

CORPORATE HISTORY

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 experiences and capabilities to simultaneously manage multiple projects across different locations. In terms of brand development, we decided

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to take a disciplined approach to our projects under development, and started to implement a nationwide standardized operational model. Our operational developments 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

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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.

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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 continuous 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.

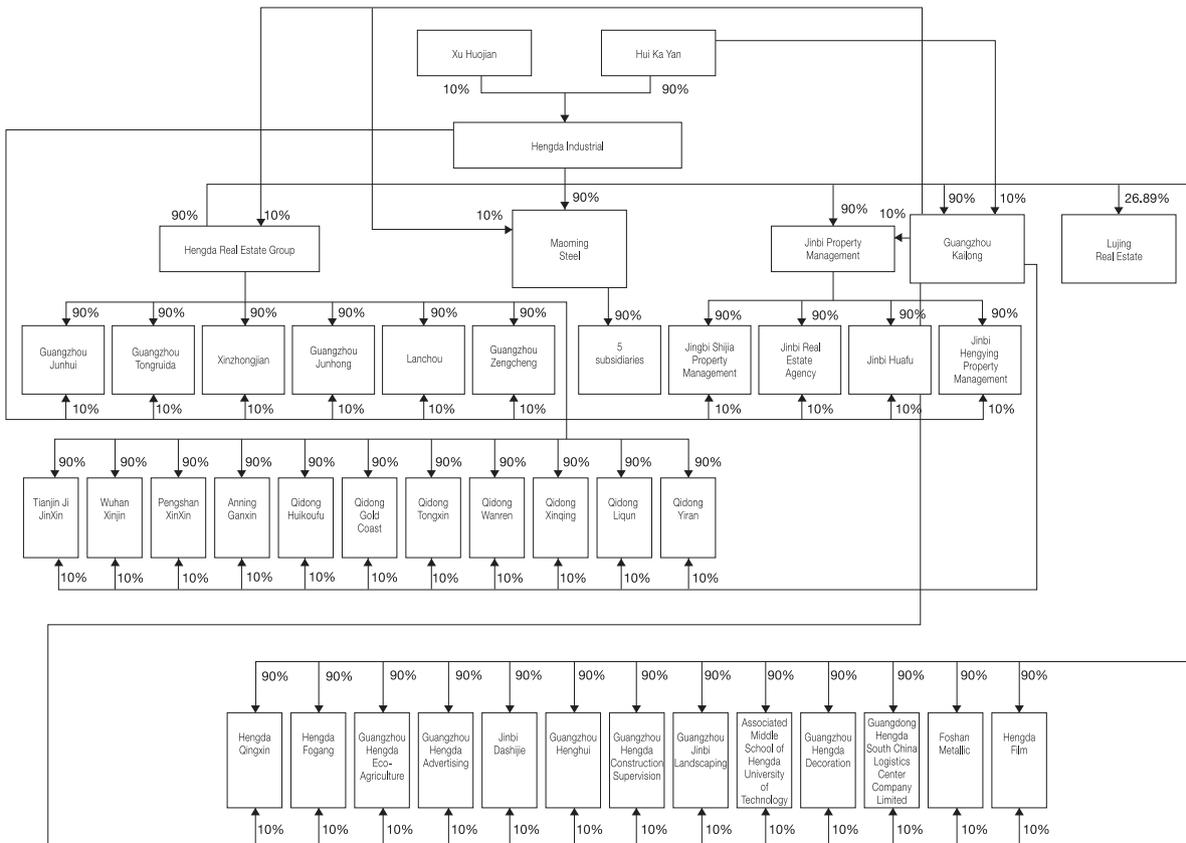
Since the beginning of 2009, our management team has again promptly reacted to the gradual market recovery and was able to moderately increase the average selling prices for our properties based on market conditions in different cities without materially affecting our growth in unit sales volume. While 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.

