciation tax paid		(9,245)	(23,970)	(81,575)	(67,220)	(60,535)
Interest paid		(154,202)	(362,615)	(867,413)	(420,654)	(323,624)
Net cash (used in)/generated from operating activities		(1,674,595)	(7,517,714)	(5,186,263)	(3,289,420)	2,368,200
Cash flows of investing activities						
Purchase of property and equipment		(17,220)	(187,047)	(168,889)	(70,927)	(36,740)
Acquisition of a subsidiary, net of cash acquired		—	(39,336)	—	—	—
Proceeds from disposal of available-for-sale investments		29,800	—	—	—	—
Proceeds from partial disposal of a subsidiary		—	976,404	—	—	—
Interest received		6,846	27,875	34,495	8,977	12,351
Cash advances made to related parties		—	—	(969)	(8,047)	—
Repayments of amounts due from related parties		1,872,731	—	—	—	46
Net cash generated from/(used in) investing activities		1,892,157	777,896	(135,363)	(69,997)	(24,343)
Cash flows of financing activities						
Distribution to then shareholders of the Group		(1,816,286)	—	—	—	—
Dividends paid		(493,518)	—	(651)	(651)	—
Proceeds from borrowings		3,587,346	8,326,497	3,732,643	1,914,800	1,756,585
Repayments of borrowings		(2,687,459)	(969,724)	(3,054,204)	(1,092,549)	(1,876,955)
Issuance of Convertible Preferred Shares		3,115,555	—	—	—	—
Issuance of shares		—	—	3,386,121	3,386,121	—
Restricted cash pledged for bank borrowings		(278,969)	(589,121)	400,489	676,090	2,238
Cash advances from related parties		43,364	—	850	—	—
Repayments of amounts due to related parties		(191,452)	—	—	—	(850)
Net cash generated from/(used in) financing activities		1,278,581	6,767,652	4,465,248	4,883,811	(118,982)
Net increase/(decrease) in cash and cash equivalents		1,496,143	27,834	(856,378)	1,524,394	2,224,875
Cash and cash equivalents at the beginning of the year/period		170,282	1,655,970	1,640,863	1,640,863	749,718
Exchange losses on cash and cash equivalents		(10,455)	(42,941)	(34,767)	(28,654)	(405)
Cash and cash equivalents at the end of the year/period		1,655,970	1,640,863	749,718	3,136,603	2,974,188

II. NOTES TO THE FINANCIAL INFORMATION

1. General information and group reorganisation

Evergrande Real Estate Group Limited (the "Company") was incorporated in the Cayman Islands on 26 June 2006 as an exempted company with limited liability under the Companies Law (2009 Revision as consolidated and revised from time to time) of the Cayman Islands and is engaged in investment holding. During the Relevant Periods, the Company and its subsidiaries (the "Group") were principally engaged in the property development, property investment, property management, property construction and other property development related services (the "Listing Businesses").

Dr. Hui Ka Yan ("Dr. Hui") established various companies in the People's Republic of China (the "PRC") engaging in the Listing Businesses through Guangzhou Hengda Industrial Group Company Limited ("廣州恒大實業集團有限公司"). For the preparation of initial public offering of the Company's share on the Stock Exchange, the following group reorganisation (the "Reorganisation") was carried out. Guangzhou Hengda Industrial Group Company Limited is not engaged in the Listing Businesses and accordingly is not included in the Group after the Reorganisation.

(i) In June 2006, the PRC companies comprising the Group (the "Operating Group"), Guangzhou Hengda Industrial Group Company Limited and Dr. Hui underwent a group restructuring. During the restructuring, Guangzhou Chaofeng Land Company Limited, Guangzhou Kailong Land Company Limited and Hengda Real Estate Group Company Limited, which are the intermediate holding company in the Group after the restructuring, have acquired/disposed of certain equity interests in certain companies in the Operating Group from/to Guangzhou Hengda Industrial Group Company Limited and Dr. Hui. After the restructuring, the entire equity interests of the Operating Group were held by Guangzhou Hengda Industrial Group Company Limited. The net consideration, which represented respective portion of paid-in capital of the relevant companies at the time of the transfer, paid by the Operating Group to Guangzhou Hengda Industrial Group Company Limited and Dr. Hui amounted to approximately RMB 52,726,000.

(ii) Dr. Hui incorporated Xin Xin (BVI) Limited ("Xin Xin") in the British Virgin Islands ("BVI"). Xin Xin incorporated the Company, and the Company incorporated ANJI (BVI) Limited.

(iii) ANJI (BVI) Limited acquired the entire equity interests of the Operating Group from Guangzhou Hengda Industrial Group Company Limited at cash considerations totalling RMB 1,763,560,000.

Particulars of the subsidiaries of the Group as at the date of this report are set out below:

Name	Date of incorporation/ establishment	Nominal value of issued and fully paid share capital/ paid-in capital	Percentage of attributable equity interest		Principal activities
			Directly	Indirectly	
Incorporated in the BVI with limited liability and operating in the PRC					
ANJI (BVI) Limited	26 June 2006	US$100	100%	—	Investment holding
ShengJian (BVI) Limited	29 January 2007	US$100	—	100%	Investment holding
Shengyu (BVI) Limited	6 March 2007	US$100	—	100%	Investment holding
Jiajian (BVI) Limited	6 March 2007	US$100	—	100%	Investment holding
Fengyu (BVI) Limited	16 October 2006	US$100	100%	—	Investment holding

Name	Date of incorporation/ establishment	Nominal value of issued and fully paid share capital/ paid-in capital	Percentage of attributable equity interest		Principal activities
			Directly	Indirectly	
Lanbowan (BVI) Limited	16 October 2006	US$100	—	100%	Investment holding
Shengtong (BVI) Limited	31 January 2008	US$1	—	100%	Investment holding
Yitong (BVI) Limited	13 October 2006	US$100	100%	—	Investment holding
Chuangfeng (BVI) Limited	13 October 2006	US$100	—	100%	Investment holding
Luckyman Group Limited	12 January 2008	US$1	—	100%	Investment holding
Luckyup Group Limited	30 January 2008	US$1	—	100%	Investment holding
Sure Fast Group Limited	10 January 2008	US$1	—	100%	Investment holding
Grandday Group Limited	16 January 2008	US$1	—	100%	Investment holding
Ever Grace Group Limited	18 September 2008	US$100	—	100%	Investment holding
Incorporated in Hong Kong with limited liability and operating in the PRC					
Success Will Group Limited *(note (a))*	5 July 2007	HK$1,000	—	60%	Investment holding
Shengtong Holding Limited	13 February 2008	HK$10	—	100%	Investment holding
Tianji Holding Limited	19 May 2009	HK$1		100%	Investment holding
Evergrande International Hotels Group Limited	05 June 2008	HK$10	—	100%	Investment holding
Mass Joy Holdings Limited	02 January 2008	HK$10	—	100%	Investment holding
Will Glory Holdings Limited	10 April 2008	HK$10	—	100%	Investment holding
Lucky Grow Holdings Limited	24 April 2008	HK$10	—	100%	Investment holding
Tianding Holding Limited	18 May 2009	HK$1	—	100%	Investment holding
Incorporated in the PRC with limited liability and operating in the PRC					
恒大地產集團有限公司 Hengda Real Estate Group Company Limited	24 June 1996	RMB 2,500,000,000	—	100%	Property development
廣州市俊匯房地產開發有限公司 Guangzhou Junhui Real Estate Development Company Limited	23 February 1994	RMB 702,780,000	—	100%	Property development
廣州通瑞達房地產實業有限公司 Guangzhou Tongruida Real Estate Industrial Company Limited	31 December 1996	RMB 475,950,000	—	100%	Property development
佛山市南海新中建房地產發展有限公司 Foshan Nanhai Xinzhongjian Real Estate Development Company Limited	11 September 2001	RMB 30,000,000	—	60%	Property development

Name	Date of incorporation/ establishment	Nominal value of issued and fully paid share capital/ paid-in capital	Percentage of attributable equity interest Directly	Indirectly	Principal activities
廣州市俊鴻房地產開發有限公司 Guangzhou Junhong Real Estate Development Company Limited	12 April 1993	RMB 362,550,000	—	100%	Property development
廣州恒大（增城）房地產開發有限公司 Guangzhou Hengda (Zengcheng) Real Estate Development Company Limited	18 July 2005	RMB 68,560,000	—	100%	Property development
恒大地產集團武漢有限公司 Hengda Real Estate Group (Wuhan) Company Limited	20 July 2006	RMB 1,308,000,000	—	100%	Property development
恒大地產集團重慶有限公司 Hengda Real Estate Group (Chongqing) Company Limited	17 July 2006	RMB 711,000,000	—	100%	Property development
恒大鑫源（昆明）置業有限公司 Hengda Xinyuan (Kunming) Property Company Limited	26 April 2007	US$60,000,000	—	100%	Property development
恒大地產集團成都有限公司 Hengda (Chengdu) Real Estate Group Company Limited	12 July 2006	RMB 521,000,000	—	100%	Property development
南京恒大富豐置業有限公司 Nanjing Hengda Fufeng Real Estate Company Limited	10 April 2007	US$29,900,000	—	100%	Property development
天津薊縣金鑫觀光產業有限公司 Tianjin Ji Jinxin Tourism Industry Company Limited	7 April 2006	RMB 1,000,000	—	100%	Property development
武漢鑫金觀光產業園有限公司 Wuhan Xinjin Tourist Park Company Limited	21 April 2006	RMB 1,000,000	—	100%	Property development
彭山縣鑫鑫觀光產業園有限公司 Pengshan Xinxin Tourist Park Company Limited	26 April 2006	RMB 1,000,000	—	100%	Property development
安寧市淦鑫觀光產業園有限公司 Anning Ganxin Tourist Park Company Limited	7 June 2006	RMB 1,000,000	—	100%	Property development
啟東市惠口福飲食廣場有限公司 Qidong Huikoufu Catering & Beverage Court Company Limited	28 April 2006	RMB 6,000,000	—	100%	Property development
啟東市金色海岸大酒店有限公司 Qidong Golden Shore Hotel Company Limited	28 April 2006	RMB 6,000,000	—	100%	Property development
啟東市童心遊樂有限公司 Qidong Tongxin Tourism Company Limited	28 April 2006	RMB 6,000,000	—	100%	Property development

Name	Date of incorporation/ establishment	Nominal value of issued and fully paid share capital/ paid-in capital	Percentage of attributable equity interest		Principal activities
			Directly	Indirectly	
啟東市萬仁動感影視城有限公司 Qidong Wanren Live Cinemas Company Limited	28 April 2006	RMB 6,000,000	—	100%	Property development
啟東市欣晴娛樂有限公司 Qidong Xinqing Entertainment Company Limited	28 April 2006	RMB 5,000,000	—	100%	Property development
啟東市立群健身俱樂部有限公司 Qidong Liqun Gymnastic Club Company Limited	28 April 2006	RMB 10,000,000	—	100%	Property development
啟東市怡然康復保健有限公司 Qidong Yiran Health Recovery & Healthcare Company Limited	28 April 2006	RMB 6,000,000	—	100%	Property development
恒大（清新）生態示範園有限公司 Hengda (Qingxin) Designated Eco-park Company Limited	10 August 2005	RMB 1,000,000	—	100%	Property development
恒大（佛岡）湯塘農場有限公司 Hengda (Fogang) Tangtang Farm Company Limited	17 August 2005	RMB 1,000,000	—	100%	Property development
廣州恒大生態農業開發基地有限公司 Guangzhou Hengda Eco-agricultural Development Base Company Limited	22 September 2005	RMB 1,000,000	—	100%	Property development
廣州市超豐置業有限公司 Guangzhou Chaofeng Land Company Limited	2 April 1996	RMB 784,000,000	—	100%	Consulting, marketing and agency service of real estate
廣州市凱隆置業有限公司 Guangzhou Kailong Land Company Limited	6 April 1996	RMB 600,000,000	—	100%	Consulting, marketing and agency service of real estate
恒大地產集團天津薊縣有限公司 Hengda (Tianjin) Jixian Real Estate Group Company Limited	22 August 2006	RMB 437,000,000	—	100%	Property development
恒大地產集團彭山有限公司 Hengda (Pengshan) Real Estate Group Company Limited	20 July 2006	RMB 41,000,000	—	100%	Property development
恒大地產集團江津有限公司 Hengda (Jiangjin) Real Estate Group Company Limited	27 July 2006	RMB 260,000,000	—	100%	Property development
鄂州恒大房地產開發有限公司 E'zhou Hengda Real Estate Development Company Limited	25 July 2006	RMB 390,000,000	—	100%	Property development
鄂州鑫金生態觀光產業園有限公司 E'zhou Xinjin Ecology Sightseeing Park Company Limited	18 July 2006	RMB 1,000,000	—	100%	Property development

Name	Date of incorporation/ establishment	Nominal value of issued and fully paid share capital/ paid-in capital	Percentage of attributable equity interest		Principal activities
			Directly	Indirectly	
恒大地產集團清新有限公司 Hengda (Qingxin) Real Estate Group Company Limited	28 December 2006	RMB 10,000,000	—	100%	Property development
廣州市啟通實業有限公司 Guangzhou Qitong Real Estate Industry Company Limited	9 November 2006	RMB 10,000,000	—	100%	Trading
廣州市廣域實業有限公司 Guangzhou Guangyu Real Estate Industry Company Limited	9 November 2006	RMB 10,000,000	—	100%	Trading
廣州市力拓土石方工程有限公司 Guangzhou Lituo Site Preparation Company Limited	9 May 2006	RMB 30,000,000	—	100%	Construction
成都恒大銀河新城置業有限公司 Chengdu Hengda Galaxy New City Property Company Limited	30 November 2006	RMB 296,000,000	—	100%	Property development
武漢東湖恒大房地產開發有限公司 Wuhan Donghu Hengda Real Estate Development Company Limited	22 December 2006	RMB 1,064,000,000	—	100%	Property development
重慶市鑫恒觀光農業有限公司 Chongqing Xinheng Sightseeing Industry Park Company Limited	7 August 2006	RMB 1,000,000	—	100%	Property development
恒大鑫隆（瀋陽）置業有限公司 Hengda Xinlong (Shengyang) Real Estate Company Limited	28 December 2006	US$5,000,000	—	100%	Property development
恒大長基（瀋陽）置業有限公司 Hengda Changji (Shengyang) Property Company Limited	1 December 2006	US$74,900,000	—	100%	Property development
恒大鑫源（瀋陽）置業有限公司 Hengda Xinyuan (Shengyang) Property Company Limited	1 December 2006	US$99,000,000	—	100%	Property development
鶴山市鑫鑫觀光產業園有限公司 Heshan Xinxin Tourist Park Company Limited	26 July 2006	RMB 1,000,000	—	100%	Property development
成都市溫江區鑫金康置業有限責任公司 Chengdu Wenjiang Xinjinkang Property Company Limited	1 August 2006	RMB 495,500,000	—	100%	Property development
恒大鑫豐（彭山）置業有限公司 Hengda Xinfeng (Pengshan) Property Company Limited	13 March 2007	US$70,600,000	—	100%	Property development
恒大盛宇（清新）置業有限公司 Hengda Shengyu (Qingxin) Company Limited	25 March 2007	US$87,030,000	—	100%	Property development

Name	Date of incorporation/ establishment	Nominal value of issued and fully paid share capital/ paid-in capital	Percentage of attributable equity interest		Principal activities
			Directly	Indirectly	
武漢市金碧綠洲房地產開發有限公司 Wuhan Evergrande Oasis Real Estate Development Company Limited	21 March 2007	US$29,900,000	—	100%	Property development
啟東譽豪飲食廣場有限公司 Qidong Yuhao Catering Court Company Limited	1 January 2007	US$29,900,000	—	100%	Property development
啟東歡華大酒店有限公司 Qidong Huanhua Hotel Company Limited	1 January 2007	US$15,000,000	—	100%	Property development
啟東勤盛遊樂有限公司 Qidong Qingshen Amusement Company Limited	1 January 2007	US$29,900,000	—	100%	Property development
啟東衡美影視城有限公司 Qidong Hengmei Movie City Company Limited	1 January 2007	US$29,900,000	—	100%	Property development
啟東鑫華娛樂有限公司 Qidong Xinhua Entertainment Company Limited	1 January 2007	US$29,900,000	—	100%	Property development
啟東通譽健身俱樂部有限公司 Qidong Tongyu Gym Club Company Limited	1 January 2007	US$29,900,000	—	100%	Property development
啟東寶豐康復保健有限公司 Qidong Baofeng Health Recovery Company Limited	1 January 2007	US$29,900,000	—	100%	Property development
重慶恒大基宇置業有限公司 Hengda Chongqing Jiyu Property Company Limited	14 May 2007	US$128,900,000	—	100%	Property development
恒大地產集團鄭州有限公司 Hengda (Zhengzhou) Real Estate Group Company Limited	23 May 2007	RMB 20,000,000	—	100%	Property development
湖北怡清雅築房地產開發有限公司 Hubei Yiqingyazhu Real Estate Development Company Limited	20 March 2007	RMB 320,000,000	—	100%	Property development
金碧物業有限公司 Jinbi Property Management Company Limited	10 September 1997	RMB 177,600,000	—	60%	Property management and related consulting services
廣州市金碧房地產代理有限公司 Guangzhou Jinbi Real Estate Agency Company Limited	18 July 2002	RMB 500,000	—	100%	Property agency
廣州市金碧華府物業有限公司 Guangzhou Jinbi Huafu Property Company Limited	20 August 2003	RMB 10,000,000	—	60%	Provision of property management services

Name	Date of incorporation/ establishment	Nominal value of issued and fully paid share capital/ paid-in capital	Percentage of attributable equity interest Directly	Indirectly	Principal activities
廣州市金碧世家物業服務有限公司 Guangzhou Jinbi Shijia Property Service Company Limited	11 November 2003	RMB 10,000,000	—	100%	Provision of property management services
廣州市金碧恒盈物業服務有限公司 Guangzhou Jinbi Hengying Property Service Company Limited	6 February 2004	RMB 10,000,000	—	100%	Provision of property management services
恒大地產集團西安有限公司 Hengda (Xi'an) Real Estate Group Company Limited	14 September 2007	RMB 30,000,000	—	100%	Property development
恒大地產集團洛陽有限公司 Hengda (Luoyang) Real Estate Group Company Limited	5 September 2007	RMB 20,000,000	—	100%	Property development
恒大地產集團太原有限公司 Hengda (Taiyuan) Real Estate Group Company Limited	11 September 2007	RMB 631,000,000	—	100%	Property development
西安曲江投資建設有限公司 Xi'an Qujiang Investment Construction Company Limited	9 September 2002	RMB 453,462,000	—	65%	Property development
西安祺雲置業有限公司 Xi'an Qiyun Land Company Limited	28 August 2007	RMB 315,000,000	—	100%	Property development
合肥祺嘉置業有限公司 Hefei Qijia Property Company Limited	6 November 2007	US$38,600,000	—	100%	Property development
恒大地產集團南寧有限公司 Hengda Nanning Real Estate Group Company Limited	9 November 2007	RMB 20,000,000	—	100%	Property development
南寧銀象房地產開發有限責任公司 Nanning Yinxiang Real Estate Development Company Liability limited	24 November 2005	RMB 10,000,000	—	80.05%	Property development
恒大地產集團貴陽置業有限公司 Hengda Real Estate Group Guiyang Property Company Limited	13 November 2007	RMB 159,100,000	—	100%	Property development
南京漢典房地產開發有限公司 Nanjing Handian Property Development Company Limited	10 July 2002	RMB 371,000,000	—	100%	Property development
湖南雄震投資有限公司 Hunan Xiongzhen Investment Company Limited	7 August 2003	RMB 100,000,000	—	51%	Property development
恒大地產集團合肥有限公司 Hengda Hefei Real Estate Group Company Limited	9 November 2007	RMB 20,000,000	—	100%	Property development

Name	Date of incorporation/ establishment	Nominal value of issued and fully paid share capital/ paid-in capital	Percentage of attributable equity interest Directly	Indirectly	Principal activities
恒大地產集團長沙置業有限公司 Hengda Changsha Property Company Limited	7 November 2007	RMB 20,000,000	—	100%	Property development
廣州恒暉建築工程有限公司 Guangzhou Henghui Construction Company Limited	26 November 1997	RMB 21,000,000	—	100%	Construction
廣州市恒大工程監理有限公司 Guangzhou Hengda Construction Supervisory Company Limited	3 June 1997	RMB 3,000,000	—	100%	Supervision of construction
廣州市金碧園林藝術有限公司 Guangzhou Jinbi Landscaping Company Limited	24 January 2002	RMB 1,180,000	—	100%	Landscape and architecture
廣州恒大裝飾工程有限公司 Guangzhou Hengda Decoration Engineering Company Limited	24 May 2004	RMB 3,010,000	—	100%	Decoration and design
佛山市恒大金屬建築材料有限公司 Foshan Hengda Metallic Construction Material Company Limited	24 August 2005	RMB 1,000,000	—	100%	Sales of decoration materials
廣州市恒大廣告有限公司 Guangzhou Hengda Advertising Company Limited	1 February 1999	RMB 500,000	—	100%	Advertising
廣州市越秀住宅建設有限公司 Guangzhou Yuexiu Property Construction Company Limited	20 May 2005	RMB 53,280,000	—	100%	Construction
荊州市晴川建築設計院有限公司 Jingzhou Architecture Design Institute Company Limited	6 June 1996	RMB 5,000,000	—	100%	Designing of architecture
廣州市恒大材料設備有限公司 Hengda (Guangzhou) Material and Equipment Company Limited	30 April 2007	RMB 100,000,000	—	100%	Trading of construction materials
河南省軟件園實業發展有限公司 Henan Ruanjianyuan Industrial Development Company Limited	4 April 2000	RMB 20,000,000	—	80%	Property development
佛山市南海俊誠房地產開發有限公司 Foshan Nanhai Jun Cheng Property Development Company Limited	23 November 2007	RMB 20,000,000	—	100%	Property development
恒大地產集團廣東房地產開發有限公司 Hengda Real Estate Group Guangdong Property Development Company Limited	19 December 2007	RMB 50,000,000	—	100%	Property development
武漢恒大園林綠化工程有限公司 Wuhan Hengda Landscaping Planting Project Company Limited	20 June 2008	RMB 500,000	—	100%	Landscape and architecture

Name	Date of incorporation/ establishment	Nominal value of issued and fully paid share capital/ paid-in capital	Percentage of attributable equity interest		Principal activities
			Directly	Indirectly	
天津金瑞園林藝術有限公司 Tianjin Jinrun Landscaping Company Limited	27 June 2008	RMB 1,000,000	—	100%	Landscape and architecture
湖南盛基置業有限公司 Hunan Shengji Property Company Limited	26 March 2008	US$20,000,000	—	100%	Property development
合肥恒大園林綠化工程有限公司 Hefei Hengda Landscaping Planting Project Company Limited	2 July 2008	RMB 500,000	—	100%	Landscape and architecture
西安恒大園林綠化工程有限公司 Xi'an Hengda Landscaping Planting Project Company Limited	5 August 2008	RMB 1,000,000	—	100%	Landscape and architecture
南京菁潤園林綠化工程有限公司 Nanjing Jingrun Landscaping Planting Project Company Limited	24 July 2008	RMB 2,000,000	—	100%	Landscape and architecture
昆明金翠園林綠化工程有限公司 Kunming Jincui Landscaping Planting Project Company Limited	10 July 2008	RMB 1,000,000	—	100%	Landscape and architecture
佛山市南海區華南師範大學附屬小學恒大南海學校投資有限公司 Foshan Nanhai Affiliated Primary School of South China Normal University Hengda Nanhai School Investment Company Limited	15 July 2008	RMB 3,000,000		100%	Education
貴陽恒大園林綠化工程有限公司 Guiyang Hengda Landscaping Planting Project Company Limited	18 July 2008	RMB 2,000,000	—	100%	Landscape and architecture
重慶潤豐園林綠化工程有限公司 Chongqing Runfeng Landscaping Planting Project Company Limited	4 August 2008	RMB 1,000,000	—	100%	Landscape and architecture
鄂州恒大園林綠化工程有限公司 E'zhou Hengda Landscaping Planting Project Company Limited	30 July 2008	RMB 1,000,000	—	100%	Landscape and architecture
長沙天璽置業有限公司 Changsha Tianxi Zhiye Property Company Limited	5 August 2008	RMB 20,000,000	—	100%	Property development
長沙駿鴻園林綠化工程有限公司 Changsha Junhong Landscaping Planting Project Company Limited	6 August 2008	RMB 2,000,000	—	100%	Landscape and architecture
成都鑫金康園林綠化工程有限公司 Chengdu Xinjinkang Landscaping Planting Project Company Limited	30 June 2008	RMB 1,000,000	—	100%	Landscape and architecture
太原園林綠化工程有限公司 Taiyuan Landscaping Planting Project Company Limited	11 August 2008	RMB 2,000,000	—	100%	Landscape and architecture

Name	Date of incorporation/ establishment	Nominal value of issued and fully paid share capital/ paid-in capital	Percentage of attributable equity interest Directly	Indirectly	Principal activities
恒大地產集團包頭有限公司 Hengda (Baotou) Real Estate Group Company Limited	9 August 2008	RMB 35,000,000	—	100%	Property development
廣東恒大排球俱樂部有限公司 Guangdong Hengda Volleyball Club Limited	24 April 2009	RMB 20,000,000		100%	Club operation
陝西金泓投資有限公司 Shanxi Jinhong Investment Company Limited	2 November 2006	RMB 50,000,000		60%	Property development
南寧市御景園林綠化工程有限公司 Nanning Yujing Landscaping Planting Project Company Limited	18 August 2008	RMB 2,000,000	—	100%	Landscape and architecture

(a) On 5 July 2007, Success Will Group Limited was incorporated in Hong Kong as a wholly owned subsidiary of ANJI (BVI) Limited.

On 28 September 2007, Success Will Group Limited redesignated its issued share capital of 1,000 ordinary shares of HK$1.00 each into 600 A ordinary shares of HK$1.00 each and 400 B ordinary shares of HK$1.00 each. ANJI (BVI) Limited and a related party of one of the Company's shareholders entered into a share purchase agreement on the same date, pursuant to which the counterparty acquired the 400 B ordinary shares of Success Will Group Limited from ANJI (BVI) Limited at a consideration of US$130,000,000.

Each of the A ordinary shares and B ordinary shares of Success Will Group Limited will carry the respective rights to dividends and rank pari passu to each other until the total amount of dividends distributed to the holders of the B ordinary shares is equivalent to a 25% compounded annual return on the purchase price of the B ordinary shares, which thereafter, the issued A ordinary shares will entitle the holders thereof to 80% of any dividend declared, made or paid whereas the issued B ordinary shares will entitle the holders thereof to 20% of any dividend so declared, made or paid.

No statutory audited financial statements have been prepared for the above subsidiaries as it is not required by local government, except for the following companies of the corresponding financial years:

Name of companies	Statutory auditors Year 2006	Year 2007	Year 2008
恒大地產集團有限公司 Hengda Real Estate Group Company Limited	廣州志信會計師事務所有限公司 Guangzhou Reputation Certified Public Accountants Company Limited	廣州志信會計師事務所有限公司 Guangzhou Reputation Certified Public Accountants Company Limited	廣州志信會計師事務所有限公司 Guangzhou Reputation Certified Public Accountants Company Limited
廣州市俊匯房地產開發有限公司 Guangzhou Junhui Real Estate Development Company Limited	廣州志信會計師事務所有限公司 Guangzhou Reputation Certified Public Accountants Company Limited	廣州志信會計師事務所有限公司 Guangzhou Reputation Certified Public Accountants Company Limited	廣州志信會計師事務所有限公司 Guangzhou Reputation Certified Public Accountants Company Limited
廣州通瑞達房地產實業有限公司 Guangzhou Tongruida Real Estate Industrial Company Limited	廣州志信會計師事務所有限公司 Guangzhou Reputation Certified Public Accountants Company Limited	廣州志信會計師事務所有限公司 Guangzhou Reputation Certified Public Accountants Company Limited	廣州志信會計師事務所有限公司 Guangzhou Reputation Certified Public Accountants Company Limited
佛山市南海新中建房地產發展有限公司 Foshan Nanhai Xinzhongjian Real Estate Development Company Limited	廣州志信會計師事務所有限公司 Guangzhou Reputation Certified Public Accountants Company Limited	廣州志信會計師事務所有限公司 Guangzhou Reputation Certified Public Accountants Company Limited	廣州志信會計師事務所有限公司 Guangzhou Reputation Certified Public Accountants Company Limited

Name of companies	Statutory auditors Year 2006	Year 2007	Year 2008
廣州市俊鴻房地產開發有限公司 Guangzhou Junhong Real Estate Development Company Limited	廣州志信會計師事務所有限公司 Guangzhou Reputation Certified Public Accountants Company Limited	廣州志信會計師事務所有限公司 Guangzhou Reputation Certified Public Accountants Company Limited	廣州志信會計師事務所有限公司 Guangzhou Reputation Certified Public Accountants Company Limited
廣州恒大（增城）房地產開發有限公司 Guangzhou Hengda (Zengcheng) Real Estate Development Company Limited	廣州晉成會計師事務所有限公司 Guangzhou Jincheng Certified Public Accountants Company Limited	廣州志信會計師事務所有限公司 Guangzhou Reputation Certified Public Accountants Company Limited	廣州振和會計師事務所有限公司 Guangzhou Zhenhe Certified Public Accountants Co., Ltd.
恒大地產集團武漢有限公司 Hengda Real Estate Group (Wuhan) Company Limited	武漢天鵬會計師事務所有限責任公司 Wuhan Tianpeng Certified Public Accountants Company Limited	湖北天元會計師事務有限責任公司 Hubei Tianyuan Certified Public Accountants Company Limited	湖北天元會計師事務有限責任公司 Hubei Tianyuan Certified Public Accountants Company Limited
恒大地產集團重慶有限公司 Hengda Real Estate Group (Chongqing) Company Limited	Not applicable	重慶鉑碼會計師事務所有限公司 Chongqing Boma Certified Public Accountants Co., Ltd.	重慶中凱會計師事務所有限公司 Chongqing Zhongkai Certified Public Accountants Company Limited
恒大鑫源（昆明）置業有限公司 Hengda Xinyuan (Kunming) Property Company Limited	Not applicable	昆明亞太會計師事務所有限責任公司 Kunming Yatai Certified Public Accountants	昆明亞太會計師事務所有限責任公司 Kunming Yatai Certified Public Accountants
恒大地產集團成都有限公司 Hengda (Chengdu) Real Estate Group Company Limited	四川光華會計師事務所有限責任公司 Sichuan Guanghua Public Accountant Office Limited Company	四川光華會計師事務所有限責任公司 Sichuan Guanghua Public Accountant Office Limited Company	四川恒通會計師事務所有限公司 Sichuan Hengtong Certified Public Accountants Co., Ltd.
南京恒大富豐置業有限公司 Nanjing Hengda Fufeng Property Company Limited	Not applicable	南京中信會計師事務所 Nanjing Zhongxin Certified Public Accountants	南京國信均益會計師事務所有限公司 Nanjing Guoxinjunyi Public Accountant Office Limited Company
天津薊縣金鑫觀光產業有限公司 Tianjin Ji Jinxin Tourism Industry Company Limited	Not applicable	天津市正泰有限責任會計師事務所 Tianjin Zhengtai Certified Public Accountants Ltd.	天津市正泰有限責任會計師事務所 Tianjin Zhengtai Certified Public Accountants Ltd.
武漢鑫金觀光產業園有限公司 Wuhan Xinjin Tourist Park Company Limited	武漢天鵬會計師事務所有限責任公司 Wuhan Tianpeng Certified Public Accountants Company Limited	湖北天元會計師事務有限責任公司 Hubei Tianyuan Public Accountant Office Limited Company	湖北天元會計師事務有限責任公司 Hubei Tianyuan Public Accountant Office Limited Company
彭山縣鑫鑫觀光產業園有限公司 Pengshan Xinxin Tourist Park Company Limited	Not applicable	Not applicable	四川恒通會計師事務所有限公司 Sichuan Hengtong Certified Public Accountants Co., Ltd.
安寧市淦鑫觀光產業園有限公司 Anning Ganxin Tourist Park Company Limited	Not applicable	昆明亞太會計師事務所有限責任公司 Kunming Yatai Certified Public Accountants	昆明亞太會計師事務所有限責任公司 Kunming Yatai Certified Public Accountants

Name of companies	Statutory auditors Year 2006	Year 2007	Year 2008
恒大（清新）生態示範園有限公司 Hengda (Qingxin) Designated Eco-park Company Limited	廣州志信會計師事務所有限公司 Guangzhou Reputation Certified Public Accountants Company Limited	廣州志信會計師事務所有限公司 Guangzhou Reputation Certified Public Accountants Company Limited	廣州振和會計師事務所有限公司 Guangzhou Zhenhe Certified Public Accountants Co., Ltd.
恒大（佛岡）湯塘農場有限公司 Hengda (Fogang) Tangtang Farm Company Limited	廣州志信會計師事務所有限公司 Guangzhou Reputation Certified Public Accountants Company Limited	廣州志信會計師事務所有限公司 Guangzhou Reputation Certified Public Accountants Company Limited	廣州永道會計師事務所有限公司 Guangzhou Yongdao Certified Public Accountants Co., Ltd.
廣州恒大生態農業開發基地有限公司 Guangzhou Hengda Eco-agricultural Development Base Company Limited	廣州志信會計師事務所有限公司 Guangzhou Reputation Certified Public Accountants Company Limited	廣州志信會計師事務所有限公司 Guangzhou Reputation Certified Public Accountants Company Limited	廣州永道會計師事務所有限公司 Guangzhou Yongdao Certified Public Accountants Co., Ltd.
廣州市超豐置業有限公司 Guangzhou Chaofeng Land Company Limited	廣州晉成會計師事務所有限公司 Guangzhou Jincheng Certified Public Accountants Company Limited	廣州志信會計師事務所有限公司 Guangzhou Reputation Certified Public Accountants Company Limited	廣州志信會計師事務所有限公司 Guangzhou Reputation Certified Public Accountants Company Limited
廣州市凱隆置業有限公司 Guangzhou Kailong Land Company Limited	廣州志信會計師事務所有限公司 Guangzhou Reputation Certified Public Accountants Company Limited	廣州志信會計師事務所有限公司 Guangzhou Reputation Certified Public Accountants Company Limited	廣州志信會計師事務所有限公司 Guangzhou Reputation Certified Public Accountants Company Limited
恒大地產集團天津薊縣有限公司 Hengda (Tianjin) Jixian Real Estate Group Company Limited	Not applicable	天津隆玉聯合會計師事務所 Tianjin Longyu United Certified Public Accountants	天津市正泰有限責任會計師事務所 Tianjin Zhengtai Certified Public Accountants Ltd.
恒大地產集團彭山有限公司 Hengda (Pengshan) Real Estate Group Company Limited	Not applicable	四川光華會計師事務所有限責任公司 Sichuan Guanghua Public Accountant Office Limited Company	四川恒通會計師事務所有限公司 Sichuan Hengtong Certified Public Accountants Co., Ltd.
恒大地產集團江津有限公司 Hengda (Jiangjin) Real Estate Group Company Limited	Not applicable	重慶鉑碼會計師事務所有限公司 Chongqing Boma Certified Public Accountants Co., Ltd.	重慶中凱會計師事務所有限公司 Chongqing zhongkai Certified Public Accountants Co., Ltd.
鄂州恒大房地產開發有限公司 E'zhou Hengda Real Estate Development Company Limited	武漢天鵬會計師事務有限責任公司 Wuhan Tianpeng Certified Public Accountants Co., Ltd.	湖北鄂州融信有限責任會計師事務所 Hubei Ezhou Rongxin Certified Public Accountants Co., Ltd.	湖北鄂州融信有限責任會計師事務所 Hubei Ezhou Rongxin Certified Public Accountants Co., Ltd.
鄂州鑫金生態觀光產業園有限公司 E'zhou Xinjin Ecology Sightseeing Park Company Limited	武漢天鵬會計師事務有限責任公司 Wuhan Tianpeng Certified Public Accountants Co., Ltd.	湖北中天會計師事務所有限責任公司 Hubei Zhongtian Certified Public Accountants Co., Ltd.	湖北鄂州融信有限責任會計師事務所 Hubei Ezhou Rongxin Certified Public Accountants Co., Ltd.
恒大地產集團清新有限公司 Hengda (Qingxin) Real Estate Group Company Limited	廣州志信會計師事務所有限公司 Guangzhou Reputation Certified Public Accountants Company Limited	廣州志信會計師事務所有限公司 Guangzhou Reputation Certified Public Accountants Company Limited	廣州永道會計師事務所有限公司 Guangzhou Yongdao Certified Public Accountants Co., Ltd.
廣州市啟通實業有限公司 Guangzhou Qitong Real Estate Industry Company Limited	Not applicable	廣州南華會計師事務所有限公司 Guangzhou Nanhua Certified Public Accountants Limited	北京中瑞誠聯合會計師事務所廣東分所 Guangdong Branch of China Regal CPAs

Name of companies	Statutory auditors Year 2006	 Year 2007	 Year 2008
廣州市廣域實業有限公司 Guangzhou Guangyu Real Estate Industry Company Limited	Not applicable	廣州南華會計師事務所有限公司 Guangzhou Nanhua Certified Public Accountants Limited	北京中瑞誠聯合會計師事務所廣東分所 Guangdong Branch of China Regal CPAs
廣州市力拓土石方工程有限公司 Guangzhou Lituo Site Preparation Company Limited	廣州志信會計師事務所有限公司 Guangzhou Reputation Certified Public Accountants Company Limited	廣州市華穗會計師事務所有限公司 Guangzhou Huasui Certified Public Accountants Company Limited	北京中瑞誠聯合會計師事務所廣東分所 Guangdong Branch of China Regal CPAs
成都恒大銀河新城置業有限公司 Chengdu Hengda Galaxy New City Property Company Limited	Not applicable	Not applicable	四川恒通會計師事務所有限公司 Sichuan Hengtong Certified Public Accountants Co., Ltd.
武漢東湖恒大房地產開發有限公司 Wuhan Donghu Hengda Real Estate Development Company Limited	武漢天鵬會計師事務所有限責任公司 Wuhan Tianpeng Certified Public Accountants Company Limited	武漢長城會計師事務有限責任公司 Wuhan Changcheng Certified Public Accountants Co., Ltd.	湖北天元會計師事務有限責任公司 Hubei Tianyuan Certified Public Accountants Co., Ltd.
重慶市鑫恒觀光農業有限公司 Chongqing Xinheng Sightseeing Industry Park Company Limited	Not applicable	重慶鉑碼會計師事務所有限公司 Chongqing Boma Certified Public Accountants Co., Ltd.	重慶中凱會計師事務所有限公司 Chongqing Zhongkai Certified Public Accountants Co., Ltd.
恒大鑫隆（瀋陽）置業有限公司 Hengda Xinlong (Shengyang) Real Estate Company Limited	遼寧爾立會計師事務所有限公司 Liaoning Lier Certified Public Accountants Co., Ltd.	遼寧爾立會計師事務所有限公司 Liaoning Lier Certified Public Accountants Co., Ltd.	遼寧爾立會計師事務所有限公司 Liaoning Lier Certified Public Accountants Co., Ltd.
恒大長基（瀋陽）置業有限公司 Hengda Changji (Shengyang) Property Company Limited	遼寧爾立會計師事務所有限公司 Liaoning Lier Certified Public Accountants Co., Ltd.	遼寧爾立會計師事務所有限公司 Liaoning Lier Certified Public Accountants Co., Ltd.	遼寧爾立會計師事務所有限公司 Liaoning Lier Certified Public Accountants Co., Ltd.
恒大鑫源（瀋陽）置業有限公司 Hengda Xinyuan (Shengyang) Property Company Limited	遼寧爾立會計師事務所有限公司 Liaoning Lier Certified Public Accountants Co., Ltd.	遼寧爾立會計師事務所有限公司 Liaoning Lier Certified Public Accountants Co., Ltd.	遼寧爾立會計師事務所有限公司 Liaoning Lier Certified Public Accountants Co., Ltd.
鶴山市鑫鑫觀光產業園有限公司 Heshan Xinxin Tourist Park Company Limited	鶴山市中信會計師事務所 Heshan Zhongxin Certified Public Accountants Co., Ltd.	廣州志信會計師事務所有限公司 Guangzhou Reputation Certified Public Accountants Company Limited	廣州永道會計師事務所有限公司 Guangzhou Yongdao Certified Public Accountants Co., Ltd.
成都市溫江區鑫金康置業有限責任公司 Chengdu Wenjiang Xinjinkang Property Company Limited	四川寅洋會計師事務所有限責任公司 Sichuan Yanyang Certified Public Accountants Co., Ltd.	Not applicable	四川恒通會計師事務所有限公司 Sichuan Hengtong Certified Public Accountants Co., Ltd.
恒大鑫豐（彭山）置業有限公司 Hengda Xinfeng (Pengshan) Property Company Limited	Not applicable	Not applicable	四川恒通會計師事務所有限公司 Sichuan Hengtong Certified Public Accountants Co., Ltd.
恒大盛宇（清新）置業有限公司 Hengda Shengyu (Qingxin) Company Limited	Not applicable	廣州志信會計師事務所有限公司 Guangzhou Reputation Certified Public Accountants Company Limited	廣州振和會計師事務所有限公司 Guangzhou Zhenhe Certified Public Accountants Co., Ltd.