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CORPORATE STRUCTURE PRIOR TO REORGANIZATION

The following chart sets forth our corporate structure prior to our Reorganization:



Prior to the Reorganization, our PRC operations were held by Hengda Industrial, which was then held as to 90% by Dr. Hui and as to 10% by Mr. Xu Huojian, a nephew of Dr. Hui, who held such interest for Dr. Hui. The reason for such an arrangement was that, prior to January 1, 2006, according to the then effective PRC Company Law, companies with limited liability established in China must have at least two shareholders. In order to comply with such shareholding requirements, Mr. Xu Huojian held the relevant equity interest for Dr. Hui. The rights and liabilities attached to the equity interests were enjoyed and borne by Dr. Hui. As advised by our PRC legal advisor, Commerce & Finance Law Offices, such entrustment arrangement was valid and legally binding on the parties according to the then-effective PRC laws and regulations. As the PRC Company Law has since been amended to permit companies with limited liability to have only one shareholder, the entrustment arrangement is no longer required and was terminated in July 2006. As a result, Mr. Xu Huojian transferred all the equity interest he held in trust in Hengda Industrial to Dr. Hui at nil consideration, and Mr. Xu Huojian no longer has a function or role in our company.

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REORGANIZATION

In mid-2006, we commenced the Reorganization in preparation for the Global Offering. As a part of the Reorganization, our 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 the British Virgin Islands as an intermediate holding company to hold all of our businesses.

Details of the Reorganization are set out in “Appendix VIII — Statutory and General Information — A. Further Information about Our Company — 4. Corporate Reorganization” in this prospectus. A summary of the steps involved are set out below:

Reorganization of Our Operating Subsidiaries in China

- Guangzhou Chaofeng did not have any material business activities. Hengda Industrial acquired the 100% interests in Guangzhou Chaofeng at a consideration of RMB 80 million, which represented the paid-in capital of Guangzhou Chaofeng at the time of the acquisition.
- Guangzhou Kailong transferred its 10% interest in Jinbi Property Management to Hengda Industrial.
- Hengda Real Estate Group transferred its 90% interest in Guangzhou Junhui to Hengda Industrial.
- Hengda Real Estate Group transferred its 90% interest in Guangzhou Tongruida to Hengda Industrial.
- Hengda Real Estate Group transferred its 90% interest in Guangzhou Junhong to Hengda Industrial.
- Hengda Real Estate Group transferred its 90% interest in Hengda Zengcheng to Hengda Industrial.

Pursuant to the Reorganization, all of the on-shore transfers involved were based on the respective registered capital of the relevant companies at the time of the transfers. As the transfers were a part of the internal reorganization for the purpose of preparing us for the Global Offering, our Directors consider that the use of the registered capital as the basis of consideration for the transfers was fair and reasonable.

Reorganization of Companies into Hengda Real Estate Group

- Pursuant to the Reorganization, Hengda Industrial and Dr. Hui transferred their respective 90% and 10% interests in Guangzhou Kailong to Guangzhou Chaofeng on June 16, 2006. The transfers were completed on June 26, 2006 and Guangzhou Kailong became a wholly owned subsidiary of Guangzhou Chaofeng.

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- Hengda Industrial transferred its 90% interest in Hengda Real Estate Group to Guangzhou Kailong on June 17, 2006. The transfer was completed on June 26, 2006. After the transfer, Hengda Real Estate Group was held as to 100% by Guangzhou Kailong.
- Pursuant to the Reorganization, except for companies that were reorganized as subsidiaries of Jinbi Property Management, other companies in China were reorganized to become subsidiaries of Hengda Real Estate Group.

Acquisition of Our Operating Subsidiaries in China

Subsequent to the reorganization of our operating subsidiaries in China and reorganization of companies in Hengda Real Estate Group, ANJI (BVI) Limited acquired the entire equity interest of the following companies from Hengda Industrial at the consideration specified below. The consideration for each acquisition was determined by reference to a valuation of the target company, including its consolidated subsidiaries, conducted at the relevant time of such acquisition by independent valuers qualified in China and in compliance with the relevant requirements of the PRC laws and regulations for foreign acquisitions of PRC domestic companies.

- Guangzhou Chaofeng, at a consideration of RMB 671,170,000, which, with the approval of Guangzhou Foreign Trade and Economic Cooperation Bureau on June 28, 2006, was converted into our wholly foreign-owned enterprise in China;
- Jinbi Property Management, at a consideration of RMB 530,640,000, which, with the approval of Guangzhou Foreign Trade and Economic Cooperation Bureau on June 28, 2006, was converted into our wholly foreign-owned enterprise in China;
- Guangzhou Junhui, at a consideration of RMB 234,260,000, which, with the approval of Guangzhou Foreign Trade and Economic Cooperation Bureau on June 28, 2006, was converted into our wholly foreign-owned enterprise in China;
- Guangzhou Tongruida, at a consideration of RMB 158,650,000, which, with the approval of the Guangzhou Foreign Trade and Economic Cooperation Bureau on June 28, 2006, was converted into our wholly foreign-owned enterprise in China;
- Guangzhou Junhong, at a consideration of RMB 120,850,000, which, with the approval of the Guangzhou Foreign Trade and Economic Cooperation Bureau on June 28, 2006, was converted into our wholly foreign-owned enterprise in China; and
- Hengda Zengcheng, at a consideration of RMB 47,990,000, which, with the approval of the Guangzhou Foreign Trade and Economic Cooperation Bureau on June 28, 2006, was converted into our wholly foreign-owned enterprise in China.