Name of companies	Statutory auditors Year 2006	Year 2007	Year 2008
武漢市金碧綠洲房地產開發有限公司 Wuhan Evergrande Oasis Real Estate Development Company Limited	Not applicable	武漢長城會計師事務有限責任公司 Wuhan Changcheng Certified Public Accountants Co., Ltd.	湖北天元會計師事務有限責任公司 Hubei Tianyuan Certified Public Accountants Co., Ltd.
啟東譽豪飲食廣場有限公司 Qidong Yuhao Catering Court Company Limited	Not applicable	南通陽光會計師事務所有限公司 Nantong Sunshine Certified Public Accountants Co., Ltd.	南通陽光會計師事務所有限公司 Nantong Sunshine Certified Public Accountants Co., Ltd.
啟東歡華大酒店有限公司 Qidong Huanhua Hotel Company Limited	Not applicable	南通陽光會計師事務所有限公司 Nantong Sunshine Certified Public Accountants Co., Ltd.	南通陽光會計師事務所有限公司 Nantong Sunshine Certified Public Accountants Co., Ltd.
啟東勤盛遊樂有限公司 Qidong Qingshen Amusement Company Limited	Not applicable	南通陽光會計師事務所有限公司 Nantong Sunshine Certified Public Accountants Co., Ltd.	南通陽光會計師事務所有限公司 Nantong Sunshine Certified Public Accountants Co., Ltd.
啟東衡美影視城有限公司 Qidong Hengmei Movie City Company Limited	Not applicable	南通陽光會計師事務所有限公司 Nantong Sunshine Certified Public Accountants Co., Ltd.	南通陽光會計師事務所有限公司 Nantong Sunshine Certified Public Accountants Co., Ltd.
啟東鑫華娛樂有限公司 Qidong Xinhua Entertainment Company Limited	Not applicable	南通三角州聯合會計師事務所 Nantong Shanjiaozhou Lianhe Public Accountants Co., Ltd.	南通陽光會計師事務所有限公司 Nantong Sunshine Certified Public Accountants Co., Ltd.
啟東通譽健身俱樂部有限公司 Qidong Tongyu Gym Club Company Limited	Not applicable	南通三角州聯合會計師事務所 Nantong Shanjiaozhou Lianhe Public Accountants Co., Ltd.	南通陽光會計師事務所有限公司 Nantong Sunshine Certified Public Accountants Co., Ltd.
啟東寶豐康復保健有限公司 Qidong Baofeng Health Recovery Company Limited	Not applicable	南通三角州聯合會計師事務所 Nantong Shanjiaozhou Lianhe Public Accountants Co., Ltd.	南通陽光會計師事務所有限公司 Nantong Sunshine Certified Public Accountants Co., Ltd.
重慶恒大基宇置業有限公司 Hengda Chongqing Jiyu Property Company Limited	Not applicable	重慶鉑碼會計師事務所有限公司 Chongqing Boma Certified Public Accountants Co., Ltd.	重慶中凱會計師事務所有限公司 Chongqing Zhongkai Certified Public Accountants Co., Ltd.
恒大地產集團鄭州有限公司 Hengda (Zhengzhou) Real Estate Group Company Limited	Not applicable	河南久遠會計師事務所有限公司 Henan Jiuyuan Certified Public Accountants Co., Ltd.	河南久遠會計師事務所有限公司 Henan Jiuyuan Certified Public Accountants Co., Ltd.
湖北怡清雅築房地產開發有限公司 Hubei Yiqingyazhu Real Estate Development Company Limited	Not applicable	武漢長城會計師事務有限責任公司 Wuhan Changcheng Certified Public Accountants Co., Ltd.	湖北天元會計師事務有限責任公司 Hubei Tianyuan Certified Public Accountants Co., Ltd.
金碧物業有限公司 Jinbi Property Management Company Limited	廣州志信會計師事務所有限公司 Guangzhou Reputation Certified Public Accountants Company Limited	廣州南華會計師事務所有限公司 Guangzhou Nanhua Certified Public Accountants Limited	廣州振和會計師事務所有限公司 Guangzhou Zhenhe Certified Public Accountants Co., Ltd.
廣州市金碧房地產代理有限公司 Guangzhou Jinbi Real Estate Agency Company Limited	廣州志信會計師事務所有限公司 Guangzhou Reputation Certified Public Accountants Company Limited	廣州南華會計師事務所有限公司 Guangzhou Nanhua Certified Public Accountants Limited	廣州振和會計師事務所有限公司 Guangzhou Zhenhe Certified Public Accountants Co., Ltd.
廣州市金碧華府物業有限公司 Guangzhou Jinbi Huafu Property Company Limited	廣州志信會計師事務所有限公司 Guangzhou Reputation Certified Public Accountants Company Limited	廣州南華會計師事務所有限公司 Guangzhou Nanhua Certified Public Accountants Limited	廣州振和會計師事務所有限公司 Guangzhou Zhenhe Certified Public Accountants Co., Ltd.

Name of companies	Statutory auditors Year 2006	Year 2007	Year 2008
廣州市金碧世家物業管理有限公司 Guangzhou Jinbi Shijia Property Management Company Limited	廣州志信會計師事務所有限公司 Guangzhou Reputation Certified Public Accountants Company Limited	廣州南華會計師事務所有限公司 Guangzhou Nanhua Certified Public Accountants Limited	廣州振和會計師事務所有限公司 Guangzhou Zhenhe Certified Public Accountants Co., Ltd.
廣州市金碧恒盈物業服務有限公司 Guangzhou Jinbi Hengying Property Service Company Limited	廣州志信會計師事務所有限公司 Guangzhou Reputation Certified Public Accountants Company Limited	廣州南華會計師事務所有限公司 Guangzhou Nanhua Certified Public Accountants Limited	廣州振和會計師事務所有限公司 Guangzhou Zhenhe Certified Public Accountants Co., Ltd.
恒大地產集團洛陽有限公司 Hengda (Luoyang) Real Estate Group Company Limited	Not applicable	河南凱橋會計師事務所有限公司 Henan Kaiqiao Certified Public Accountants Co., Ltd.	洛陽中華會計師事務所有限責任公司 Luoyang Zhonghua Certified Public Accountants Co., Ltd.
恒大地產集團太原有限公司 Hengda (Taiyuan) Real Estate Group Company Limited	Not applicable	山西晉強會計師事務所有限公司 Shanxi Jinqiang Certified Public Accountants Co., Ltd.	山西華鈺會計師事務所 ShanXi Huayu Certified Public Accountants
西安曲江投資建設有限公司 Xi'an Qujiang Investment Construction Company Limited	Not applicable	陝西正大有限責任會計師事務所 Shaanxi Zhengda Certified Public Accountants Ltd.	Not applicable
西安祺雲置業有限公司 Xi'an Qiyun Land Company Limited	Not applicable	陝西正大有限責任會計師事務所 Shaanxi Zhengda Certified Public Accountants Ltd.	陝西西秦金周會計師事務所有限責任公司 Shaanxi Xiqin Jinzhou Certified Public Accountants
合肥祺嘉置業有限公司 Hefei Qijia Property Company Limited	Not applicable	安徽華建會計師事務所 Anhui Huajian Certified Public Accountants Co., Ltd.	安徽中健會計師事務所 Anhui Huajian Certified Public Accountants Co., Ltd.
恒大地產集團南寧有限公司 Hengda Nanning Real Estate Group Company Limited	Not applicable	南寧市華泰天正聯合會計師事務所 Nanning Huatai Tianzheng Lianhe Certified Public Accountants Co., Ltd.	南寧市華泰天正聯合會計師事務所 Nanning Huatai Tianzheng Lianhe Certified Public Accountants Co., Ltd.
南寧銀象房地產開發有限責任公司 Nanning Yinxiang Real Estate Development Company Liability limited	Not applicable	南寧市華泰天正聯合會計師事務所 Nanning Huatai Tianzheng Lianhe Certified Public Accountants Co., Ltd.	南寧市華泰天正聯合會計師事務所 Nanning Huatai Tianzheng Lianhe Certified Public Accountants Co., Ltd.
恒大地產集團貴陽置業有限公司 Hengda Real Estate Group Guiyang Property Company Limited	Not applicable	貴陽華正聯合會計師事務所 Guiyang Huazheng Certified Public Accountants Partnership	貴陽華正聯合會計師事務所 Guiyang Huazheng Certified Public Accountants Partnership
南京漢典房地產開發有限公司 Nanjing Handian Property Development Company Limited	Not applicable	南京中信會計師事務所 Nanjing Zhongxin Certified Public Accountants	南京國信均益會計師事務所有限公司 Nanjing Guoxin Junyi Certified Public Accountants Co., Ltd.
湖南雄震投資有限公司 Hunan Xiongzhen Investment Company Limited	Not applicable	湖南中和有限責任會計師事務所 Hunan Zhonghe Limited Certified Public Accounts' Firm	湖南遠誠聯合會計師事務所 Yuancheng United Certified Public Accounts Office of Hunan

Name of companies	Statutory auditors Year 2006	Year 2007	Year 2008
恒大地產集團合肥有限公司 Hengda Hefei Real Estate Group Company Limited	Not applicable	安徽華建會計師事務所 Anhui Huajian Certified Public Accountants Co., Ltd.	安徽中健會計師事務所 Anhui Huajian Certified Public Accountants Co., Ltd.
恒大地產集團長沙置業有限公司 Hengda Changsha Property Company Limited	Not applicable	湖南中和有限責任會計師事務所 Hunan Zhonghe Limited Certified Public Accounts' Firm	湖南遠誠聯合會計師事務所 Yuancheng United Certified Public Accounts Office of Hunan
廣州恒暉建築工程有限公司 Guangzhou Henghui Construction Company Limited	廣州志信會計師事務所有限公司 Guangzhou Reputation Certified Public Accountants Company Limited	廣州南華會計師事務所有限公司 Guangzhou Nanhua Certified Public Accountants Limited	北京中瑞誠聯合會計師事務所廣東分所 Guangdong Branch of China Regal CPAs
廣州市恒大工程監理有限公司 Guangzhou Hengda Construction Supervisory Company Limited	廣州志信會計師事務所有限公司 Guangzhou Reputation Certified Public Accountants Company Limited	廣州市南華會計師事務所有限公司 Guangzhou Nanhua Certified Public Accountants Limited	北京中瑞誠聯合會計師事務所廣東分所 Guangdong Branch of China Regal CPAs
廣州市金碧園林藝術有限公司 Guangzhou Jinbi Landscaping Company Limited	廣州晉成會計師事務所有限公司 Guangzhou Jincheng Certified Public Accountants Company Limited	廣州南華會計師事務所有限公司 Guangzhou Nanhua Certified Public Accountants Limited	北京中瑞誠聯合會計師事務所廣東分所 Guangdong Branch of China Regal CPAs
廣州恒大裝飾工程有限公司 Guangzhou Hengda Decoration Engineering Company Limited	廣州晉成會計師事務所有限公司 Guangzhou Jincheng Certified Public Accountants Company Limited	廣州南華會計師事務所有限公司 Guangzhou Nanhua Certified Public Accountants Limited	北京中瑞誠聯合會計師事務所廣東分所 Guangdong Branch of China Regal CPAs
佛山市恒大金屬建築材料有限公司 Foshan Hengda Metallic Construction Material Company Limited	佛山市達正會計師事務所 Foshan Dazheng Certified Public Accountants Co., Ltd.	廣州志信會計師事務所有限公司 Guangzhou Reputation Certified Public Accountants Company Limited	廣州永道會計師事務所有限公司 Guangzhou Yongdao Certified Public Accountants Co., Ltd.
廣州市恒大廣告有限公司 Guangzhou Hengda Advertising Company Limited	廣州志信會計師事務所有限公司 Guangzhou Reputation Certified Public Accountants Company Limited	廣州志信會計師事務所有限公司 Guangzhou Reputation Certified Public Accountants Company Limited	廣州永道會計師事務所有限公司 Guangzhou Yongdao Certified Public Accountants Co., Ltd.
廣州市越秀住宅建設有限公司 Guangzhou Yuexiu Property Construction Company Limited	廣州市華穗會計師事務所有限公司 Guangzhou Huasui Certified Public Accountants Company Limited	廣州市華穗會計師事務所有限公司 Guangzhou Huasui Certified Public Accountants Company Limited	廣州市華穗會計師事務所有限公司 Guangzhou Huasui Certified Public Accountants Company Limited
荊州市晴川建築設計院有限公司 Jingzhou Architecture Design Institute Company Limited	Not applicable	廣州南華會計師事務所有限公司 Guangzhou Nanhua Certified Public Accountants Limited	北京中瑞誠聯合會計師事務所廣東分所 Guangdong Branch of China Regal CPAs
廣州市恒大材料設備有限公司 Hengda (Guangzhou) Material and Equipment Company Limited	Not applicable	廣州南華會計師事務所有限公司 Guangzhou Nanhua Certified Public Accountants Limited	北京中瑞誠聯合會計師事務所廣東分所 Guangdong Branch of China Regal CPAs
河南省軟件園實業發展有限公司 Henan Ruanjianyuan Industrial Development Company Limited	Not applicable	河南久遠會計師事務所有限公司 Henan Jiuyuan Certified Public Accountants Co., Ltd.	河南久遠會計師事務所有限公司 Henan Jiuyuan Certified Public Accountants Co., Ltd.

Name of companies	Statutory auditors Year 2006	Year 2007	Year 2008
佛山市南海俊誠房地產開發有限公司 Foshan Nanhai Jun Cheng Property Development Company Limited	Not applicable	廣州志信會計師事務所有限公司 Guangzhou Reputation Certified Public Accountants Company Limited	廣州宏海會計師事務所有限公司 Guangzhou Honghai Certified Public Accountants Co., Ltd.
恒大地產集團廣東房地產開發有限公司 Hengda Real Estate Group Guangdong Property Development Company Limited	Not applicable	廣州志信會計師事務所有限公司 Guangzhou Reputation Certified Public Accountants Company Limited	廣州振和會計師事務所有限公司 Guangzhou Zhenhe Certified Public Accountants Co., Ltd.
武漢恒大園林綠化工程有限公司 Wuhan Hengda Landscaping Planting Project Company Limited	Not applicable	Not applicable	湖北天元會計師事務有限責任公司 Hubei Tianyuan Certified Public Accountants Co., Ltd.
天津金瑞園林藝術有限公司 Tianjin Jinrun Landscaping Company Limited	Not applicable	Not applicable	天津市正泰有限責任會計師事務所 Tianjin Zhengtai Certified Public Accountants Ltd.
湖南盛基置業有限公司 Hunan Shengji Property Company Limited	Not applicable	Not applicable	湖南遠誠聯合會計師事務所 Yuancheng United Certified Public Accountants Office of Hunan
合肥恒大園林綠化工程有限公司 Hefei Hengda Landscaping Planting Project Company Limited	Not applicable	Not applicable	安徽中健會計師事務所 Anhui Zhongjian Certified Public Accountants Co., Ltd.
西安恒大園林綠化工程有限公司 Xi'an Hengda Landscaping Planting Project Company Limited	Not applicable	Not applicable	陝西西秦金周會計師事務所有限責任公司 Shaanxi Xiqin Jinzhou Certified Public Accountants
南京菁潤園林綠化工程有限公司 Nanjing Jingrun Landscaping Planting Project Company Limited	Not applicable	Not applicable	南京國信均益會計師事務所有限公司 Nanjing Guoxin Junyi Certified Public Accountants Co., Ltd.
昆明金翠園林綠化工程有限公司 Kunming Jincui Landscaping Planting Project Company Limited	Not applicable	Not applicable	昆明亞太會計師事務所有限責任公司 Kunming Yatai Certified Public Accountants
佛山市南海區華南師範大學附屬小學恒大南海學校投資有限公司 Foshan Nanhai Affiliated Primary School of South China Normal University Hengda Nanhai School Investment Company Limited	Not applicable	Not applicable	廣州永道會計師事務所有限公司 Guangzhou Yongdao Certified Public Accountants Co., Ltd.
貴陽恒大園林綠化工程有限公司 Guiyang Hengda Landscaping Planting Project Company Limited	Not applicable	Not applicable	貴陽華正聯合會計師事務所 Guiyang Huazheng Certified Public Accountants Partnership

Name of companies	Statutory auditors Year 2006	Year 2007	Year 2008
重慶潤豐園林綠化工程有限公司 Chongqing Runfeng Landscaping Planting Project Company Limited	Not applicable	Not applicable	重慶中凱會計師事務所有限公司 Chongqing Zhongkai Certified Public Accountants Co., Ltd.
鄂州恒大園林綠化工程有限公司 E'zhou Hengda Landscaping Planting Project Company Limited	Not applicable	Not applicable	湖北鄂州融信有限責任會計師事務所 Hubei Ezhou Rongxin Certified Public Accountants Co., Ltd.
長沙天璽置業有限公司 Changsha Tianxi Zhiye Property Company Limited	Not applicable	Not applicable	湖南遠誠聯合會計師事務所 Hunan Yuancheng United Certified Public Accountants Office
長沙駿鴻園林綠化工程有限公司 Changsha Junhong Landscaping Planting Project Company Limited	Not applicable	Not applicable	湖南遠誠聯合會計師事務所 Hunan Yuancheng United Certified Public Accountants Office
成都鑫金康園林綠化工程有限公司 Chengdu Xinjinkang Landscaping Planting Project Company Limited	Not applicable	Not applicable	四川恒通會計師事務所有限公司 Sichuan Hengtong Certified Public Accountants Co., Ltd.
太原園林綠化工程有限公司 Taiyuan Landscaping Planting Project Company Limited	Not applicable	Not applicable	山西華鈺會計師事務所 Shanxi Huayu Certified Public Accountants
恒大地產集團包頭有限公司 Hengda (Baotou) Real Estate Group Company Limited	Not applicable	Not applicable	包頭廣源會計師事務所 Baotou Guangyuan Certified Public Accountants Co., Ltd.
陝西金泓投資有限公司 Shanxi Jinhong Investment Company Limited	Not applicable	Not applicable	陝西興華會計師事務所有限責任公司 Shanxi Xinghua Certified Public Accountants Co., Ltd.
南寧市御景園林綠化工程有限公司 Nanning Yujing Landscaping Planting Project Company Limited	Not applicable	Not applicable	南寧市華泰天正聯合會計師事務所 Nanning Huatai Tianzheng Lianhe Certified Public Accountants Co., Ltd.

The names of certain of the companies referred to in the Financial Information represent management's translation of the Chinese names of these companies into English as no English names have been registered or available for these companies.

2. Summary of significant accounting policies

The significant accounting policies applied in the preparation of the Financial Information are set out below. These policies have been consistently applied during the Relevant Periods, unless otherwise stated.

(a) *Basis of preparation*

For the purpose of this report, the Financial Information for the Relevant Periods have been prepared to reflect the reorganisation of a business under common control, in which all the companies comprising the Group are ultimately controlled by Dr. Hui. Accordingly, the Reorganisation has been accounted for using the principles of merger accounting, as prescribed in Hong Kong Accounting Guideline 5 "Merger Accounting for Common Control Combinations" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

The Financial Information has been prepared in accordance with the Hong Kong Financial Reporting Standards (the "HKFRSs") under the historical cost convention, as modified by the revaluation of investment properties, embedded financial derivatives and available-for-sale investments which are carried at fair value.

The preparation of the Financial Information in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Financial Information are disclosed in note 4 below.

The Group finances the development of its projects primarily through proceeds from the shareholders' contributions, bank borrowings, pre-sale proceeds of properties, the Convertible Preferred Shares and the structured secured loan from a financial institution (the "Structured Secured Loan"). The directors of the Company have prepared the working capital forecast for the 18 months ending 31 December 2010 with certain key assumption as disclosed in note 3(a)(iv). The directors of the Company are of the opinion that the Group will have sufficient working capital to finance its operations and to maintain its operating existence in the foreseeable future and accordingly have prepared the Financial Information on a going concern basis.

The following new standards, amendments to standards and interpretations have been issued that are mandatory for accounting periods beginning on or after 1 July 2009 or later periods and which the Group has not early adopted.

- HKAS 27 (Revised), "Consolidated and Separate Financial Statements" (effective for annual period beginning on or after 1 July 2009). The revised standard requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value and a gain or loss is recognised in profit or loss. The Group will apply HKAS 27 (Revised) prospectively to transactions with non-controlling interests from 1 January 2010.

- HKFRS 1 (Amendment), "First time adoption of HKFRS" and HKAS 27 "Consolidated and separate financial statements" (effective for annual periods beginning on or after 1 July 2009). The amended standard allows first-time adopters to use a deemed cost of either fair value or the carrying amount under previous accounting practice to measure the initial cost of investments in subsidiaries, jointly controlled entities and associates in the separate financial statements. The amendment also removes the definition of the cost method from HKAS 27 and replaces it with a requirement to present dividends as income in the separate financial statements of the investor. The Company will apply HKAS 27 (Amendment) prospectively from 1 July 2009 in its separate financial statements. This amendment is not relevant to the Group.

- HKFRS 3 (Revised), "Business Combination" (effective for business combinations with acquisition date on or after the beginning of the first annual reporting period beginning on or after 1 July 2009). The revised standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the consolidated income statement. There is a choice on an acquisition by acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed. The Group will apply HKFRS 3 (Revised) prospectively to all business combinations from 1 January 2010.

- HKFRS 5 (Amendment), "Non-current assets held for sale and discontinued operations" (and consequential amendment to HKFRS 1, "First-time adoption") (effective for annual periods beginning on or after 1 July 2009). The amendment clarifies that all of a subsidiary's assets and liabilities are classified as held for sale if a partial disposal sale plan results in loss of control, and relevant disclosure should be made for this subsidiary if the definition of a discontinued operation is met. A consequential amendment to HKFRS 1 states that these amendments are applied prospectively from the date of transition to HKFRSs. The Group will apply the HKFRS 5 (Amendment) prospectively to all partial disposals of subsidiaries from 1 January 2010.

- HKFRS 2 (Amendment), "Share-based payment" (effective for annual periods beginning on or after 1 July 2009). The amended standard deals with vesting conditions and cancellations. It clarifies that vesting conditions are service conditions and performance conditions only. Other features of a share-based payment are not vesting conditions. These features would need to be included in the grant date fair value for transactions with employees and others providing similar services; they would not impact the number of awards expected to vest or valuation there of subsequent to grant date. All cancellations, whether by the entity or by other parties, should receive the same accounting treatment.

- There are a number of minor amendments to HKFRS 7, "Financial instruments: Disclosures", HKAS 8, "Accounting policies, changes in accounting estimates and errors", HKAS 10, "Events after the balance sheet date", HKAS 18, "Revenue" and HKAS 34, "Interim financial reporting" which are not addressed above. These amendments are unlikely to have an impact on the Group's financial statements and have therefore not been analysed in detail.

- In 2009, the HKICPA published certain improvements to the HKFRS which will be effective for period beginning on or after 1 January 2010. These improvements have not been early adopted by the Group. Amendments have been made to the following standards according to the improvements:

HKAS 1 (Amendment)	Presentation of financial statements
HKAS 7 (Amendment)	Cash flow statements
HKAS 17 (Amendment)	Leases
HKAS 18 (Amendment)	Revenue
HKAS 36 (Amendment)	Impairment of assets
HKAS 38 (Amendment)	Intangible assets

HKAS 39 (Amendment)	Financial instruments: Recognition and measurement
HKFRS 2 (Amendment)	Scope of HKFRS 2 and revised HKFRS 3
HKFRS 5 (Amendment)	Disclosures of non-current assets (or disposal groups) classified as held for sales or discontinued operations
HKFRS 8 (Amendment)	Disclosure of information about segment assets
HK(IFRIC) 9 (Amendment)	Reassessment of embedded derivatives
HK(IFRIC) 16 (Amendment)	Hedges of a net investment in a foreign operation
HK(IFRIC)-Int 16 (Amendment)	Hedges of a net investment in a foreign operation
Amendments to Implementation Guidance on HKFRS 1	First-time adoption of Hong Kong financial reporting standards — additional exemptions for first-time adopters

The Group is in the process of making an assessment on the impact of these new/revised standards, amendments and interpretations to existing standards and does not anticipate that the adoption will result in any material impact on the Group's results of operations and financial position.

(b) ***Merger accounting for common control combination***

The Financial Information incorporate the financial information of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party.

The net assets of the combining entities or businesses are combined using the existing book value from the controlling parties' perspective. No amount is recognised in consideration for goodwill or excess of acquirers' interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over acquisition cost at the time of common control combination, to the extent of the continuation of the controlling party's interest.

The consolidated income statement includes the results of each of the combining entities or businesses from the later of the earliest date presented and the date when the combining entities or businesses first came under common control, regardless of the date of the common control combination.

A uniform set of accounting policies is adopted by those entities. All intra-group transactions, balances and unrealised gains on transactions between combining entities or businesses are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the assets transferred.

Transaction costs, including professional fees, registration fees, costs of furnishing information to shareholders, costs or losses incurred in combining operations of the previously separate businesses, etc., incurred in relation to the common control combination that is to be accounted for using merger accounting is recognised as expenses in the period in which they are incurred.

(c) *Consolidation*

(i) *Subsidiaries*

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group except for which has been accounted for under merger accounting. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the consolidated income statement.

Inter-company transactions, balances and unrealised gains on transactions between the Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the assets transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

In the Company's balance sheet, the investments in subsidiaries are stated at cost less provision for impairment losses. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

(ii) *Transaction with minority interests*

The Group applies a policy of treating transaction with minority interests as transactions with parties external to the Group. Disposals to minority interest result in gains and losses for the Group that are recorded in the consolidated statement of comprehensive income. Purchase from minority interests result in goodwill, being the difference between any consideration paid and the relevant share of the carrying value of net assets of the subsidiary being acquired.

(d) *Segment reporting*

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is responsible for making strategic decisions, allocating resources and assessing performance of the operating segments.

(e) *Foreign currency translation*

(i) *Functional and presentation currency*

Items included in the financial statements of each companies comprising the Group are measured using the currency of the primary economic environment in which the companies operate (the "functional currency"). The consolidated financial statements are presented in Renminbi ("RMB"), which is the functional and presentation currency of the Company.

(ii) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated income statement.

(iii) *Group entities*

The results and financial positions of the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet of the group entities are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement of the group entities are translated at average exchange rates; and
- all resulting exchange differences are recognised as a separate component of equity.

(f) *Property and equipment*

Property and equipment are stated at historical cost less depreciation and any impairment loss. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the consolidated income statement during the period in which they are incurred.

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

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

The assets' residual values and useful lives are reviewed and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in other (losses)/gains — net, of the income statement.

(g) ***Assets under construction***

Assets under construction are stated at historical cost less impairment losses. Historical cost includes expenditure that is directly attributable to the development of the assets which comprises construction costs, amortisation of land use rights, borrowing costs and professional fees incurred during the development period. On completion, the assets are transferred to buildings within property and equipment.

No depreciation is provided for assets under construction. The carrying amount of an asset under construction is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

(h) ***Investment properties***

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group, is classified as investment property. Property that is currently being constructed or developed for future use as investment property is classified as investment property.

Investment property comprises land held under operating leases. Land held under operating leases are classified and accounted for as investment property when the rest of the definition of investment property is met. The operating lease is accounted for as if it were finance lease.

Investment property is measured initially at its cost, including related transaction costs.

After initial recognition, investment property is carried at fair value. Where fair value of investment property under construction is not reliably measurable, the property is measured at cost until the earlier of the date construction is completed or the date at which fair value becomes reliably measurable. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. These valuations are performed at each balance sheet date by independent valuers. Investment property that is being redeveloped for continuing use as investment property, or for which the market has become less active, continues to be measured at fair value.

The fair value of investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions.

Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed in the consolidated income statement during the financial period in which they are incurred.

Changes in fair values of investment property are recognised in the consolidated income statement.

If an investment property becomes owner-occupied, it is reclassified as property and equipment, and its fair value at the date of reclassification becomes its cost for accounting purposes.

If an item of property and equipment becomes an investment property because its use has changed, any difference resulting between the carrying amount and the fair value of this item at the date of transfer is recognised in equity as a revaluation of property and equipment under HKAS 16. However, if a fair value gain reverses a previous impairment loss, the gain is recognised in the consolidated income statement to the extent the impairment provision previous made.

(i) ***Impairment of non-financial assets***

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows ("cash-generating unit"). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(j) ***Financial assets***

The Group classifies its financial assets as loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and reviews the designation at each reporting date.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date which are classified as non-current assets. Loans and receivables are classified as "Trade and other receivables" in the balance sheet. They are recognised as trade receivables, other receivables, cash and cash equivalent in balance sheet and carried at the amortised cost using the effective interest method.

(k) ***Properties under development***

Properties under development are stated at the lower of cost and net realisable value. Net realisable value takes into account the price ultimately expected to be realised, less applicable variable selling expenses and anticipated cost to completion.

Development cost of property comprises construction costs, amortisation of land use rights, borrowing costs, and professional fees incurred during the development period. On completion, the properties are transferred to completed properties held for sale.

Properties under development are classified as current assets unless those will not be realised in one normal operating cycle.

(l) ***Completed properties held for sale***

Completed properties remaining unsold at the end of each relevant period are stated at the lower of cost and net realisable value.

Cost comprises development costs attributable to the unsold properties during property development, as explained in accounting policy for properties under development.

Net realisable value is determined by reference to the estimated selling price in the ordinary course of business, less applicable estimated selling expenses to make the sale.

(m) ***Trade and other receivables***

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are recognised on trade date — the date on which the Group provides fund, products or services directly to a debtor who has no intention to exchange the receivables. Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The carrying amount of the trade or other receivable is reduced through the use of an allowance account, and the amount of the provision is recognised in the consolidated income statement within selling and marketing costs. When an trade or other receivable is uncollectible, it is written off against the allowance account for trade and other receivables. Subsequent recoveries of amounts previously written off are credited to consolidated income statement.

Trade and other receivables are included in current assets, except for those mature after 12 months of the balance sheet date which are classified as non-current assets.

(n) ***Cash and cash equivalents***

Cash and cash equivalent includes cash in hand and at banks and deposits held at call with banks, other short-term high liquidity investment with original maturities of three months or less.

Bank deposits which are restricted to use are included in "Restricted cash". Restricted cash are excluded from cash and cash equivalents in the cash flow statements.

(o) ***Share capital***

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new share or options are shown in equity as a deduction, net of tax, from the proceeds.

(p) ***Trade and other payables***

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(q) ***Borrowings***

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the respective balance sheet date.

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

Borrowing is derecognised when, and only when the obligation specified in the contract is discharged or cancelled or expires.

(r) *Convertible Preferred Shares*

The Company issued US dollar ("US$") denominated Convertible Preferred Shares which can be converted to ordinary shares of the Company and redeemed under certain circumstances.

If the conversion of the Convertible Preferred Shares will not result in delivering a fixed number of the Company's own equity instruments in exchange for a fixed amount of cash or another financial asset, the Convertible Preferred Shares contract will be separated into two component elements: a derivative component consisting of the conversion option and the redemption option and a liability component consisting of the straight debt element of the Convertible Preferred Shares.

On the issue of the Convertible Preferred Shares, the fair value of the embedded derivative was calculated using a valuation technique. The derivative component is carried at fair value on the balance sheet with any changes in fair value being charged or credited to the consolidated income statement in the period when the change occurs. The remainder of the proceeds is allocated to debt element of the Convertible Preferred Shares, net of transaction costs, and is recorded as the liability component. The liability component is subsequently carried at amortised cost until extinguished on conversion or redemption. Interest expense is calculated using the effective interest method by applying the effective interest rate to the liability component through the maturity date.

If the Convertible Preferred Shares are converted, the carrying amounts of the derivative and liability components are transferred to share capital and share premium as consideration for the shares issued. If the Convertible Preferred Shares are redeemed, any difference between the amount paid and the carrying amounts of both components is recognised in the consolidated income statement.

(s) *Current and deferred income tax*

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries/regions where the group companies operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using the tax rates that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference can be controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

(t) ***Employee benefits***

(i) *Employee leave entitlements*

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the balance sheet date.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(ii) *Retirement benefits*

In accordance with the rules and regulations in the PRC, the PRC based employees of the Group participate in various defined contribution retirement benefit plans organised by the relevant municipal and provincial governments in the PRC under which the Group and the PRC based employees are required to make monthly contributions to these plans calculated as a percentage of the employees' salaries.

The municipal and provincial governments undertake to assume the retirement benefit obligations of all existing and future retired PRC based employees payable under the plans described above. Other than the monthly contributions, the Group has no further obligation for the payment of retirement and other post retirement benefits of its employees. The assets of these plans are held separately from those of the Group in independently administrated funds managed by the PRC government.

The Group also participates in a pension scheme under the rules and regulations of the Mandatory Provident Fund Scheme Ordinance ("MPF Scheme") for all employees in Hong Kong. The contributions to the MPF Scheme are based on minimum statutory contribution requirement of 5% of eligible employees' relevant aggregate income. The assets of this pension scheme are held separately from those of the Group in independently administered funds. Other than the contributions, the Group has no further obligation for the payment of retirement and other post retirement benefits of its employees in Hong Kong.

The Group's contributions to the defined contribution retirement schemes are expensed as incurred.

(iii) *Termination benefits*

Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after balance sheet date are discounted to present value.

(u) ***Provisions and contingent liabilities***

Provisions are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that outflow is probable, it will then be recognised as a provision.

(v) ***Revenue recognition***

Revenue comprises the fair value of the consideration received or receivable for the sales of properties and services in the ordinary course of the Group's activities. Revenue is shown, net of discount and after eliminated sales with the Group entities. Revenue is recognised as follows:

The Group recognises revenue when the amount of revenue can be reliably measured, it is probably that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Group bases its estimates on historical results, taking into consideration the type of customer, and type of transaction and the specifics of each arrangement.

(i) *Sales of properties*

Revenue from sales of properties is recognised when the risks and rewards of properties are transferred to the purchasers, which is when the construction of relevant properties has been completed and the properties have been delivered to the purchasers and collectibility of related receivables is reasonably assured. To the extent that the Group has to perform further work on the real estate already delivered to the purchasers, the relevant expenses shall be recognised simultaneously. Deposits and instalments received on properties sold prior to the date of revenue recognition are included in the consolidated balance sheets under current liabilities.

(ii) *Property management*

Revenue arising from property management is recognised in the accounting period in which the services are rendered, using a straight-line basis over the term of the contract.

(iii) *Construction and decoration services*

Revenue arising from construction and decoration service is recognised in the accounting period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

(iv) *Interest income*

Interest income is recognised on a time-proportion basis using the effective interest method. When a receivable impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cashflow discounted at original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

(v) *Rental income*

Rental income of property leasing under operating leases is recognised on a straight-line basis over the lease terms.

(w) *Leases*

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

(i) *The Group is the lessee*

Payments made under operating leases (net of any incentives received from the lessor), are charged to the consolidated income statement on a straight-line basis over the period of the lease.

The Group made upfront payments to obtain operating leases of land use rights on which properties will be developed. The upfront payments of the land use rights are recorded as assets and amortised over the lease periods. The unamortised upfront payments are recognised as cost of sales when the relevant properties are sold or transferred to the cost of investment properties upon completion of the relevant properties.

(ii) *The Group is the lessor*

Assets leased out under operating leases are included in investment properties in the balance sheets.

(x) *Dividend distribution*

Dividend distribution to the then equity holders of the Group is recognised in this report in the period in which the dividends are approved by the equity holders or the board of directors, where applicable, of relevant Group companies.

(y) *Financial guarantee liabilities*

Financial guarantee liabilities are recognised in respect of the financial guarantee provided by the Group to the banks for property purchasers and to certain investors for the Company's holding company.

Financial guarantee liabilities are recognised initially at fair value plus transaction costs that are directly attributable to the issue of the financial guarantee liabilities. After initial recognition, such liabilities are measured at the higher of the present value of the best estimate of the expenditure required to settle the present obligation and the amount initially recognised less cumulative amortisation.

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

3. Financial risk management

The Group's major financial instruments include cash and bank deposits, trade and other receivables, trade and other payables and borrowings. Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The Company manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

(a) *Financial risk factor*

(i) *Foreign exchange risk*

The Group's businesses are principally conducted in RMB, except that certain receipts of sales proceeds and proceeds from borrowings and Convertible Preferred Shares are in other foreign currencies. As at 30 June 2009, the non-RMB assets and liabilities of the Group are mainly cash proceeds from borrowings deposited in US$ bank accounts and borrowings from a financial institution denominated in US$. The Group has not entered into any significant forward exchange contract to hedge its exposure to foreign exchange risk.

As at 31 December 2006, the Group did not have significant monetary assets or liabilities denominated in foreign currency. As at 31 December 2007 and 2008 and 30 June 2009, if RMB had strengthened/weakened by 5% against US$, with all other variables held constant, post-tax profit for the years ended 31 December 2007 and 2008 and six months ended 30 June 2009 would have been approximately RMB 45 million, RMB 163 million and RMB 87 million higher/lower.

(ii) *Interest rate risk*

The Group has no significant interest-bearing assets. The Group's exposure to changes in interest rates is mainly attributable to its long term borrowings and the Convertible Preferred Shares. Borrowings at variable rates expose the Group to cash flow interest-rate risk. Borrowings issued at fixed rates expose the Group to fair value interest-rate risk.

As at 31 December 2006, 2007 and 2008 and 30 June 2009, if interest rate on borrowing had been 100 basic point higher/lower with all variables held constant, post-tax profit for the end ended 31 December 2006, 2007 and 2008 and six months ended 30 June 2009 would have been approximately RMB 5 million, RMB 15 million, RMB 5 million and RMB 1 million lower/higher, respectively, mainly as a result of more/less interest expense on floating rate borrowings.

The Group has not used any interest rate swaps to hedge its exposure to interest rate risk.

(iii) *Credit risk*

Cash transactions are limited to high-credit-quality institutions. The extent of the Group's credit exposure is represented by the aggregate balance of cash in bank, restricted cash, trade and other receivables.

For banks and financial institutions, deposits are only placed with reputable banks. For credit exposures to customers, generally, the Group requires full payment from customers before delivery of properties. Credit terms are granted to customers for rare cases upon obtaining approval from the Company's senior management after assessing the credit history of those customers. The Group has set out policies to ensure follow-up action is taken to recover overdue debts and the Group reviews regularly the recoverable amount of each individual trade and other receivable to ensure that adequate impairment losses are made for irrecoverable amounts.

The Group has arranged bank financing for certain purchasers of property units and provided guarantees to secure obligations of such purchasers for repayments. Detailed disclosure of these guarantees is made in note 31.

(iv) *Liquidity risk*

Management of the Group aims to maintain sufficient cash and cash equivalents or have available funding through an adequate amount of available financing, including short-term and long-term bank loans and issuance of Convertible Preferred Shares and new ordinary shares to meet its construction commitments. Due to the dynamic nature of the underlying businesses, the Group's finance department maintains flexibility in funding by maintaining adequate amount of cash and cash equivalents and flexibility in funding through having available sources of financing.

Certain events of default occurred under the Structured Secured Loan in 2008 (note 16(b)), which have also caused cross-defaults under the financial arrangement with the holders of Convertible Preferred Shares (the "Financial Investors") (note 17) and certain shareholders of the Company (the "New Investors") (note 14(e)). On 17 September 2009, the Group has obtained waivers from the Financial Investors, the lenders of Structured Secured Loan and the New Investors with respect to any existing or purported defaults, events of default or cross-default under the various investment and loan agreements, such waivers will remain valid until 31 March 2010; and the Group has also obtained an extension of the exercise date of the put option in relation to the Structured Secured Loan from the lenders to 31 March 2010.

The directors of the Company have prepared cash flow projections for the period from 1 July 2009 to 31 December 2010 (the "Projected Period"). Key assumptions used in the preparation of the cash flow projections for the Projected Period are disclosed below:

(1) A qualified initial public offering ("QIPO") can be completed by 31 March 2010;

(2) Unit selling price of the properties of the Group in the Projected Period is not expected to fluctuate significantly from that of the six months ended 30 June 2009. The contracted sales in the Projected Period are expected to be derived from 38 projects of the Group over 10 cities within the PRC;

(3) To finance the development of its projects, the Group will continue to obtain bank borrowings under credit lines for which the Group has entered into strategic cooperation agreement or received non-binding letters of intent from certain domestic banks. The issuance of non-binding offers for credit lines is not uncommon in the PRC.

The Group has certain alternative plans to mitigate the potential impacts on anticipated cash flows should there be significant adverse changes in economic environment. These include adjusting and further slowing down the construction plans for properties under development, implementing cost control measures, accelerating sales with more flexible pricing, seeking joint venture partners to co-develop quality projects, disposal of certain land use rights and investment properties with acceptable prices and renegotiating payment terms with counterparties for certain land acquisitions. The Group will, based on its assessment of the relevant future costs and benefits, pursue such options as are appropriate.

The table below analyses the Group's financial liabilities that will be settled on a net basis into relevant maturity grouping based on the remaining period at the balance sheet to the contractual maturity date.

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 31 December 2006					
Borrowings	939,710	465,982	1,062,669	—	2,468,361
Trade and other payables	857,081	—	—	—	857,081
Convertible Preferred Shares	—	—	2,830,322	—	2,830,322
Total	1,796,791	465,982	3,892,991	—	6,155,764
At 31 December 2007					
Borrowings	1,420,408	6,048,236	3,692,152	—	11,160,796
Trade and other payables	4,194,060	—	—	—	4,194,060
Convertible Preferred Shares	—	—	3,153,928	—	3,153,928
Total	5,614,468	6,048,236	6,846,080	—	18,508,784
At 31 December 2008					
Borrowings	6,829,100	3,724,936	393,924	293,831	11,241,791
Trade and other payables	4,469,168	—	—	—	4,469,168
Total	11,298,268	3,724,936	393,924	293,831	15,710,959
At 30 June 2009					
Borrowings	6,754,625	2,791,839	1,086,229	293,831	10,926,524
Trade and other payables	5,122,154	—	—	—	5,122,154
Total	11,876,779	2,791,839	1,086,229	293,831	16,048,678

(b) ***Capital risk management***

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for equity owners and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to equity owners, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as total borrowings divided by total assets, as shown in the consolidated balance sheets.

During the Relevant Periods, the Group's strategy was to maintain a gearing ratio within 20% to 50%. The gearing ratios as at 31 December 2006, 2007 and 2008 and 30 June 2009 were as follows:

	31 December			30 June
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Total borrowings	2,255,383	9,561,716	10,440,256	10,172,311
Total assets	7,793,977	21,384,385	28,522,598	36,455,376
Gearing ratio	29%	45%	37%	28%

(c) ***Fair value estimation***

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date, quoted market prices or dealer quotes for similar instruments or estimated discounted cash flows.

The nominal value less impairment provisions of trade and other receivables and the nominal value of trade and other payables approximate their fair value due to their short maturities. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

4. Critical accounting estimates and judgements

Estimates and judgements used in preparing the financial statements are evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that may have a significant effect on the carrying amounts of assets and liabilities within the next financial year are discussed below:

(a) ***PRC enterprise income taxes and deferred taxation***

The Group's subsidiaries that operate in the PRC are subject to income tax in the PRC. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations for which the ultimate determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such difference will impact the income tax and deferred tax provision in the period in which such determination is made.

Deferred tax assets relating to certain temporary differences and tax losses are recognised when management considers to be probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. The outcome of their actual utilisation may be different.

(b) ***PRC land appreciation taxes***

The Group is subject to land appreciation taxes in the PRC. However, the implementation and settlement of these taxes varies among various tax jurisdictions in cities of the PRC, and the Group has not finalised its land appreciation taxes calculation and payments with any local tax authorities in the PRC. Accordingly, significant judgement is required in determining the amount of the land appreciation and its related taxes. The Group recognised these land appreciation taxes based on management's best estimates according to the understanding of the tax rules. The final tax outcome could be different from the amounts that were initially recorded, and these differences will impact the income tax expenses and tax provisions in the periods in which such taxes have been finalised with local tax authorities.

(c) ***Convertible Preferred Shares***

As described in note 17, the Company's Convertible Preferred Shares contain a number of embedded financial derivatives that are measured to fair value through profit or loss. The Company engaged an independent appraiser to assist it in determining the fair value of these embedded financial derivatives. The determination of fair value was made after consideration of a number of factors, including but not limited to: the Group's financial and operating results; the global economic outlook in general and the specific economic and competitive factors affecting the Group's business; the nature and prospects of the PRC property market; the Group's business plan and prospects; business risks the Group faces; and market yields and return volatility of comparable corporate bonds. This conclusion of value was based on generally accepted valuation procedures and practices that rely extensively on the use of numerous assumptions and the consideration of many uncertainties, not all of which can be easily quantified or ascertained. As at 31 December 2006 and 2007, the fair values of the embedded financial derivatives were approximately RMB 294 million and RMB 816 million, respectively.