The consideration ANJI (BVI) Limited paid for the entire interest in Guangzhou Chaofeng from Hengda Industrial was significantly higher than the consideration Hengda Industrial paid when it acquired Guangzhou Chaofeng as disclosed in “— Reorganization of Our Operating Subsidiaries in China” above. This was due to the fact that, subsequent to the acquisition by

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Hengda Industrial of Guangzhou Chaofeng, substantial assets and businesses, including those held by Guangzhou Kailong and Hengda Real Estate Group, were injected into Guangzhou Chaofeng before its acquisition by ANJI (BVI) Limited. Therefore, the valuation of Guangzhou Chaofeng conducted at the time of acquisition by ANJI (BVI) Limited also included such newly injected assets and businesses.

Reorganization of Companies under Jinbi Property Management

- Transfer of Jinbi Shijia Property Management to Hengda Real Estate Group

Prior to the Reorganization, Jinbi Shijia Property Management was held as to 90% by Jinbi Property Management and as to 10% by Hengda Industrial. Pursuant to the Reorganization, Jinbi Property Management and Hengda Industrial transferred 90% and 10% interests, respectively, in Jinbi Shijia Property Management to Hengda Real Estate Group on June 16, 2006. After the transfer, Jinbi Shijia Property Management has been held as to 100% by Hengda Real Estate Group.

- Transfer of Jinbi Hengying Property Management to Hengda Real Estate Group

Prior to the Reorganization, Jinbi Hengying Property Management was held as to 90% by Jinbi Property Management and as to 10% by Hengda Industrial. Pursuant to the Reorganization, Jinbi Property Management and Hengda Industrial transferred their 90% and 10% interests, respectively, in Jinbi Hengying Property Management to Hengda Real Estate Group on June 16, 2006. After the transfers, Jinbi Hengying Property Management has been held as to 100% by Hengda Real Estate Group.

- Transfer of Jinbi Real Estate Agency to Hengda Real Estate Group

Prior to the Reorganization, Jinbi Real Estate Agency was held as to 90% by Jinbi Property Management and as to 10% by Hengda Industrial. Pursuant to the Reorganization, Jinbi Property Management and Hengda Industrial transferred 90% and 10% interests, respectively, in Jinbi Real Estate Agency to Hengda Real Estate Group on June 16, 2006. After the transfers, Jinbi Real Estate Agency has been held as to 100% by Hengda Real Estate Group.

- Reorganization of Jinbi Huafu to Jinbi Property Management

Prior to the Reorganization, Jinbi Huafu was held as to 90% by Jinbi Property Management and as to 10% by Hengda Industrial. Pursuant to the Reorganization, Hengda Industrial transferred its 10% interest in Jinbi Huafu to Jinbi Property Management on June 16, 2006. After the transfer, Jinbi Huafu has been held as to 100% by Jinbi Property Management.

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- Transfer of Xinzhongjian to Jinbi Huafu

Prior to the Reorganization, Xinzhongjian was held as to 90% by Hengda Real Estate Group and as to 10% by Hengda Industrial. Pursuant to the Reorganization, Hengda Real Estate Group and Hengda Industrial transferred their 90% and 10% interests, respectively, in Xinzhongjian to Jinbi Huafu on June 16, 2006. After the transfers, Xinzhongjian has been held as to 100% by Jinbi Huafu.

Excluded Business

Prior to the Reorganization, Hengda Industrial was interested in 26.89% of Lujing Real Estate Corporation Limited, or Lujing Real Estate, a company listed on the Shenzhen Stock Exchange, which was also engaged in property development. As Lujing Real Estate does not form a part of our group and Hengda Industrial did not have control over Lujing Real Estate, in order to eliminate competition with us, Hengda Industrial entered into an agreement in July 2006 with an independent third party, pursuant to which Hengda Industrial transferred the entire 41,864,466 shares it owned in Lujing Real Estate to the purchaser for a total consideration of RMB 78.9 million.

Prior to the Reorganization, Guangzhou Kailong held a 10% interest in Maoming Hengda Steel Group Limited, or Maoming Steel, on trust for Hengda Industrial. On August 8, 2006, Guangzhou Kailong entered into an agreement with Guangzhou Hengda Film and Television Cultural Co., Ltd., or Hengda Film, a subsidiary of Hengda Industrial, which does not form a part of our group, pursuant to which Guangzhou Kailong transferred its 10% interests in Maoming Steel back to Hengda Industrial upon termination of the trust arrangement at a consideration of RMB 54.46 million which is equivalent to the proportional registered capital of Maoming Steel. Maoming Steel and its subsidiaries were involved in the manufacturing and sale of steel materials. Such interest and the subsequent disposal are not reflected in our financial statements.

Introduction of Financial Investors

On November 29, 2006, we adopted resolutions to (a) sub-divide and reclassify our authorized and issued share capital from 50,000 Shares of US\$1.00 each into 5,000,000 ordinary shares of US\$0.01 each, and (b) increase our authorized share capital 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 preferred shares of US\$0.01 each.

On November 29, 2006, we allotted and issued 1,599,990,000 new Shares credited as nil paid to the Original Shareholder.

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 our company for an aggregate subscription amount of US\$400 million subject to adjustment and finalization upon completion of a Qualified IPO, defined as our initial public offering on the Stock Exchange, the NASDAQ Stock Market, the New York Stock Exchange or another internationally recognized stock exchange acceptable to each of the Financial Investors with gross proceeds of not less

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than US\$500 million and the market capitalization of at least US\$2 billion subsequent to the offering. We completed the transaction on December 6, 2006 when Deutsche Bank AG became the holder of 266,000,000 Convertible Preferred Shares, Baytree Investments (Mauritius) Pte Ltd the holder of 268,000,000 Convertible Preferred Shares and Indopark Holdings Limited the holder of 266,000,000 Convertible Preferred Shares subject to adjustment and finalization upon completion of the Qualified IPO. The pricing for the offering of the Convertible Preferred Shares was based on arm's-length negotiations with the Financial Investors. We used the net proceeds from the issue of our Convertible Preferred Shares to repay an outstanding bridge loan from Industrial and Commercial Bank of China (Asia) Limited in the aggregate principal amount of approximately US\$230 million in full, with the remaining net proceeds injected as capital contribution into our subsidiaries in China, which in turn used them to pay land premiums and other land acquisition costs. We borrowed the bridge loan to effect the Reorganization. The cash received from the bridge loan was injected as capital contribution into our subsidiaries in China, which in turn was used to pay land premiums and other land acquisition costs.

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 the Global Offering, 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. The fair value of the financial guarantee provided by us amounted to RMB 23 million as at the date of the restructuring of the Convertible Preferred Shares. The fair value of the financial guarantee was assessed jointly by DTZ Debenham Tie Leung Limited and Real Actuarial Consulting Limited. The valuation was carried out using a probability of default model which measures the credit spread and likelihood of the Financial Investors exercising the default option when our assets are insufficient to cover our obligations. The probability of default model adopted is the Merton's Model and is normally adopted for valuation of private companies' financial guarantees. The model measures the implicit put option value held by the Financial Investors based on the size of our assets compared to our liabilities, as well as our asset growth rate and asset volatility rate. The loan will be repaid in kind by the Original Shareholder, with a portion of the Shares held by the Original Shareholder conditionally transferred to the Financial Investors subject to adjustment and finalization on the basis of the Offer Price upon consummation of the Global Offering. Accordingly, on January 31, 2008, pursuant to the restructuring agreement, the Original Shareholder conditionally transferred 266 million Shares to Deutsche Securities Nominees Hong Kong Limited, 268 million Shares to Baytree Investments (Mauritius) Pte Ltd and 266 million Shares to Indopark Holdings Limited subject to adjustment and finalization upon completion of this Global Offering. Immediately after such conditional transfers, we were held as to 66.67% by the Original Shareholder, as to 11.08% by Deutsche Securities Nominees Hong Kong Limited, as to 11.17% by Baytree Investments (Mauritius) Pte Ltd and as to 11.08% by Indopark Holdings Limited, each on a conditional basis. In June 2009, Mrs. Hui, through her wholly owned company, Yaohua Limited, acquired the entire issued share capital of Even

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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. You may find additional information on such acquisition in the section entitled “— Share Purchase” below in this prospectus.