(d) ***Estimated fair value of investment properties***

The best evidence of fair value is current prices in an active market for the properties with similar lease and other contracts. In the absence of such information, the Group determines the amount within a range of reasonable fair value estimates. In making its judgement, the Group considers information from a variety of sources including:

(i) current prices in an active market for properties of different nature, condition or location (or subject to different lease or other contracts), adjusted to reflect those differences;

(ii) recent prices of similar properties in less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices; and

(iii) discounted cash flow projections based on reliable estimates of future cash flows, derived from the terms of any existing lease and other contracts and (where possible) from external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

The Group assesses the fair value of its investment properties based on valuations determined by independent and professional qualified valuers. As at 31 December 2006, 2007 and 2008 and 30 June 2009, the fair values of the investment properties were approximately RMB 847 million, RMB 1,571 million, RMB 1,741 million and RMB 2,148 million, respectively.

(e) ***Estimated fair value of financial guarantee liabilities***

The Group determines the amount of the fair values of financial guarantee liabilities with a range of reasonable fair value estimates. In making its estimates, the Group considers information from a variety of sources including: the Group's financial position and operating results; the global economic outlook in general and the specific economic and competitive factors affecting the Group's business; probability of a successful IPO; probability of default and recovery ratio; and market yields and return volatility of comparable corporate bonds.

These conclusions of values were based on generally accepted valuation procedures and practices that rely on the use of various assumptions and the consideration of many uncertainties, not all of which can be easily quantified or ascertained.

The Group assesses the fair value of its financial guarantee liabilities for their initial recognition and the present values of the expenditures required to settle the present obligations subsequently based on assessments conducted by independent and professional qualified valuers.

(f) ***Provision for properties held for sale and properties under development***

The Group assesses the carrying amounts of completed properties held for sale and properties under development according to their net realisable value based on the realisability of these properties, taking into account costs to completion based on past experience and net sales value based on prevailing market conditions. Provision is made when events or changes in circumstances indicate that the carrying amounts may not be realised. The assessment requires the use of judgement and estimates.

5. Segment information

The chief operating decision-maker has been identified as the senior management at the headquarter level. The chief operating decision-maker reviews the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports. The Group is organised into four business segments: property development, property investment, property management, property construction and other property development related services. As chief operating decision-maker of the Group considers most of the Group's consolidated revenue and results are attributable to the market in the PRC, only an immaterial part (less than 10%) of the Group's consolidated assets are located outside the PRC, no geographical segment information is presented.

Revenue consists of sales of properties, rental income of investment properties, property management services and income for provision of construction and other property development related services. Revenue of the Relevant Periods consists of the following:

	Year ended 31 December			Six months ended 30 June	
	2006	**2007**	**2008**	**2008**	**2009**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000 (unaudited)**	**RMB'000**
Sales of properties	1,885,344	3,014,766	3,495,057	2,471,276	1,490,107
Rental income of investment properties	11,775	28,592	25,758	11,852	12,360
Property management services	46,339	66,940	78,694	37,303	44,723
Property construction and other property development related services	39,846	56,394	7,282	4,982	87,940
	1,983,304	3,166,692	3,606,791	2,525,413	1,635,130

The segment results and other segment items included in the consolidated income statement for the year ended 31 December 2006 are as follows:

	Property development	Property investment	Property management services	Property construction and other services	Elimination	Group
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**
Gross segment revenue	1,885,344	11,775	46,339	162,081		2,105,539
Inter-segment revenue	—	—	—	(122,235)		(122,235)
Revenue	1,885,344	11,775	46,339	39,846		1,983,304
Segment results	338,353	311,267	7,460	(2,112)	(6,111)	648,857
Fair value change on embedded financial derivatives						(2,515)
Finance costs, net						(55,809)
Profit before income tax						590,533
Income tax expense						(265,074)
Profit for the year						325,459
Depreciation *(note 6)*	8,165	—	389	875	—	9,429
Amortisation of land use rights recognised as expenses *(note 7)*	7,953	—	—	—	—	7,953
Fair value gains on investment properties	—	300,103	—	—	—	300,103

The segment results and other segment items included in the consolidated income statement for the year ended 31 December 2007 are as follows:

	Property development	Property investment	Property management services	Property construction and other services	Elimination	Group
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**
Gross segment revenue	3,014,766	36,606	66,940	852,897		3,971,209
Inter-segment revenue	—	(8,014)	—	(796,503)		(804,517)
Revenue	3,014,766	28,592	66,940	56,394		3,166,692
Segment results	1,295,903	691,843	(13,484)	101,122	(114,595)	1,960,789
Fair value change on embedded financial derivatives						(562,684)
Finance income, net						118,765
Profit before income tax						1,516,870
Income tax expense						(437,766)
Profit for the year						1,079,104
Depreciation *(note 6)*	10,190	—	533	4,303	—	15,026
Amortisation of land use rights recognised as expenses *(note 7)*	31,588	—	—	—	—	31,588
Fair value gains on investment properties	—	657,067	—	—	—	657,067

The segment results and other segment items included in the consolidated income statement for the year ended 31 December 2008 are as follows:

	Property development	Property investment	Property management services	Property construction and other services	Elimination	Group
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**
Gross segment revenue	3,495,057	33,800	78,694	2,165,392		5,772,943
Inter-segment revenue	—	(8,042)	—	(2,158,110)		(2,166,152)
Revenue	3,495,057	25,758	78,694	7,282		3,606,791
Segment results	698,195	109,525	(25,044)	266,185	(202,996)	845,865
Provision for financial guarantees						(65,997)
Finance income, net						186,520
Profit before income tax						966,388
Income tax expense						(333,958)
Profit for the year						632,430
Depreciation *(note 6)*	19,016	—	871	4,171	—	24,058
Amortisation of land use rights recognised as expenses *(note 7)*	17,404	—	—	—	—	17,404
Fair value gains on investment properties	—	77,415	—	—	—	77,415

The segment results and other segment items included in the consolidated income statement for the six months ended 30 June 2009 are as follows:

	Property development	Property investment	Property management services	Property construction and other services	Elimination	Group
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**
Gross segment revenue	1,490,107	16,863	44,723	1,193,408		2,745,101
Inter-segment revenue	—	(4,503)	—	(1,105,468)		(1,109,971)
Revenue	1,490,107	12,360	44,723	87,940		1,635,130
Segment results	34,161	311,399	(39,078)	202,897	(133,760)	375,619
Reversal of provision for financial guarantees						146,341
Finance costs, net						(12,308)
Profit before income tax						509,652
Income tax credit						12,708
Profit for the period						522,360
Depreciation *(note 6)*	19,528	—	632	2,293	—	22,453
Amortisation of land use rights recognised as expenses *(note 7)*	10,757	—	—	—	—	10,757
Fair value gains on investment properties	—	299,657	—	—	—	299,657

The segment results and other segment items included in the consolidated income statement for the six months ended 30 June 2008 are as follows:

	Property development	Property investment	Property management services	Property construction and other services	Elimination	Group
	RMB'000 (unaudited)	**RMB'000 (unaudited)**	**RMB'000 (unaudited)**	**RMB'000 (unaudited)**	**RMB'000 (unaudited)**	**RMB'000 (unaudited)**
Gross segment revenue.	2,471,276	15,761	37,303	903,435		3,427,775
Inter-segment revenue	—	(3,909)	—	(898,453)		(902,362)
Revenue.	2,471,276	11,852	37,303	4,982		2,525,413
Segment results.	739,612	122,885	(25,044)	266,185	(90,259)	1,013,379
Provision for financial guarantees						(32,315)
Finance income, net.						183,980
Profit before income tax						1,165,044
Income tax expense						(304,480)
Profit for the period.						860,564
Depreciation *(note 6)*	9,903	—	398	2,097	—	12,398
Amortisation of land use rights recognised as expenses *(note 7)*	5,645	—	—	—	—	5,645
Fair value gains on investment properties	—	107,912	—	—	—	107,912

Segment assets and liabilities as at 31 December 2006 are as follows:

	Property development	Property investment	Property management services	Property construction and other services	Elimination	Group
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**
Segment assets	6,487,208	847,487	346,160	114,294	(29,257)	7,765,892
Unallocated						28,085
Total assets						7,793,977
Segment liabilities	2,161,800	—	144,759	41,912	(19,294)	2,329,177
Unallocated						5,973,134
Total liabilities						8,302,311
Capital expenditure	11,117	—	526	5,577	—	17,220

Segment assets and liabilities as at 31 December 2007 are as follows:

	Property development	Property investment	Property management services	Property construction and other services	Elimination	Group
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**
Segment assets	19,521,753	1,571,468	232,746	780,658	(846,144)	21,260,481
Unallocated						123,904
Total assets						21,384,385
Segment liabilities	6,143,685	—	46,181	493,176	(725,438)	5,957,604
Unallocated						14,575,508
Total liabilities						20,533,112
Capital expenditure	100,847	60,659	1,958	23,583	—	187,047

Segment assets and liabilities as at 31 December 2008 are as follows:

	Property development	Property investment	Property management services	Property construction and other services	Elimination	Group
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Segment assets	26,521,654	1,741,390	239,393	1,535,377	(1,871,396)	28,166,418
Unallocated						356,180
Total assets						28,522,598
Segment liabilities	8,531,098	—	78,313	910,716	(1,547,694)	7,972,433
Unallocated						11,967,034
Total liabilities						19,939,467
Capital expenditure	249,673	5,068	1,903	4,058	—	260,702

Segment assets and liabilities as at 30 June 2009 are as follows:

	Property development	Property investment	Property management services	Property construction and other services	Elimination	Group
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Segment assets	34,150,435	2,148,108	261,840	2,053,931	(2,661,106)	35,953,208
Unallocated						502,168
Total assets						36,455,376
Segment liabilities	16,805,243	—	140,144	1,146,399	(2,203,644)	15,888,142
Unallocated						11,560,543
Total liabilities						27,448,685
Capital expenditure	30,699	—	4,152	1,889	—	36,740

Sales between segments are carried out at agreed terms amongst the parties. The revenue from external parties reported to the management is measured in a manner consistent with that in the consolidated income statement.

Segment assets consist primarily of property and equipment, investment properties, land use rights, properties under development, completed properties held for sale, receivables, prepayments and cash balances. They exclude deferred tax assets and income tax recoverable.

Segment liabilities consist of operating liabilities.

Capital expenditure comprises additions to property and equipment.

Reportable segments' assets are reconciled to total assets as follows:

	31 December			30 June
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Segment assets	7,765,892	21,260,481	28,166,418	35,953,208
Unallocated:				
Income tax recoverable	8,128	—	31,816	100,707
Deferred income tax assets	19,957	123,904	324,364	401,461
Total assets per balance sheets	7,793,977	21,384,385	28,522,598	36,455,376

Reportable segments liabilities are reconciled to total liabilities as follows:

	31 December			30 June
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Segment liabilities	2,329,177	5,957,604	7,972,433	15,888,142
Unallocated:				
Current income tax liabilities	170,435	561,291	877,848	895,183
Deferred income tax liabilities	422,762	482,137	451,527	441,987
Borrowings	2,255,383	9,561,716	10,440,256	10,172,311
Convertible Preferred Shares	2,830,322	3,153,928	—	—
Embedded financial derivatives	294,232	816,436	—	—
Financial guarantee liabilities	—	—	197,403	51,062
Total liabilities per balance sheets	8,302,311	20,533,112	19,939,467	27,448,685

6. Property and equipment

The Group

	Buildings	Machinery	Motor vehicles	Furniture, fitting and equipment	Assets under construction	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2006						
Cost	14,193	3,526	45,606	11,378	—	74,703
Accumulated depreciation	(2,795)	(1,108)	(20,430)	(5,644)	—	(29,977)
Net book amount	11,398	2,418	25,176	5,734	—	44,726
Year ended 31 December 2006						
Opening net book amount	11,398	2,418	25,176	5,734	—	44,726
Additions	—	5,599	9,440	2,181	—	17,220
Disposals	—	(150)	(5,258)	(328)	—	(5,736)
Depreciation	(460)	(845)	(6,488)	(1,636)	—	(9,429)
Closing net book amount	10,938	7,022	22,870	5,951	—	46,781
At 31 December 2006						
Cost	14,193	8,789	48,409	12,882	—	84,273
Accumulated depreciation	(3,255)	(1,767)	(25,539)	(6,931)	—	(37,492)
Net book amount	10,938	7,022	22,870	5,951	—	46,781
Year ended 31 December 2007						
Opening net book amount	10,938	7,022	22,870	5,951	—	46,781
Acquisition of subsidiary	—	10,897	—	—	—	10,897
Additions	32,621	12,277	29,272	18,253	83,727	176,150
Disposals	—	(378)	(81)	(365)	—	(824)
Depreciation	(444)	(5,626)	(5,808)	(3,148)	—	(15,026)
Closing net book amount	43,115	24,192	46,253	20,691	83,727	217,978
At 31 December 2007						
Cost	46,814	31,017	77,525	30,494	83,727	269,577
Accumulated depreciation	(3,699)	(6,825)	(31,272)	(9,803)	—	(51,599)
Net book amount	43,115	24,192	46,253	20,691	83,727	217,978
Year ended 31 December 2008						
Opening net book amount	43,115	24,192	46,253	20,691	83,727	217,978
Additions	35	2,761	19,650	29,062	209,194	260,702
Disposals	—	(2,179)	(1,935)	(367)	—	(4,481)
Transfer to buildings	291,795	—	—	—	(291,795)	—
Depreciation	(2,030)	(3,618)	(11,088)	(7,322)	—	(24,058)
Closing net book amount	332,915	21,156	52,880	42,064	1,126	450,141
At 31 December 2008						
Cost	338,644	29,455	95,237	58,825	1,126	523,287
Accumulated depreciation	(5,729)	(8,299)	(42,357)	(16,761)	—	(73,146)
Net book amount	332,915	21,156	52,880	42,064	1,126	450,141
Six months ended 30 June 2009						
Opening net book amount	332,915	21,156	52,880	42,064	1,126	450,141
Additions	—	656	2,097	33,987	—	36,740
Disposals	—	(184)	(36)	(8,666)	—	(8,886)
Transfer to investment properties	(64,601)	—	—	—	(1,126)	(65,727)
Depreciation	(4,740)	(1,692)	(6,792)	(9,229)	—	(22,453)
Closing net book amount	263,574	19,936	48,149	58,156	—	389,815
At 30 June 2009						
Cost	274,043	29,837	97,288	81,277	—	482,445
Accumulated depreciation	(10,469)	(9,901)	(49,139)	(23,121)	—	(92,630)
Net book amount	263,574	19,936	48,149	58,156	—	389,815

The Group

	Buildings	Machinery	Motor vehicles	Furniture, fitting and equipment	Assets under construction	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Unaudited						
Six months ended 30 June 2008						
Opening net book amount.	43,115	24,192	46,253	20,691	83,727	217,978
Additions	—	2,301	12,265	9,277	59,895	83,738
Disposals	—	(1,468)	(1,343)	(43)	—	(2,854)
Depreciation	(1,004)	(1,966)	(6,171)	(3,257)	—	(12,398)
Closing net book amount	42,111	23,059	51,004	26,668	143,622	286,464
At 30 June 2008						
Cost	46,814	31,043	87,622	39,693	143,622	348,794
Accumulated depreciation	(4,703)	(7,984)	(36,618)	(13,025)	—	(62,330)
Net book amount.	42,111	23,059	51,004	26,668	143,622	286,464

Depreciation charge of the Group was included in the following categories in the consolidated income statements:

	Year ended 31 December			Six months ended 30 June	
	2006	2007	2008	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Cost of sales.	1,029	2,993	3,576	1,424	1,551
Selling and marketing costs.	5	124	253	158	3,056
Administrative expenses	8,395	11,909	20,229	10,816	17,846
	9,429	15,026	24,058	12,398	22,453

Interests of RMB 10,490,000, RMB 21,149,000 and RMB 12,811,000 were capitalised in assets under construction for the years ended 31 December 2007 and 2008 and six months ended 30 June 2008, respectively. There was no interest capitalised in assets under construction for the year ended 31 December 2006 or six months ended 30 June 2009.

The capitalisation rate of borrowings was 12.53%, 11.23% and 11.27% for the years ended 31 December 2007 and 2008 and the six months ended 30 June 2008, respectively.

The Company

	Motor vehicles	Furniture, fitting and equipment	Total
	RMB'000	RMB'000	RMB'000
Period ended 31 December 2006:			
Additions and as at 31 December 2006	1,389	11	1,400
Year ended 31 December 2007:			
Opening net book amount	1,389	11	1,400
Additions	—	376	376
Disposal	(53)	—	(53)
Depreciation	(266)	(54)	(320)
Closing net book amount	1,070	333	1,403
At 31 December 2007			
Cost	1,336	387	1,723
Accumulated depreciation	(266)	(54)	(320)
Net book amount	1,070	333	1,403
Year ended 31 December 2008:			
Opening net book amount	1,070	333	1,403
Additions	—	52	52
Depreciation	(268)	(81)	(349)
Closing net book amount	802	304	1,106
At 31 December 2008			
Cost	1,336	439	1,775
Accumulated depreciation	(534)	(135)	(669)
Net book amount	802	304	1,106
Six months ended 30 June 2009			
Opening net book amount	802	304	1,106
Additions	—	10	10
Depreciation	(134)	(44)	(178)
Closing net book amount	668	270	938
At 30 June 2009			
Cost	1,336	449	1,785
Accumulated depreciation	(668)	(179)	(847)
Net book amount	668	270	938
Unaudited			
Six months ended 30 June 2008			
Opening net book amount	1,070	333	1,403
Additions	—	29	29
Depreciation	(133)	(39)	(172)
Closing net book amount	937	323	1,260
At 30 June 2008			
Cost	1,336	416	1,752
Accumulated depreciation	(399)	(93)	(492)
Net book amount	937	323	1,260

7. Land use rights — Group

	Year ended 31 December			Six months ended 30 June	
	2006	2007	2008	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Opening net book amount	1,548,501	1,537,166	6,984,912	6,984,912	8,895,113
Additions	371,611	5,796,646	2,855,403	998,664	1,895,089
Amortisation	(27,913)	(66,022)	(121,024)	(62,294)	(76,518)
— Capitalised in properties under development	(19,960)	(34,434)	(103,620)	(56,649)	(65,761)
— Recognised as expenses	(7,953)	(31,588)	(17,404)	(5,645)	(10,757)
Transfer to cost of sales	(348,015)	(259,747)	(270,381)	(168,786)	(202,198)
Transfer to investment properties	(7,018)	(23,131)	(4,543)	(3,146)	(30,706)
Transfer of project development rights *(note 21(a))*	—	—	(549,254)	(549,254)	—
Closing net book amount	1,537,166	6,984,912	8,895,113	7,200,096	10,480,780
Amount to be realised within one normal operating cycle included under current assets	1,158,544	6,514,092	8,644,245	6,966,079	10,202,174
Land use rights included under non-current assets	378,622	470,820	250,868	234,017	278,606
	1,537,166	6,984,912	8,895,113	7,200,096	10,480,780

Land use rights comprise cost of acquiring rights to use certain land, which are located in different area of the PRC other than Hong Kong, for property development over fixed periods. Land use rights are held on leases of between 50 to 70 years.

As at 31 December 2006, 2007 and 2008 and 30 June 2009, land use rights of RMB 428,365,000, RMB 2,262,500,000, RMB 3,238,778,000 and RMB 5,408,159,000, respectively, were pledged as collateral for the Group's bank borrowings (note 16).

As at 30 June 2009, with respect to land use rights of RMB 278,606,000, the Group needs to obtain further governmental approvals and pay additional land premium before sale of the properties.

8. Investment properties — Group

	Year ended 31 December			Six months ended 30 June	
	2006	2007	2008	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Opening balance	513,531	847,487	1,571,468	1,571,468	1,741,390
Additions	333,956	723,981	169,922	144,732	425,728
— Transfer from land use rights	7,018	23,131	4,543	3,146	30,706
— Transfer from property and equipment	—	—	—	—	65,727
— Transfer from completed properties held for sale	26,835	43,783	87,964	33,674	29,638
— Fair value gains	300,103	657,067	77,415	107,912	299,657
Disposal of investment properties	—	—	—	—	(19,010)
Ending balance	847,487	1,571,468	1,741,390	1,716,200	2,148,108

The fair values of the Group's investment properties as at 31 December 2006, 2007 and 2008 and 30 June 2009 were assessed by CB Richard Ellis Limited, an independent qualified valuer. Valuations were based on either i) capitalisation of net rental income derived from the existing tenancies with allowance for the reversionary income potential of the properties, using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows; or ii) on direct comparison approach assuming sale of each of these properties in its existing state with the benefit of vacant possession by making reference to comparable sales transactions as available in the relevant market.

The investment properties are all in the PRC and have lease periods of between 10 years to 50 years.

As at 31 December 2006, 2007 and 2008 and 30 June 2009, investment properties of RMB 757,185,000, RMB 624,204,000, RMB 628,036,000 and RMB 402,997,000, respectively, were pledged as collateral for the Group's bank borrowings (note 16).

9. Properties under development — Group

	31 December			30 June
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Properties under development include:				
Construction costs and capitalised expenditures	971,583	2,579,962	7,432,993	9,617,137
Interests capitalised	111,894	707,055	1,616,199	1,703,113
	1,083,477	3,287,017	9,049,192	11,320,250

The properties under development are located in the PRC.

As at 31 December 2006, 2007 and 2008 and 30 June 2009, properties under development of approximately RMB 179,019,000, RMB 67,073,000, RMB 969,068,000 and RMB 897,530,000, respectively, were pledged as collateral for the Group's bank borrowings (note 16).

The capitalisation rate of borrowings is 6.19%, 12.53%, 11.23% and 10.41% for the years ended 31 December 2006, 2007 and 2008 and the six months ended 30 June 2009, respectively.