Pursuant to the adjustment mechanism provided in the deed of undertaking relating to the original investment agreement, as amended in connection with the restructuring agreement and the Global Offering, immediately prior to the listing of our Shares on the Stock Exchange, depending on the Offer Price, the Original Shareholder may transfer additional Shares to each of the Financial Investors or each of the Financial Investors may return to the Original Shareholder a portion of the Shares received conditionally from the Original Shareholder. Based on the indicative offer price range, the Financial Investors are required to return certain number of Shares to the Original Shareholder so that the Original Shareholder will hold 8,637,756,280 Shares (assuming an Offer Price at HK\$3.00) and 9,665,384,560 Shares (assuming an Offer Price at HK\$4.00) immediately upon completion of the Global Offering. You may find additional information on our post-Global Offering shareholding structure calculated at the low end, mid-point and high end of the indicative offer price range in the section entitled “— Post-Global Offering Shareholding Information” below. The parties have agreed that such shareholding adjustment and resultant transfer of Shares between Financial Investors and the Original Shareholder will take place immediately prior to the listing of our Shares on the Stock Exchange. Upon completion of such adjustment immediately prior to the completion of this Global Offering, the loan lent by the Financial Investors to the Original Shareholder will be deemed to have been repaid.

We entered into the restructuring arrangement in order to remove the adverse impact of convertible instruments on our results of operations. We incurred significant non-cash financial charges in our financial statements due to Convertible Preferred Shares which distort our true operating performance in 2007. The said impact to the financial statements brought by the Convertible Preference Shares vanished after the restructuring, and therefore the restructuring provided a clearer picture of our financial performance, which also benefited our shareholders as a whole.

Similar to the arrangements under the original investment agreement relating to the Convertible Preferred Shares, the restructuring loan documents have also inherited the following provisions:

- *Interest:* The Financial Investors are entitled to receive interest payments on their restructuring loan at an annual rate of 5%.
- *Minimum Return Mechanism:* The Original Shareholder entered into deed of undertaking (as amended) in favor of the Financial Investors to undertake that the total number of the Shares conditionally transferred to the Financial Investors, as finally adjusted upon the completion of this Global Offering, will give the Financial Investors an aggregate value at the Offer Price that represents a minimum return on their investment, or Minimum Return Mechanism, of: (a) not less than 30% if the Listing Date occurs within 12 months after December 6, 2006, the issue date of the Convertible Preferred Shares; (b) not less than 40% if the Listing Date occurs during

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the 13th to the 18th month after December 6, 2006; (c) not less than 50% if the Listing Date occurs during the 19th to the 24th month after December 6, 2006; (d) not less than 60% if the Listing Date occurs during the 25th to the 30th month after December 6, 2006; (e) not less than 70% if the Listing Date occurs during the 31st month after December 6, 2006 to December 31, 2009. In anticipation of the Global Offering, the Financial Investors have agreed to discount their Achieved Return (as defined below) by 18% so long as we complete a Qualified IPO by December 31, 2009. In the event of any short fall in the guaranteed minimum return, the Original Shareholder will transfer a number of Shares to the Financial Investors to ensure that they achieve the minimum return to their investment. The obligation to guarantee such a minimum return continues to be with the Original Shareholder. Since the expected Listing Date is November 5, 2009, the minimum return to the Financial Investors is 70%, or the Minimum Return. Based on the low end and high end of the indicative offer price range of HK\$3.00 and HK\$4.00, the Financial Investors will achieve a return of approximately 129.1% and 149.6%, respectively, each above the Minimum Return. Therefore, there will not be any such transfer of Shares from the Original Shareholder to the Financial Investors. Instead, pursuant to the Minimum Return Mechanism, the Financial Investors will be required to return a number of Shares to the Original Shareholder, based on the Offer Price, to reach their respective shareholdings so calculated. Such adjustment and transfer will occur immediately before consummation of the Global Offering. Other than the final adjustment of the shareholding as described above immediately prior to the listing of our Shares on the Stock Exchange, the arrangement will not affect the lock-up and public float requirements under the Listing Rules. This mechanism also limits the Financial Investors' return on their investments.