10. Completed properties held for sale — Group

All completed properties held for sale are located in the PRC.

As at 31 December 2006, 2007 and 2008 and 30 June 2009, completed properties held for sale of approximately RMB 64,819,000, RMB 180,013,000, RMB 30,898,000 and RMB 354,288,000, respectively, were pledged as collateral for the Group's bank borrowings (note 16).

11. Trade and other receivables and prepayments

	Group				Company			
	31 December			30 June	31 December			30June
	2006	2007	2008	2009	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables								
(note (a)):	16,171	11,785	16,389	143,268	—	—	—	—
— related parties *(note 34 (d))*	—	2,682	2,537	3,805	—	—	—	—
— third parties	16,171	9,103	13,852	139,463	—	—	—	—
Other receivables due from:	248,912	494,741	601,711	558,914	2,876,263	3,134,092	6,333,532	6,448,999
— related parties *(note 34 (d))*	—	—	877	400	—	—	—	—
— a shareholder *(note 34 (d))*	125,000	125,000	91	522	125,000	125,000	91	522
— a subsidiary	—	—	—	—	2,748,163	2,999,493	6,332,413	6,447,457
— third parties	123,912	369,741	600,743	557,992	3,100	9,599	1,028	1,020
Prepayments — third parties	1,653,497	4,338,906	2,972,260	2,229,391	—	—	17,621	22,440
— for acquisition of land use rights	1,605,996	3,837,448	2,528,633	1,820,937	—	—	—	—
— others	47,501	501,458	443,627	408,454	—	—	17,621	22,440
	1,918,580	4,845,432	3,590,360	2,931,573	2,876,263	3,134,092	6,351,153	6,471,439

As at 31 December 2006, 2007 and 2008 and 30 June 2009, the fair value of trade and other receivables and prepayments approximated their carrying amounts.

The amounts due from related parties, shareholder and subsidiary are unsecured, interest free and have no fixed repayment terms.

(a) Trade receivables mainly arose from sales of properties. Proceeds in respect of sales of properties are to be received in accordance with the terms of the related sales and purchase agreements.

The ageing analysis of trade receivables at respective balance sheet dates is as follows:

	31 December			30 June
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Within 90 days	13,016	9,900	5,532	126,827
Over 90 days and within 180 days	1,396	681	4,390	5,310
Over 180 days and within 365 days	1,759	1,204	6,467	11,131
	16,171	11,785	16,389	143,268

The trade and other receivables do not contain past due or impaired assets.

The maximum exposure to credit risk at each balance sheet date is the carrying value of each class of receivables mentioned above. The Group has retained the legal titles of the properties sold to these customers at each balance sheet date.

12. Restricted cash — Group

	31 December			30 June
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Guarantee deposit for construction of projects *(note (a))*	101,098	851,679	644,609	1,581,411
Guarantee deposit for bank acceptance notes and loans *(note (b))*	278,969	868,090	467,601	465,363
Guarantee deposit for payments of cost of relocation *(note (c))*	6,025	6,080	55,732	79,625
	386,092	1,725,849	1,167,942	2,126,399

(a) In accordance with relevant documents issued by the PRC local State-Owned Land and Resource Bureau, certain property development companies of the Group were required to place the proceeds received from pre-sale of properties as guarantee deposits for construction of properties. The deposits can only be used to pay for construction fees and purchase of construction materials of the relevant projects when approvals are obtained from the PRC local State-Owned Land and Resource Bureau. The restriction will be released after the construction is completed or real estate ownership certificate of the pre-sold properties is issued, whichever is earlier.

(b) The Group placed certain cash deposits with designated banks as security for bank acceptance notes and bank loans.

(c) Pursuant to the policy of the PRC Bureau of Land Resources and Housing Management, the Group should place certain deposits with designated bank accounts to guarantee the payments to original occupants of the land to be acquired by the Group for compensating their relocation costs.

Restricted cash earns interest at floating daily bank deposit rates.

13. Cash and cash equivalents

	Group				Company			
	31 December			30 June	31 December			30 June
	2006	2007	2008	2009	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Cash at bank and in hand:								
— Denominated in RMB	1,398,396	2,686,463	1,540,017	4,854,969	—	—	—	—
— Denominated in other currencies	643,666	680,249	377,643	245,618	316,432	617	420	1,659
	2,042,062	3,366,712	1,917,660	5,100,587	316,432	617	420	1,659
Less: Restricted cash *(note 12)*	(386,092)	(1,725,849)	(1,167,942)	(2,126,399)	—	—	—	—
	1,655,970	1,640,863	749,718	2,974,188	316,432	617	420	1,659

The conversion of RMB denominated balances into foreign currencies and the remittance of such foreign currencies denominated bank balances and cash out of the PRC are subject to relevant rules and regulation of foreign exchange control promulgated by the PRC government.

Cash at banks earns interest at floating daily bank deposit rates.

14. Share capital

	Note	Number of ordinary shares	Nominal value of ordinary shares	Number of Convertible Preferred Shares	Nominal value of Convertible Preferred Shares
			US$		US$
Authorised:					
Ordinary shares of US$1.00 each upon incorporation.	(a)	50,000	50,000	—	—
Subdivision of shares of US$0.01 each	(c)	4,950,000	—	—	—
Increase in authorised share capital	(c)	4,195,000,000	41,950,000	800,000,000	8,000,000
Cancellation of Convertible Preferred Shares and increase in authorised ordinary shares.	(g)	800,000,000	8,000,000	(800,000,000)	(8,000,000)
Increase in authorised share capital	(h)	95,000,000,000	950,000,000	—	—
		100,000,000,000	1,000,000,000	—	—

	Note	Number of ordinary shares	Nominal value of ordinary shares	Equivalent nominal value of ordinary share	Share premium
			US$	RMB'000	RMB'000
Issued and fully paid:					
Ordinary shares of US$1.00 each	(b)	100	100	1	—
Subdivision of shares of US$0.01 each	(c)	9,900	—	—	—
		10,000	100	1	—
Issuance of ordinary shares of US$0.01 each	(d)	1,599,990,000	15,999,900	124,999	—
As at 31 December 2006 and 2007		1,600,000,000	16,000,000	125,000	—
Issuance of ordinary shares of US$0.01 each	17	800,000,000	8,000,000	58,652	2,873,948
Issuance of ordinary shares of US$0.01 each	(e)	374,104,266	3,741,043	25,680	3,252,263
Dividends.	(f)	—	—	—	(125,651)
As at 31 December 2008 and 30 June 2009.		2,774,104,266	27,741,043	209,332	6,000,560

(a) On 26 June 2006 (the date of incorporation of the Company), the authorised share capital of the Company was US$50,000 divided into 50,000 shares of US$1 each.

(b) On 26 June 2006, 100 ordinary shares of the Company were allotted and issued at par value of US$1.00 each to Xin Xin.

(c) On 29 November 2006, every issued and unissued ordinary share of US$1.00 each was subdivided into 100 shares of US$0.01 each and the authorised share capital of the Company was increased from US$50,000 to US$50,000,000 divided into 4,200,000,000 ordinary shares of US$0.01 each and 800,000,000 Convertible Preferred Shares of US$0.01 each.

(d) On 29 November 2006, 1,599,990,000 ordinary shares of the Company were allotted and issued to Xin Xin at par.

(e) On 25 June 2008, 374,104,266 ordinary shares of the Company were allotted and issued to certain investors with subscription price of US$1.35 per share ("New Investment"). The investors have a right to put all subscribed shares to Xin Xin when the put payment option of the loan from a financial institution is exercised or due for repayment upon its maturity (note 16(b)). The put right will lapse upon the consummation of QIPO. The put option price payable by Xin Xin and/or Dr. Hui upon the exercise of the put option shall be equal to an amount which will yield a certain internal rate of return on the subscription price. The put option granted to the investors was treated as a transaction between shareholders and as such it did not affect the Financial Information. The Company has provided a guarantee and pledge of shares of certain of its subsidiaries as security for the performance of the obligation of Xin Xin and Dr. Hui (note 31(b)(ii)).

On 17 September 2009, the Group has obtained waivers from the New Investors with respect to any existing or purported defaults, events of default or cross-default under the various investment and loan agreements, such waivers will remain valid until 31 March 2010; and the Group has also obtained an extension of the exercise date of the put option in relation to the Structured Secured Loan to 31 March 2010 (note 16(b)).

(f) On 31 January 2008, following the redemption of the Convertible Preferred Shares (note 17) and before Xin Xin transferred part of its ordinary shares to the holders of Convertible Preferred Shares (note 16(b)(iv)), the Company has declared dividends of US$0.05 per ordinary share totaling US$17,372,026 (equivalent to RMB 125,651,000) out of the Company's share premium to its ordinary shareholders of which US$17,278,080 (equivalent to approximately RMB 125,000,000) was set off against amounts due from Xin Xin.

(g) On 24 January 2008, 800,000,000 Convertible Preferred Shares were cancelled and the authorised ordinary shares were increased by an equivalent number.

(h) On 3 March 2008, the authorised share capital of the Company was increased from US$50,000,000 to US$1,000,000,000 by the creation of an additional 95,000,000,000 shares.

(i) Pursuant to a board resolution dated 14 October 2009, conditional on the share premium account of the Company being credited as a result of the proposed global offering described in the Prospectus, the Company will capitalise an amount of US$112,208,957.34 standing to the credit of its share premium account in paying up in full at par 11,220,895,734 shares, which will be allotted and issued to the shareholders of the Company as at the date of Prospectus in accordance with their respective shareholding.

15. Reserves

The Group

	Merger reserve RMB'000 *(note (a))*	Other reserves RMB'000 *(note (b))*	Statutory reserves RMB'000 *(note (c))*	Total RMB'000
Balance at 1 January 2006	829,812	—	152,573	982,385
Deemed contribution by the shareholder of the Company *(note (b))*	—	82,759	—	82,759
Distribution to the then equity holder of the Group *(note (a))*	(1,816,286)	—	—	(1,816,286)
Transfer to statutory surplus reserve fund and statutory welfare fund	—	—	6,827	6,827
Balance at 31 December 2006	(986,474)	82,759	159,400	(744,315)
Deemed contribution by the shareholder of the Company *(note (b))*	—	64,481	—	64,481
Transfer to statutory surplus reserve fund and statutory welfare fund	—	—	39,369	39,369
Balance at 31 December 2007	(986,474)	147,240	198,769	(640,465)
Transfer to statutory surplus reserve fund and statutory welfare fund	—	—	15,766	15,766
Deemed contribution by the shareholder of the Company *(note 17)*	—	1,014,536	—	1,014,536
Balance at 31 December 2008 and 30 June 2009	(986,474)	1,161,776	214,535	389,837
Unaudited				
Balance at 1 January 2008	(986,474)	147,240	198,769	(640,465)
Deemed contribution by the shareholder of the Company *(note 17)*	—	1,014,536	—	1,014,536
Balance at 30 June 2008	(986,474)	1,161,776	198,769	374,071

(a) *Merger reserve*

The merger reserve represents the aggregate nominal value of share capital/paid-in capital of the subsidiaries acquired in the Reorganisation. Movement of merger reserve during the Relevant Periods includes cash considerations paid to Guangzhou Hengda Industrial Group Limited totalling RMB 1,816,286,000 pursuant to the Reorganisation mentioned in note 1 of section II, which have been treated as a distribution to the equity holder during the year ended 31 December 2006.

(b) *Other reserves*

In 2006, Guangzhou Hengda Industrial Group Company Limited, a company beneficially owned by Dr. Hui, granted a loan with a principal of RMB 293,831,000 to the Group (note 16). The loan is free of interest and should be initially recognised at fair value which is determined at the present value of the contractually determined stream of future cash flows discounted at the prevailing market interest rate. The difference between the consideration received and fair value of the loan of approximately RMB 82,759,000 was deemed as a contribution from Dr. Hui.

On 27 August 2007, the Group entered into the Structured Secured Loan agreement with a financial institution (note 16(b)). In connection with this transaction, Xin Xin transferred 12,978,900 ordinary shares of the Company held by it to this financial institution at a notional consideration of US$150. The loan should be initially recognised at the present value of the contractually determined stream of future cash flows discounted at the prevailing market interest rate. The difference between the consideration received and fair value of the loan of approximately RMB 64,481,000 was deemed as a contribution from shareholder of the Company.

(c) *Statutory reserves*

In accordance with the relevant rules and regulation in the PRC and the provision of the articles of association of the group companies established in the PRC, before the Reorganisation, these group companies were required to appropriate 10% and 5% of the profit for the year after setting off the accumulated losses brought forward (based on the figures reported in the statutory financial statements) to the statutory surplus reserve and the statutory public welfare fund, respectively.

After the Reorganisation, certain subsidiaries established in the PRC became foreign investment enterprises and are required to appropriate 10% of the profit for the year after setting off the accumulated losses brought forward (based on the figures reported in the statutory financial statements) to the statutory reserve fund and a certain percentage of the profit for the year to enterprise expansion fund at the discretion of the board of directors of the respective companies.

The statutory surplus reserve and statutory reserve fund can only be used to make good of losses of previous years or to increase the capital of respective companies upon the approval of relevant authority, the statutory public welfare fund can only be used in capital expenditure for collective employee welfare facilities, the enterprise expansion fund can only be used to increase capital of respective companies or to expand their production scale upon approval by the relevant authorities.

The Company

	Other reserve
	RMB'000
Deemed contribution by the shareholder of the Company *(note 17)* and balance at 31 December 2008 and 30 June 2009	1,014,536

16. Borrowings — Group

	31 December			30 June
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Borrowings included in non-current liabilities:				
Bank borrowings — secured	1,732,368	8,980,508	9,779,323	9,468,275
Borrowing from a related party *(note (a), note 34(e))*	211,071	225,508	240,933	249,036
	1,943,439	9,206,016	10,020,256	9,717,311
Less: current portion of non-current borrowings	(517,718)	(290,500)	(5,793,843)	(5,839,425)
	1,425,721	8,915,516	4,226,413	3,877,886
Borrowings included in current liabilities:				
Bank borrowings — secured	311,944	355,700	420,000	455,000
Current portion of non-current borrowings	517,718	290,500	5,793,843	5,839,425
	829,662	646,200	6,213,843	6,294,425
The total borrowings are denominated in the following currencies:				
RMB	2,255,383	6,477,710	7,172,193	7,097,758
US dollar *(note (b))*	—	3,084,006	3,268,063	3,074,553
	2,255,383	9,561,716	10,440,256	10,172,311

(a) The loan from related party is unsecured, interest-free and matured in 2014. The loan was initially recognised at fair value which is determined at the present value of the contractually determined stream of future cash flows discounted at the prevailing market interest rate, and then subsequently stated at amortised cost.

(b) On 27 August 2007, the Group and a financial institution entered into the Structured Secured Loan with a maximum principal of US$500,000,000. Up to 31 October 2007, US$430,000,000 ("Offshore Structured Secured Loan") and RMB 20,000,000 ("Onshore Structured Secured Loan") have been drawn down. The Structured Secured Loan matures on 31 October 2010 and bears interests at LIBOR plus a margin ("Annual Margin"). The other key terms of the Structured Secured Loan are as follows:

(i) Put payment: if the QIPO does not occur by 31 October 2009, the lender has right to request the Group to repay the Structured Secured Loan in whole together with a redemption premium, which together with the Annual Margin, provides an agreed annual return to the financial institution;

(ii) Mandatory prepayment: the Group is required to repay one-third of the outstanding principal balance of the Structured Secured Loan and Xin Xin has undertaken to pay a premium, which together with the Annual Margin paid by the Group, provides an agreed annual return to the financial institution upon QIPO;

(iii) Security: the Structured Secured Loan is secured by the equity interests and land use rights of certain subsidiaries of the Group, the Company's shares held by Xin Xin and guarantees of Xin Xin and Dr. Hui;

(iv) Structuring fee and shares in the Company held by Xin Xin: structuring fee is payable to the financial institution upon each draw down of the Structured Secured Loan and certain number of shares in the Company held by Xin Xin should be transferred to the financial institution upon each grant of commitment.

Certain events of default occurred under the Structured Secured Loan in 2008. On 17 September 2009, the Group has obtained waivers from the lenders of Structured Secured Loan with respect to any existing or purported defaults, events of default or cross-default under the various investment and loan agreements, such waivers will remain valid until 31 March 2010; and the Group has also obtained an extension of the exercise date of the put option in relation to the Structured Secured Loan from the lenders until 31 March 2010.

In accordance with the waiver from the lenders of Structured Secured Loan, if the QIPO fails to occur on or prior to 30 November 2009, the Group will be required to repay 25% of the Offshore Structured Secured Loan. If the Company fails to complete a QIPO by 31 March 2010, the Group will be required to repay the remaining principal of the Offshore Structured Secured Loan in three equal installments, each being 25% of the Offshore Structured Secured Loan and payable by 31 March 2010, 30 June 2010 and 30 September 2010, respectively. The Group will also be required to repay the Onshore Structured Secured Loan when it repays the last installment of the Offshore Structured Secured Loan.

A portion of the Structured Secured Loan has been repurchased during the six months ended 30 June 2009 (note 21(c)).

As at 31 December 2006, 2007 and 2008 and 30 June 2009, the Group's borrowings of RMB 2,044,312,000, RMB 9,336,208,000, RMB 10,199,323,000 and RMB 9,923,275,000, respectively, were secured by its land use rights, investment properties, properties under development, completed properties held for sale, cash in bank and equity interests of certain subsidiaries of the Group.

The exposure of the Group's borrowings to interest-rate changes and the contractual repricing dates or maturity date whichever is earlier are as follows:

	6 months or less	6–12 months	1–5 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Borrowings included in non-current liabilities:				
At 31 December 2006	751,950	462,700	211,071	1,425,721
At 31 December 2007	5,711,341	2,978,667	225,508	8,915,516
At 31 December 2008	2,200,980	1,784,500	240,933	4,226,413
At 30 June 2009	1,706,180	1,922,670	249,036	3,877,886
Borrowings included in current liabilities:				
At 31 December 2006	161,069	668,593	—	829,662
At 31 December 2007	316,700	329,500	—	646,200
At 31 December 2008	4,717,113	1,496,730	—	6,213,843
At 30 June 2009	5,026,293	1,268,132	—	6,294,425

The maturity of the borrowings included in non-current liabilities is as follows:

	31 December			30 June
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Bank borrowings:				
1–2 years	182,700	5,160,369	3,605,480	2,586,060
2–5 years	1,031,950	3,529,639	380,000	1,042,790
Borrowing from a related party:				
1–2 years	211,071	225,508	—	—
After 5 years	—	—	240,933	249,036
	1,425,721	8,915,516	4,226,413	3,877,886

The effective interest rates at 31 December 2006, 2007 and 2008 and 30 June 2009 were as follows:

	31 December			30 June
	2006	2007	2008	2009
Bank borrowings	6.19%	12.53%	10.92%	10.16%

The fair value of the Group's current borrowings approximates their carrying amounts at each of the balance sheet dates for the reason that the impact of discounting is not significant or the borrowings carry floating rate interests.

The fair values of the Group's non-current borrowings approximate their carrying amounts at each of the balance sheet dates as all the non-current borrowings carry floating rate interests.

17. Convertible Preferred Shares and embedded financial derivatives

On 29 November 2006, the Company issued 800,000,000 Convertible Preferred Shares at a total consideration of US$400,000,000. The Convertible Preferred Shares are subject to dividends at 5% of subscription price per annum and would have matured on 29 November 2011 unless extended, at the election of the holders of Convertible Preferred Shares (the "Financial Investors"), by two years. All equity interests in the PRC subsidiaries held by ANJI (BVI) Limited has been pledged to the Financial Investors to secure the Group's obligation in relation to the Convertible Preferred Share.

The principal terms of the Convertible Preferred Shares are as follows:

(a) *Conversion*

The Convertible Preferred Shares can be converted to ordinary shares at the option of the Financial Investors from the issue date up to the maturity date and all outstanding Convertible Preferred Shares should be mandatorily converted to ordinary shares upon the consummation of QIPO at conversion price, which is initially equal to subscription price and subject to adjustments under certain circumstances.

(b) *Redemption*

The Financial Investors have an option to require the Company to redeem the Convertible Preferred Shares under certain circumstances at a put price which is equal to subscription price plus an amount of premium calculated at a compounded rate of return of 15% per annum and deducted by all paid dividends.

(c) *Guaranteed minimum return and upside sharing*

Upon the conversion of the Convertible Preferred Shares, 800,000,000 Convertible Preferred Shares will be converted to 800,000,000 ordinary shares and allotted to the Financial Investors in the proportion of their initial investments. However, the final number of ordinary shares the Financial Investors are entitled to receive is subject to adjustments, which are calculated in accordance with the mechanism designed based on the Financial Investors' initial investment cost, the timing of the QIPO and the fair value of the Company. Immediately prior to the listing of the Company, depending on the offer price of the Company's shares, the Financial Investors may return to Xin Xin a portion of the shares of the Company received, or Xin Xin may transfer additional shares of the Company to the Financial Investors, to arrive at the agreed upon return benchmark under the Convertible Preferred Shares agreement.

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

(i) Liability component initially recognised at its fair value, which is the residual amount after deducting the fair value of the derivative component as at 29 November 2006, and is subsequently carried at amortised cost.

The interest charged for the subsequent periods is calculated by applying an effective interest rate of approximately 18.61%.

(ii) Embedded financial derivatives, comprising:

- The fair value of the option of the Financial Investors to convert the Convertible Preferred Shares into ordinary shares of the Company at the conversion price; and

- The fair value of the option of the Financial Investors to require the Company to redeem the Convertible Preferred Shares.

These embedded options are interdependent as only one of these options can be exercised. Therefore, they are not able to be accounted for separately and a single compound financial derivative was recognised.

A valuation on the Convertible Preferred Shares was carried out jointly by DTZ Debenham Tie Leung Limited and Real Actuarial Consulting Limited. The binomial model is used in the valuation of the embedded derivatives. Key assumption and variables used in the model are as follows:

	29 November 2006	**31 December 2006**	**31 December 2007**
Exercise price	US$0.50	US$0.50	US$0.50
Risk-free rate of interest	4.50%	4.50%	4.50%
Dividend yield	—	—	—
Volatility	35%	35%	35%

Notes:

(a) The risk-free rate of interest adopted approximated the US five-year treasury yield between 30 November 2006 and 31 December 2007.

(b) In accordance with the terms and conditions of the relevant agreement, the conversion price of the Convertible Preferred Shares would be adjusted for any future share dividend and asset distribution. As a result, a nil dividend yield was used in determining the fair value of the embedded financial derivatives.

(c) The volatility adopted for a private company was based on the average of the upper range between the industry volatility and the peer companies' volatilities.

The variables and assumptions used in computing the fair value of the embedded financial derivatives are based on the best estimates of the directors of the Company. The value of embedded derivatives varies with different variables of certain subjective assumptions.

The movements of the liability component and embedded financial derivatives of the Convertible Preferred Shares are set out below:

	The Group and the Company		
	Liability component	Embedded financial derivatives	Total
	RMB'000	RMB'000	RMB'000
Convertible Preferred Shares issued on 29 November 2006	2,820,131	295,424	3,115,555
Exchange gain	(35,524)	(3,707)	(39,231)
Interest charged	45,715	—	45,715
Changes in fair value	—	2,515	2,515
As at 31 December 2006	2,830,322	294,232	3,124,554
Exchange gain	(195,483)	(40,480)	(235,963)
Interest charged	519,089	—	519,089
Changes in fair value	—	562,684	562,684
As at 31 December 2007	3,153,928	816,436	3,970,364
Transfer to ordinary share	(58,652)	—	(58,652)
Transfer to share premium	(2,057,512)	(816,436)	(2,873,948)
Transfer to reserves	(1,014,536)	—	(1,014,536)
Financial guarantee liability	(23,228)	—	(23,228)
As at 31 December 2008 and 30 June 2009	—	—	—
Unaudited			
As at 1 January 2008	3,153,928	816,436	3,970,364
Transfer to ordinary share	(58,652)	—	(58,652)
Transfer to share premium	(2,057,512)	(816,436)	(2,873,948)
Transfer to reserves	(1,014,536)	—	(1,014,536)
Financial guarantee liability	(23,228)	—	(23,228)
As at 30 June 2008	—	—	—

On 11 December 2007, the Company entered into an agreement with the Financial Investors, pursuant to which the Company repurchased and cancelled the 800,000,000 Convertible Preferred Shares for an aggregate consideration of US$400 million in January 2008. The repurchase was financed by a loan of the same amount lent by the Financial Investors to Xin Xin (the "SI Loan"), which has been injected into the Company by Xin Xin to subscribe 800,000,000 newly issued ordinary shares of the Company. Xin Xin has also conditionally transferred totalling 33.24% of shares of the Company, which is subject to adjustment and finalisation, to the Financial Investors. The Company has provided guarantee and pledge of shares of certain of its subsidiaries to secure the repayment obligations of Xin Xin. In accordance with the loan agreement between Xin Xin and the Financial Investors, the Financial Investors have the right to require Xin Xin to repay all or a portion of the loan in cash at any time after the occurrence of any events of default, which include: i) the QIPO does not occur by 31 October 2009; and ii) any events of default or breach occurs under any document in relation to the Structured Secured Loan (note 16(b)), the partial disposal of Success Will Group Limited (note 21(b)), the New Investment (note 14(e)), the SI Loan or the cooperative agreements in respect of two property development projects (note 21(a)).

As a result of the above transactions, liability portion and embedded financial derivatives of the Convertible Preferred Shares totalling approximately RMB 3,970 million were derecognised in 2008, simultaneously share capital plus premium of approximately RMB 2,933 million (equivalent to the subscription price of 800,000,000 newly issued ordinary shares of US$400 million), reserves of approximately RMB 1,014 million and financial guarantee liability of approximately RMB 23 million have been recognised, no gain or loss was recognised in the financial statements.

On 17 September 2009, the Group has obtained waivers from the Financial Investors with respect to any existing or purported defaults, events of default or cross-default under the various investment and loan agreements, such waivers will remain valid until 31 March 2010.

18. Deferred income tax — Group

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The offset amounts of deferred tax assets and liabilities of the Group are as follows:

	31 December			30 June
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Deferred income tax assets to be recovered within 12 months	—	(75,327)	(112,235)	(191,932)
Deferred income tax assets to be recovered after more than 12 months	(19,957)	(48,577)	(212,129)	(209,529)
Deferred income tax assets	(19,957)	(123,904)	(324,364)	(401,461)
Deferred income tax liabilities to be settled after more than 12 months	422,762	482,137	451,527	441,987
	402,805	358,233	127,163	40,526

The net movements on the deferred taxation are as follows:

	Year ended 31 December			Six months ended 30 June	
	2006	2007	2008	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Beginning of the year/period	277,716	402,805	358,233	358,233	127,163
Recognised in consolidated income statements *(note 26)*	125,089	(44,572)	(231,070)	(77,025)	(86,637)
End of the year/period	402,805	358,233	127,163	281,208	40,526

Movements in gross deferred tax assets and liabilities are as follows:

Deferred income tax assets

	Temporary difference on recognition of sales and related cost of sales	Tax losses	Total
	RMB'000	RMB'000	RMB'000
As at 1 January 2006	(38,541)	(13,244)	(51,785)
Charged/(credited) to the consolidated income statement	28,740	(6,713)	22,027
As at 31 December 2006	(9,801)	(19,957)	(29,758)
Credited to the consolidated income statement	(28,531)	(65,615)	(94,146)
As at 31 December 2007	(38,332)	(85,572)	(123,904)
Credited to the consolidated income statement	(46,804)	(161,156)	(207,960)
As at 31 December 2008	(85,136)	(246,728)	(331,864)
Credited to the consolidated income statement	(26,601)	(50,496)	(77,097)
As at 30 June 2009	(111,737)	(297,224)	(408,961)
Unaudited			
As at 1 January 2008	(38,332)	(85,572)	(123,904)
Credited to the consolidated income statement	(18,469)	(50,917)	(69,386)
As at 30 June 2008	(56,801)	(136,489)	(193,290)

Deferred income tax assets are recognised for tax losses carry-forwards to the extent that the realisation of the related benefit through the future taxable profits is probable.

Deferred income tax liabilities

	Excess of carrying amount of land use rights over the tax bases	Temporary difference on recognition of fair value gain of investment properties	Total
	RMB'000	RMB'000	RMB'000
As at 1 January 2006	224,810	104,691	329,501
(Credited)/charged to the consolidated income statement	(756)	103,818	103,062
As at 31 December 2006	224,054	208,509	432,563
(Credited)/charged to the consolidated income statement	(64,951)	114,525	49,574
As at 31 December 2007	159,103	323,034	482,137
(Credited)/charged to the consolidated income statement	(39,145)	16,035	(23,110)
As at 31 December 2008	119,958	339,069	459,027
(Credited)/charged to the consolidated income statement	(80,537)	70,997	(9,540)
As at 30 June 2009	39,421	410,066	449,487
Unaudited			
As at 1 January 2008	159,103	323,034	482,137
(Credited)/charged to the consolidated income statement	(31,299)	23,660	(7,639)
As at 30 June 2008	127,804	346,694	474,498

19. Trade and other payables

	The Group				The Company			
	31 December			30 June	31 December			30 June
	2006	2007	2008	2009	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables								
— third parties	265,185	805,135	2,786,243	3,045,379	—	—	—	—
Other payables:	555,336	3,233,023	1,514,839	1,809,814	1	16,406	14,117	17,871
— related parties *(note 34(d))*	—	—	850	—	1	16,254	14,117	17,395
— third parties	154,404	2,168,857	347,316	834,267	—	152	—	476
— Payables for acquisition of land use rights	400,932	1,064,166	1,166,673	975,547	—	—	—	—
Accrued expenses	12,266	138,113	94,013	135,676	—	—	—	—
Other taxes payable	24,294	17,789	74,073	131,285	—	—	—	—
	857,081	4,194,060	4,469,168	5,122,154	1	16,406	14,117	17,871

The ageing analysis of trade payables of the Group at 31 December 2006, 2007 and 2008 and 30 June 2009 is as follows:

	31 December			30 June
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Within 90 days	251,668	509,963	2,642,391	2,343,820
Over 90 days and within 180 days	8,599	292,753	41,343	330,849
Over 180 days and within 365 days	1,917	1,038	79,700	315,077
Over 365 days	3,001	1,381	22,809	55,633
	265,185	805,135	2,786,243	3,045,379

The carrying amounts of the Group's and the Company's trade and other payables were denominated in RMB.

20. Current income tax liabilities — Group

The current income tax liabilities are analysed as follows:

	31 December			30 June
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Income tax payables				
— PRC corporate income tax payable	8,984	179,096	230,325	215,749
— PRC land appreciation tax payable	161,451	382,195	647,523	679,434
	170,435	561,291	877,848	895,183

21. Other gains

	Year ended 31 December			Six months ended 30 June	
	2006	**2007**	**2008**	**2008**	**2009**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000 (unaudited)**	**RMB'000**
Interest income from bank deposits	6,846	27,875	34,495	8,977	12,351
Forfeited customer deposits. .	2,975	5,394	5,338	1,399	6,277
Gain on the transfers of project development rights *(note (a))*	—	—	474,465	474,465	—
Gain on partial disposal of a subsidiary *(note (b))*	—	760,382	—	—	98,800
Gain on the disposal of available-for-sale investments	10,800	—	—	—	—
Interest income from non-current receivables *(note (a))*	—	—	13,168	—	8,502
Gain from repurchase of loan *(note (c))*	—	—	—	—	172,475
Others	5,283	3,226	3,624	1,042	2,689
	25,904	796,877	531,090	485,883	301,094

(a) In April 2008, the Group entered into cooperative agreements with a related party of one of the Company's shareholders in respect of two property development projects, pursuant to which the Group transferred the controlling rights on the property development and management business of these two projects to the counterparty. The counterparty has guaranteed a return to the Group totaling RMB 1,100,000,000. The Group is also entitled to share the net profit generated by the projects in future under agreed mechanism. The Group has recognised a gain from this cooperative arrangement of RMB 474,465,000, which represents the excess of guaranteed returns received and receivable, after taking into account of the discounting effect, over the net assets of the two projects. The guaranteed returns to be received upon the completion of property development projects are recognised as long-term other receivables. The long-term receivables were initially recognised at fair value which is assessed by Real Actuarial Consulting Limited, an independent qualified valuer, and subsequently stated at amortised cost.

(b) As described in note 1(a) of section II, in September 2007, ANJI (BVI) Limited disposed of 40% equity interest in Success Will Group Limited, who wholly owned Foshan Nanhai Xinzhongjian Real Estate Development Company Limited ("Xinzhongjian", who is principally engaged in development of a real estate project in Guangzhou) to a related party of one of the Company's shareholders at a consideration of US$130,000,000, equivalent to RMB 976,404,000. The gain to the Group, which represents net consideration deducted by net assets of Success Will Group Limited shared by the counterparty of RMB 216,022,000, amounted to RMB 760,382,000.

When the Group and the counterparty entered into such share purchase agreement of Success Will Group Limited, there was a land premium payable of approximately RMB 247 million as the official invoice had not been obtained by that time. Pursuant to the share purchase agreement, it was agreed that the counterparty would undertake its share (40%) of the unpaid land premium, only if the Group provide an official invoice for this land premium. If the invoice was not obtained, the Group would undertake to pay this liability in full. When calculating the gain of partial disposal of Success Will Group Limited in 2007, the Group has assumed it would need to pay this land premium without obtaining the invoice. In June 2009, the Group obtained the official invoice and therefore recognised an additional gain from partial disposal of Success Will Group Limited of RMB 98,800,000.

(c) Pursuant to the agreement between Tianji Holding Limited ("Tianji"), a subsidiary of the Group, and independent third parties, Tianji repurchased a portion of the Structured Secured Loan of US$48,500,000 and unpaid interest of RMB 73,069,000, at a consideration of US$33,950,000, which resulted in a gain of RMB 172,475,000 in the six months ended 30 June 2009.

22. Expenses by nature

Major expenses included in cost of sales, selling and marketing costs, administration expenses and other operating expenses are analysed as follows:

	Year ended 31 December			Six months ended 30 June	
	2006	**2007**	**2008**	**2008**	**2009**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000 (unaudited)**	**RMB'000**
Cost of properties sold	1,280,820	1,592,588	1,712,158	1,394,847	909,852
Business tax and other levies *(note (a))*	110,993	201,963	212,872	159,427	108,361
Staff costs — excluding directors' emoluments *(note 23)*	99,997	226,876	361,189	176,701	204,291
Advertising costs	49,216	199,239	267,174	117,049	128,933
Sales commissions	—	2,951	34,108	8,645	80,326
Consultancy fee *(note (b))*	—	27,877	257,213	145,369	116,806
Depreciation	9,429	15,026	24,058	12,398	22,453
Amortisation of land use rights	7,953	31,588	17,404	5,645	10,757
Auditors' remuneration	519	1,834	2,442	827	1,546
Donations to governmental charity (included in other operating expenses)	6,147	17,021	24,420	21,440	3,355

(a) ***Business tax***

The group companies with business operation in the PRC are subject to business taxes on their revenue at the following rates:

Category	**Rate**
Sales of properties	5%
Property construction and decoration	3%
Property management	5%

(b) ***Consultancy fee***

The consultancy fees for the year ended 31 December 2008 and the six months ended 30 June 2008 and 2009 are mainly related to market promotion, planning and consultancy services provided by a real estate consulting firm.

23. Staff costs — excluding directors' emoluments

	Year ended 31 December			Six months ended 30 June	
	2006	2007	2008	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Wages and salaries	92,325	205,281	317,524	158,963	171,604
Pension costs — statutory pension *(note 30)*	3,035	5,336	11,893	4,709	9,395
Staff welfare	2,858	4,383	13,792	5,857	7,870
Medical benefits	1,406	3,746	7,206	2,927	4,819
Other allowances and benefits	373	8,130	10,774	4,245	10,603
	99,997	226,876	361,189	176,701	204,291

24. Emoluments for directors and five highest paid individuals

(a) *Directors' emoluments*

The remuneration of each director of the Company for the year ended 31 December 2006 is set out below:

	Fees	Salary	Contribution to pension scheme	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Dr. Hui	—	—	—	—
Mr. Lin Xiaohui	—	131	2	133
Mr. Huang Xiangui	—	51	2	53
Ms. Wu Jianmei	—	346	—	346
	—	528	4	532

The remuneration of each director of the Company for the year ended 31 December 2007 is set out below:

	Fees	Salary	Contribution to pension scheme	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Dr. Hui	—	—	—	—
Mr. Lin Xiaohui	—	250	11	261
Mr. Huang Xiangui	—	173	8	181
Ms. Wu Jianmei	—	250	18	268
	—	673	37	710

The remuneration of each director of the Company for the year ended 31 December 2008 is set out below:

	Fees	Salary	Contribution to pension scheme	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Dr. Hui	—	—	—	—
Mr. Lin Xiaohui *(note (a))*	—	477	11	488
Mr. Huang Xiangui	—	394	13	407
Ms. Wu Jianmei *(note (a))*	—	—	—	—
Mr. Xia Haijun	—	4,956	—	4,956
Mr. Tam Wai Ying *(note (a))*	—	2,144	75	2,219
Mr. Xu Wen *(note (a))*	—	1,586	24	1,610
Mr. Cai Chunmeng *(note (a))*	—	2,566	11	2,577
Mr. Li Gang	—	5,112	21	5,133
Mr. Lai Lixin	—	1,554	19	1,573
Mr. Don Lim Jung Chiat	—	—	—	—
Mr. Wong Man Hoi	—	—	—	—
Mr. Timothy Joseph Grady	—	—	—	—
Mr. Tommy Cheung	—	—	—	—
Mr. Lionel Soh	—	—	—	—
	—	18,789	174	18,963

(a) These directors resigned in the year ended 31 December 2008.

The remuneration of each director of the Company for the six months ended 30 June 2009 is set out below:

	Fees	Salary	Contribution to pension scheme	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Dr. Hui	—	—	—	—
Mr. Huang Xiangui	—	299	7	306
Mr. Xia Haijun	—	2,174	—	2,174
Mr. Li Gang	—	2,280	11	2,291
Mr. Lai Lixin	—	838	10	848
Mr. Don Lim Jung Chiat	—	—	—	—
Mr. Wong Man Hoi	—	—	—	—
Mr. Timothy Joseph Grady	—	—	—	—
Mr. Tommy Cheung	—	—	—	—
Mr. Lionel Soh	—	—	—	—
	—	5,591	28	5,619

The remuneration of each director of the Company for the six months ended 30 June 2008 is set out below:

	Fees	Salary	Contribution to pension scheme	Total
	RMB'000 (unaudited)	RMB'000 (unaudited)	RMB'000 (unaudited)	RMB'000 (unaudited)
Dr. Hui	—	—	—	—
Mr. Lin Xiaohui	—	325	5	330
Mr. Huang Xiangui	—	194	7	201
Ms. Wu Jianmei *(note (a))*	—	—	—	—
Mr. Xia Haijun	—	2,824	—	2,824
Mr. Tam Wai Ying	—	1,286	38	1,324
Mr. Xu Wen *(note (a))*	—	901	12	913
Mr. Cai Chunmeng *(note (a))*	—	2,566	11	2,577
Mr. Li Gang	—	2,896	11	2,907
Mr. Timothy Joseph Grady	—	—	—	—
Mr. Tommy Cheung	—	—	—	—
Mr. Lionel Soh	—	—	—	—
	—	10,992	84	11,076

(a) These directors resigned in the six months ended 30 June 2008.

No emoluments were paid to any independent non-executive directors during the years ended 31 December 2006, 2007 and 2008 and the six months ended 30 June 2008 and 2009.

(b) *Five highest paid individuals*

During the years ended 31 December 2006 and 2007, none of the five highest paid individuals is director of the Company. During the year ended 31 December 2008 and the six months ended 30 June 2008 and 2009, the five highest paid individuals include 4, 4 and 2 directors, respectively. The aggregate amounts of emoluments of the five highest paid individuals for the years ended 31 December 2006, 2007 and 2008 and six months ended 30 June 2008 and 2009 are set out below:

	Year ended 31 December			Six months ended 30 June	
	2006	2007	2008	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Salaries and other benefits	3,135	6,864	16,698	10,497	8,293
Retirement scheme contributions	6	73	131	71	95
	3,141	6,937	16,829	10,568	8,388

The emoluments fell within the following bands:

	Year ended 31 December			Six months ended 30 June	
	2006	2007	2008	2008	2009
Nil to RMB 2,000,000	5	4	1	1	3
RMB 2,000,000 to RMB 4,000,000	—	1	2	4	2
RMB 4,000,000 to RMB 6,000,000	—	—	2	—	—

(c) During the years ended 31 December 2006, 2007 and 2008 and six months ended 30 June 2008 and 2009, no emolument was paid by the group entities to any of the above directors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

25. Finance (costs)/income, net

	Year ended 31 December			Six months ended 30 June	
	2006	2007	2008	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Exchange gain/(loss)	26,032	274,310	201,944	191,565	(4,204)
Interest expenses:					
— bank borrowings wholly repayable within five years	(154,202)	(413,857)	(1,232,297)	(593,695)	(529,644)
— liability component of the Convertible Preferred Shares	(45,715)	(519,089)	—	—	—
Less: interest capitalised	118,076	777,401	1,216,873	586,110	521,540
	(81,841)	(155,545)	(15,424)	(7,585)	(8,104)
	(55,809)	118,765	186,520	183,980	(12,308)

26. Income tax expenses/(credit)

	Year ended 31 December			Six months ended 30 June	
	2006	2007	2008	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Current income tax					
— Hong Kong profits tax	—	—	—	—	—
— PRC enterprise income tax	75,540	282,671	232,510	98,628	14,391
— PRC land appreciation tax	64,445	199,667	332,518	282,877	59,538
Deferred income tax					
— PRC enterprise income tax *(note 18)*	125,089	(44,572)	(231,070)	(77,025)	(86,637)
	265,074	437,766	333,958	304,480	(12,708)

The income tax on the Group's profit before income tax differs from the theoretical amount that would arise using the enacted tax rate of the home country of the group entities as follows:

	Year ended 31 December			Six months ended 30 June	
	2006	2007	2008	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Profit before income tax	590,533	1,516,870	966,388	1,165,044	509,652
Calculated at PRC enterprise income tax rate	166,714	500,567	229,597	286,961	111,048
Effect of the changes in tax rate	—	(128,837)	—	—	—
PRC land appreciation tax deductible for PRC corporate income tax purposes	(21,267)	(65,890)	(83,130)	(70,719)	(14,885)
Income not subject to tax *(note (a))*	—	(304,605)	(208,202)	(205,636)	(108,613)
Reversal of provision of deferred tax liabilities of land use right having obtained invoice *(note 21(b))*	—	—	—	—	(67,807)
Expenses not deductible for tax purposes	55,182	225,299	50,759	8,079	4,327
Tax losses for which no deferred income tax asset was recognised	—	11,565	12,416	2,918	3,684
PRC enterprise income tax	200,629	238,099	1,440	21,603	(72,246)
PRC land appreciation tax	64,445	199,667	332,518	282,877	59,538
Taxation	265,074	437,766	333,958	304,480	(12,708)

(a) Income not subject to tax for the six months ended 30 June 2009 mainly comprised the additional gain from disposal of 40% equity interests in a subsidiary (note 21(b)), gain from partial repurchase of the Structured Secured Loan (note 21(c)) and reversal of provision for financial guarantee liabilities (note 31(b)).

Income not subject to tax for the year ended 31 December 2008 mainly comprised the exchange gains in the offshore group companies and the gain derived from the cooperative arrangements with a related party of one of the Company's shareholders of RMB 474,465,000 (note 21(a)).

Income not subject to tax for the year ended 31 December 2007 mainly comprised the gain from disposal of 40% equity interests in a Success Will Group Limited of approximately RMB 760,382,000 and the exchange gains in the offshore group companies (note 21(b)).

The weighted average applicable tax rate for the years ended 31 December 2006, 2007 and 2008 and six months ended 30 June 2008 and 2009 are 28%, 33%, 24%, 25% and 22%, respectively.

Hong Kong profits tax

No Hong Kong profits tax has been provided for as there is no business operation that are subject to Hong Kong profits tax during the Relevant Periods.

PRC enterprise income tax

The income tax provision of the Group in respect of operations in Mainland China has been calculated at the applicable tax rate on the estimated assessable profits for each of the Relevant Periods, based on the existing legislation, interpretations and practices in respect thereof.

For each of the years ended 31 December 2006 and 2007, PRC corporate income tax is provided at the rate of 33% of the profits for the PRC statutory financial reporting purposes, adjusted for those items, which are not assessable or deductible for the PRC corporate income tax purpose.

On 16 March 2007, the National People's Congress approved the Corporate Income Tax Law of the People's Republic of China (the ''new CIT Law''), which is effective from 1 January 2008. Under the new CIT Law, the corporate income tax rate applicable to the Group's subsidiaries located in Mainland China from 1 January 2008 is 25%, replacing the applicable tax rate of 33%.

Since the deferred income tax assets and liabilities shall be measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, the change in the applicable tax rate will affect the determination of the carrying values of deferred tax assets and liabilities of the Group's subsidiaries located in the PRC. In these Financial Information, deferred tax assets and liabilities of certain subsidiaries to be realised after 1 January 2008 has been adjusted to the amounts calculated basing on corporate income tax rate of 25% with a credit of RMB 128,837,000 to income tax expenses for the year ended 31 December 2007.

PRC land appreciation tax

PRC land appreciation tax is levied at progressive rate ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including lease charges of land use rights and all property development expenditures.

27. Earnings per share

Earnings per share information for each of the years ended 31 December 2006 and 2007 is not presented as its inclusion, for the purpose of this report, is not considered meaningful due to the Reorganisation and the basis of preparation of the Financial Information as disclosed in note 1 above.

The calculation of earnings per share for the year ended 31 December 2008 and six months ended 30 June 2008 and 2009 are calculated by dividing the profits attributable to shareholders of the Company by the weighted average number of ordinary shares in issue during the year/period.

	Year ended 31 December	Six months ended 30 June	
	2008	**2008**	**2009**
	RMB'000	**RMB'000 (unaudited)**	**RMB'000**
Profit attributable to shareholders of the Company	524,760	759,883	500,172
Weighted average number of ordinary shares in issue (thousands)	2,524,403	2,271,958	2,774,104
Basic earnings per share (RMB per share)	0.21	0.33	0.18

No diluted earnings per share are presented as there were no potential dilutive shares in issue during the year ended 31 December 2008 and six months ended 30 June 2008 and 2009.

28. Dividends

	Year ended 31 December			Six months ended 30 June	
	2006	**2007**	**2008**	**2008**	**2009**
	RMB'000 *(note (a))*	**RMB'000**	**RMB'000** *(note 14(f))*	**RMB'000 (unaudited)**	**RMB'000**
Dividends	493,518	—	125,651	125,651	—

(a) The dividends were declared and paid by the group companies to their then equity holders prior to the Reorganisation.

29. Cash (used in)/generated from operating activities

	Year ended 31 December			Six months ended 30 June	
	2006	2007	2008	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Profit for the year/period	325,459	1,079,104	632,430	860,564	522,360
Adjustments for:					
Income tax expense/(credit)	265,074	437,766	333,958	304,480	(12,708)
Interest income from bank deposits	(6,846)	(27,875)	(34,495)	(8,977)	(12,351)
Interest expense	81,841	155,545	15,424	7,585	8,104
Interest income from non-current receivables	—	—	(13,168)	—	(8,502)
Exchange (gain)/loss	(26,032)	(274,310)	(201,944)	(191,565)	4,204
Gain on partial disposal of a subsidiary	—	(760,382)	—	—	(98,800)
Gain on the disposal of available for sale investments	(10,800)	—	—	—	—
Gain on repurchase of loan	—	—	—	—	(172,475)
Depreciation	9,429	15,026	24,058	12,398	22,453
Fair value gain on investment properties	(300,103)	(657,067)	(77,415)	(107,912)	(299,657)
Loss on disposal of property and equipment *(note a)*	5,736	824	4,481	2,854	8,886
Fair value change on embedded financial derivatives	2,515	562,684	—	—	—
Provisions/(reversals) of financial guarantees	—	—	65,997	32,315	(146,341)
Changes in working capital:					
Properties under development and completed properties held for sale	(115,213)	(2,145,587)	(5,903,962)	(3,035,651)	(2,836,764)
Land use rights	4,317	(5,447,746)	(1,914,744)	(218,330)	(1,595,117)
Restricted cash	125,145	(750,636)	157,418	(507,813)	(960,695)
Trade and other receivables and prepayments	(1,317,852)	(2,881,013)	848,223	630,900	658,833
Trade and other payables and receipt in advance from customers	(466,446)	3,666,767	2,025,177	(460,069)	7,735,879
Cash (used in)/generated from operations	(1,423,776)	(7,026,900)	(4,038,562)	(2,679,221)	2,817,309

(a) Loss on disposal of property and equipment during the years ended 31 December 2006, 2007 and 2008 and six months ended 30 June 2008 and 2009 represented the net book value of the property and equipment disposed.

(b) Non-cash transactions

The principal non-cash transactions during the years ended 31 December 2006, 2007 and 2008 and six months ended 30 June 2008 and 2009 is the restructure of Convertible Preferred Shares as disclosed in note 17.

30. Pensions — defined contribution plans

Employees in the Group's PRC subsidiaries are required to participate in a defined contribution retirement scheme administrated and operated by the local municipal government. The Group's PRC subsidiaries contribute funds which are calculated on certain percentage of the average employee salary as agreed by local municipal government to the scheme to fund the retirement benefits of the employees.

Details of the retirement scheme contributions for the employees, which have been dealt with in the consolidated income statements of the Group for the Relevant Periods, are as follows:

	Year ended 31 December			Six months ended 30 June	
	2006	2007	2008	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Gross scheme contributions. .	3,035	5,336	11,893	4,709	9,395

The Group also participates in a pension scheme under the rules and regulations of the MPF Scheme for all employees in Hong Kong. The contributions to the MPF Scheme are based on minimum statutory contribution requirement of 5% of eligible employees' relevant aggregate income.

31. Financial guarantees

The Group had the following financial guarantees as at the end of the Relevant Periods:

(a) *Guarantees in respect of mortgage facilities for purchasers of the Group's property units*

	31 December			30 June
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Guarantees in respect of mortgage facilities for certain purchasers of the Group's property units	1,073,910	1,464,222	2,086,980	5,677,510

The Group has arranged bank financing for certain purchasers of the Group's property units and provided guarantees to secure obligations of such purchasers for repayments. Such guarantees terminate upon the earlier of (i) issue of the real estate ownership certificate which will generally be available within an average period of two to three years upon the completion of guarantee registration; or (ii) the satisfaction of mortgaged loan by the purchasers of properties.

Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage principals together with accrued interest and penalty owed by the defaulted purchasers to the banks and the Group is entitled to take over the legal title and possession of the related properties. The Group's guarantee period starts from the dates of grant of the mortgages. The directors consider that the likelihood of default in payments by purchasers is minimal and therefore the financial guarantees measured at fair value is immaterial.

(b) ***Other financial guarantees***

The Group have provided the following financial guarantees for the obligations of Xin Xin and Dr. Hui.

	Financial guarantee liability in relation to the restructure of Convertible Preferred Shares *(note (i))*	Financial guarantee liability in relation to share subscription *(note (ii))*	Total
	RMB'000	RMB'000	RMB'000
Initial recognition of financial guarantee liability	23,228	108,178	131,406
Charged to the income statement	56,388	9,609	65,997
As at 31 December 2008	79,616	117,787	197,403
Credited to the income statement	(59,024)	(87,317)	(146,341)
As at 30 June 2009	20,592	30,470	51,062
Unaudited			
Initial recognition of financial guarantee liability	23,228	108,178	131,406
Charged to the income statement	32,315	—	32,315
As at 30 June 2008	55,543	108,178	163,721

(i) The Company has provided guarantee and pledge of shares of certain of its subsidiaries for the obligation of Xin Xin in relation to the SI Loan (note 17).

Pursuant to the SI Loan agreements, the Financial Investors have the right to require Xin Xin to repay all or a portion of the loan in cash at any time after the occurrence of any events of default, which include: i) the QIPO does not occur by 31 October 2009 (as extended to 31 March 2010); and ii) any event of default or breach occurs under any document in relation to the Structured Secured Loan (note 16(b)), the partial disposal of Success Will Group Limited (note 21(b)), the New Investment (note 14(e)), the SI Loan or the cooperative agreements in respect of two property development projects (note 21(a)). The guarantee will be released upon the consummation of the QIPO.

(ii) The Company has provided guarantee and pledge of shares of certain of its subsidiaries for the obligation of Xin Xin and Dr. Hui in relation to the New Investment (note 14(e)).

Pursuant to the New Investment agreements, the investors have a right to put all subscribed shares to Xin Xin, the controlling shareholder of the Company, when there is no QIPO and the put option of the Structured Secured Loan is exercised or due for repayment upon its maturity (note 16(b)). The guarantee will be released upon the consummation of the QIPO.

The fair value and provisions of the Group's financial guarantees have been assessed by Real Actuarial Consulting Limited, an independent qualified valuer.

32. Commitments

(a) *Operating leases commitments*

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	31 December			30 June
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Property and equipment:				
Not later than one year	5,574	27,962	30,742	28,880
Later than one year and not later than five years	4,955	84,576	71,749	45,263
Later than five years	812	7,262	7,141	6,196
	11,341	119,800	109,632	80,339

(b) *Commitments for property development expenditure*

	31 December			30 June
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Contracted but not provided for	1,720,171	8,561,556	12,776,257	14,278,488

(c) *Commitments for land expenditure*

	31 December			30 June
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Contracted but not provided for	1,627,454	5,701,475	10,235,592	11,615,701

33. Business combinations

On 1 January 2007, the Group acquired 90.4% of the equity interest of 廣州市越秀住宅建設有限公司 (Guangzhou Yuexiu Property Construction Company Limited), a company being principally engaged in provision of construction services for the property development enterprises. The acquired business contributed revenues of RMB 43,970,000 and net profit of RMB 1,941,000 to the Group for the year ended 31 December 2007.

Details of net assets acquired and goodwill are as follows:

	RMB'000
Purchase consideration paid	41,348
Fair value of net assets acquired	(41,348)
Goodwill	—

The assets and liabilities as of 1 January 2007 arising from the acquisition are as follows:

	Fair value	Acquiree's carrying amount
Cash and cash equivalents	2,012	2,012
Property and equipment *(note 6)*	10,897	10,897
Trade and other receivables	76,596	76,596
Trade and other payables	(35,783)	(35,783)
Borrowings	(8,000)	(8,000)
Net assets	45,722	45,722
Minority interests (9.6%)	(4,374)	
Net assets acquired	41,348	
Purchase consideration settled in cash		41,348
Cash and cash equivalents in subsidiary acquired		(2,012)
Cash outflow on acquisition		39,336

34. Related party transactions

(a) *Name and relationship with related parties*

Name	Relationship
許家印先生 Dr. Hui Ka Yan ("Dr. Hui")	The ultimate controlling shareholder and also the director of the Company
廣州恒大實業集團有限公司 Guangzhou Hengda Industrial Group Company Limited	Controlled by Dr. Hui and his associates
Xin Xin (BVI) Limited	The controlling shareholder of the Company
廣州市金碧大世界飲食娛樂有限公司 Guangzhou Jinbi Dashijie Catering and Entertainment Company Limited	Controlled by Mrs. Hui

(b) *Transactions with related parties*

During the years ended 31 December 2006, 2007 and 2008 and the six months ended 30 June 2008 and 2009, the Group had the following significant transactions with related parties:

	Year ended 31 December			Six months ended 30 June	
	2006	2007	2008	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Rental income *(note (i))*:					
Guangzhou Jinbi Dashijie Catering and Entertainment Company Limited	3,000	8,606	2,617	1,309	1,309

(i) The rental fees were charged in accordance with the terms of the underlying agreements.

(c) *Key management compensation*

	Year ended 31 December			Six months ended 30 June	
	2006	2007	2008	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Salaries and other short-term employee benefits	3,005	8,652	28,832	16,702	17,126
Retirement scheme contributions	21	118	317	159	245
	3,026	8,770	29,149	16,861	17,371

(d) *Balances with related parties*

As at 31 December 2006, 2007 and 2008 and 30 June 2009, the Group had the following significant trade and non-trade balances with related parties:

	31 December			30 June
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Amounts due from related parties				
Included in trade receivables:				
Guangzhou Jinbi Dashijie Catering and Entertainment Company Limited	—	2,682	2,537	3,805
Included in other receivables *(note (i))*:				
Xin Xin (BVI) Limited *(note (ii))*	125,000	125,000	91	522
Others	—	—	877	400
	125,000	125,000	968	922
	125,000	127,682	3,505	4,727

	31 December			30 June
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Amounts due to related parties				
Included in trade payables:				
Guangzhou Jinbi Dashijie Catering and Entertainment Company Limited	—	—	850	—

(i) Amounts due from related parties are unsecured, interest-free and have no fixed terms of repayment, which are cash advances in nature.

(ii) The amount due from Xin Xin as at 31 December 2007 was offset against the dividends paid out of the Company's share premium in 2008 (note 14(f)).

(e) ***Borrowing from related party***

As at 31 December 2006, 2007 and 2008 and 30 June 2009, the Group had the following entrusted bank loans from a related party:

	31 December			30 June
	2006	**2007**	**2008**	**2009**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Guangzhou Hengda Industrial Group Company Limited *(note 16(a))*	211,071	225,508	240,933	249,036

The loan will be settled before the listing of the Company's shares on the Stock Exchange.

35. Accounting adjustments under common control combination

The following is a reconciliation of the effect arising from the common control combination on the consolidated balance sheets.

The consolidated balance sheets as at 30 June 2009:

	The Company	**The Operating Group**	**Adjustments**	**Consolidated**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Investment in the Operating Group . .	2	—	(2)	—
Other assets — net	6,405,103	2,601,588	—	9,006,691
Net assets.	6,405,105	2,601,588	(2)	9,006,691
Share capital.	209,332	829,813	(829,813)	209,332
Share premium	6,000,560	—	—	6,000,560
Merger reserve	—	(1,816,285)	829,811	(986,474)
(Accumulated losses)/retained earnings	(819,323)	2,981,634	—	2,162,311
Other reserves.	1,014,536	361,775	—	1,376,311
Minority interests	—	244,651	—	244,651
	6,405,105	2,601,588	(2)	9,006,691

The consolidated balance sheets as at 31 December 2008:

	The Company	**The Operating Group**	**Adjustments**	**Consolidated**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Investment in the Operating Group . .	2	—	(2)	—
Other assets — net	6,141,159	2,441,972	—	8,583,131
Net assets.	6,141,161	2,441,972	(2)	8,583,131
Share capital.	209,332	829,813	(829,813)	209,332
Share premium	6,000,560	—	—	6,000,560
Merger reserve	—	(1,816,285)	829,811	(986,474)
(Accumulated losses)/retained earnings	(1,083,267)	2,745,406	—	1,662,139
Other reserves.	1,014,536	361,775	—	1,376,311
Minority interests	—	321,263	—	321,263
	6,141,161	2,441,972	(2)	8,583,131

The consolidated balance sheets as at 31 December 2007:

	The Company	The Operating Group	Adjustments	Consolidated
	RMB'000	RMB'000	RMB'000	RMB'000
Investment in the Operating Group	2	—	(2)	—
Other (liabilities)/assets — net	(850,658)	1,701,931	—	851,273
Net (liabilities)/assets	(850,656)	1,701,931	(2)	851,273
Share capital	125,000	829,813	(829,813)	125,000
Merger reserve	—	(1,816,285)	829,811	(986,474)
(Accumulated losses)/retained earnings	(975,656)	2,128,801	—	1,153,145
Other reserves	—	346,009	—	346,009
Minority interests	—	213,593	—	213,593
	(850,656)	1,701,931	(2)	851,273

The consolidated balance sheets as at 31 December 2006:

	The Company	The Operating Group	Adjustments	Consolidated
	RMB'000	RMB'000	RMB'000	RMB'000
Investment in the Operating Group	1	—	(1)	—
Other assets/(liabilities) — net	69,540	(577,874)	—	(508,334)
Net assets/(liabilities)	69,541	(577,874)	(1)	(508,334)
Share capital	125,000	829,812	(829,812)	125,000
Merger reserve	—	(1,816,285)	829,811	(986,474)
(Accumulated losses)/retained earnings	(55,459)	166,440	—	110,981
Other reserves	—	242,159	—	242,159
	69,541	(577,874)	(1)	(508,334)

36. Contingency

On 8 January 2008, the Group entered into a land grant contract with Guangzhou State-owned Land Bureau to acquire a land located in Tianhe District of Guangzhou at a consideration of approximately RMB 4.1 billion. The land was originally designated for residential use, but has since been re-designated by Guangzhou city government as a result of its planned re-zoning of the area as part of a newly established financial district in Guangzhou city. The Group is in negotiation with the government with respect to the amendments to the terms of the land grant contract, including the use of the land and payment terms, but the result is pending as at the date of the accountants' report. The Group has paid a deposit of RMB 130 million but has not paid the remaining land premium which was due in July 2008 according to the original land grant contract. However, The Group has not received any notice from relevant government authorities for violation of the terms of the land grant contract.

Should the Group be unable to reach an agreement in its favour, the Group may be subject to forfeiture of the deposit of RMB 130 million and penalty for delay payment of the land premium in accordance with the original land grant contract. The directors of the Company consider, based on their best estimation of the result of negotiation with the government, that the risk of forfeiture of the deposit and penalty of late payment would be low and therefore has not made any provision for the forfeiture of the deposit and penalty of late payment.

37. Subsequent events

(i) In July 2009, the Group entered into a sale and purchase agreement with four independent third parties to acquire entire interest in Jiangxi Hongji Investment Company Limited ("Jiangxi Hongji") from these four parties at an aggregate consideration of RMB 615,380,000. Jiangxi Hongji was established on 19 April 2004. As at 30 June 2009, the paid-in capital of Jiangxi Hongji was RMB 6,000,000. Jiangxi Hongji has not carried out any significant business transactions since its establishment other than acquisition of five pieces of lands in Jiangxi Province. As at 30 June 2009, the carrying value of the lands amounted to RMB 108,414,000.

(ii) In July 2009, the Group has entered into a sale and purchase agreement with two independent third parties to acquire the entire interest in Changsha Xinlin Property Company Limited ("Changsha Xinlin") from these parties at an aggregate consideration of RMB 600,000,000. Changsha Xinlin was established on 9 April 2003. As at 30 June 2009, the paid-in capital of Changsha Xinlin was RMB 8,000,000. Changsha Xinlin has not carried out any significant business transactions since its establishment other than acquisition of a piece of land in Changsha City. As at 30 June 2009, the carrying value of the land amounted to RMB 216,294,000.

(iii) In July 2009, the Group has entered into a sale and purchase agreement with an independent third party, pursuant to which the Group will acquire a piece of land through acquisition of the entire interest in Taiyuan Mingdu Real Estate Development Company Limited ("Taiyuan Mingdu") set up by the independent third party to hold this land at an aggregate consideration of RMB 445,000,000.

(iv) In August 2009, the Group entered into a sale and purchase agreement with two independent third parties to acquire entire interest in Jiangxi Cuilin Shanzhuang Limited ("Jiangxi Cuilin") from these two parties at an aggregate consideration of RMB 620,000,000. Jiangxi Cuilin was established on 7 July 2003. As at 30 June 2009, the paid-in capital of Jiangxi Cuilin was RMB 24,793,800. Jiangxi Cuilin has not carried out any significant business transactions since its establishment other than acquisition of a piece of land in Jiangxi Province. As at 30 June 2009, the carrying value of the land amounted to RMB 55,507,000.

(v) In August 2009, the Group has entered into an agreement with Shijiazhuang State-owned Land Bureau to acquire a piece of land at a consideration of approximately RMB 1.9 billion.

(vi) In September 2009, the Group entered into a sale and purchase agreement with two independent third parties to acquire entire interest in Anhui Sanlin Property Limited ("Anhui Sanlin") from these two parties at an aggregate consideration of RMB 447,740,000. Anhui Sanlin was established on 2 November 2001. As at 30 June 2009, the paid-in capital of Anhui Sanlin was RMB 100,000,000. Anhui Sanlin has not carried out any significant business transactions since its establishment other than acquisition of a piece of land in Anhui Province. As at 30 June 2009, the carrying value of the land amounted to RMB 138,878,000.

III. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared for the Company and its subsidiaries in respect of any period subsequent to 30 June 2009. In addition, no dividend or distribution has been declared, made or paid by the Company or its subsidiaries in respect of any period subsequent to 30 June 2009.

Yours faithfully
PricewaterhouseCoopers
Certified Public Accountants
Hong Kong

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