- *Achieved Return:* The actual return that the Financial Investors will be entitled to based on the original deed of undertaking, or Achieved Return, is calculated based on the Financial Investors' initial investment cost, the timing of the Qualified IPO and the valuation of our company based on the Offer Price. The Achieved Return to the Financial Investors is subject to an adjustment mechanism and will be calculated as below:
 - If the pre-adjustment return, or the Pre-Adjustment Return, based on the initial investment made by the Financial Investors and our valuation at the time of this Global Offering is below the Minimum Return, then the Financial Investors will receive the Minimum Return pursuant to the Minimum Return Mechanism;
 - If the Pre-Adjustment Return is between Minimum Return and 50%, the Financial Investors will receive the sum of (i) the Minimum Return and (ii) 50% of the return that is in excess of the Minimum Return;
 - If the Pre-Adjustment Return is between 50% and 60%, the Financial Investors will receive the sum of (i) the Minimum Return, (ii) 5% and (iii) 40% of the return that is in excess of 50%;

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- If the Pre-Adjustment Return is between 60% and 70%, the Financial Investors will receive the sum of (i) the Minimum Return, (ii) 9% and (iii) 30% of the return that is in excess of 60%; and
 - If the Pre-Adjustment Return is above 70%, the Financial Investors will receive the sum of (i) the Minimum Return, (ii) 12% and (iii) 25% of the return that is in excess of 70% if the market capitalization immediately after a Qualified IPO is more than HK\$50 billion or 30% of the return that is in excess of 70% if the market capitalization immediately after a Qualified IPO is less than or equal to HK\$50 billion.
- *Right to Sell in the Global Offering:* We undertook that, to the extent permitted by the applicable law and the Listing Rules, we will use our best endeavors to cause the Underwriters to offer to the Financial Investors the right to sell, on a pro rata basis among the Financial Investors, their Shares in the Global Offering not more than 25% of the total Offer Shares.
 - *Lock-up:* The Financial Investors agreed that, except for such sale of their Shares in the Global Offering and upon the request of the Underwriters, they will not unreasonably object to a lock-up with respect to their Shares for a period of up to six months after the Listing Date. In anticipation of this Global Offering, the Financial Investors have agreed to be subject to a lock-up period of six months commencing from the Listing Date with respect to the Shares that the Financial Investors decide not to sell as a part of this Global Offering. In consideration of the agreement by the Financial Investors to an 18% discount to the Achieved Return, the Original Shareholder has agreed to seek the prior consent of the Financial Investors during a period of 12 months commencing from the Listing Date before the Original Shareholder may sell any of its Shares.
 - *Guarantees and Share Charges:* Dr. Hui, our Original Shareholder and our company provided guarantees and first-priority charges over the shares in our Original Shareholder, us and ANJI (BVI) Limited as additional collateral for the restructuring loan from the Financial Investors. Pursuant to the arrangements, all such guarantees and share pledges will terminate and be released upon the consummation of this Global Offering so long as this Global Offering constitutes a Qualified IPO, similarly defined for Convertible Preferred Shares. In addition, in consideration of the agreement by the Financial Investors to an 18% discount to the Achieved Return, the Original Shareholder has agreed to compensate the Financial Investors up to an aggregate amount equaling such 18% discounted return, to the extent that any Financial Investor will have experienced any loss as of the end of a 12-month period following the Listing Date as a result of the sales and/or continued holding of the Shares that the Financial Investor is entitled to receive as finally determined upon the consummation of this Global Offering, or Financial Investors Compensation Arrangement. A loss to a Financial Investor is deemed to exist if the Shares that the

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Financial Investor is entitled to receive as finally determined upon the consummation of this Global Offering calculated at the Offer Price, exceed the sum of the aggregate proceeds from sales of its Shares up to the end of the 12-month period, plus the value of its remaining Shares at the end of such 12-month period calculated at the weighted average closing price of the Shares during the latter six months of such 12-month period. Such obligation to compensate is not due until 12 months after the Listing Date. We set out below the net effect of the Financial Investors Compensation Arrangement.

	At the low end of the indicative offer price range	At the mid-point of the indicative offer price range	At the high end of the indicative offer price range
	HK\$3.00/ Share	HK\$3.50/ Share	HK\$4.00/ Share
Shareholding at the Global Offering without any adjustment	26.91%	26.91%	26.91%
Transfer of Shares from (or to) the Original Shareholder as a percentage of total number of outstanding Shares post the Global Offering (assuming no exercise of the Over-allotment Option) .	(11.13%)	(13.08%)	(14.01%)
Shareholding post the Global Offering (assuming no exercise of the Over-allotment Option).	15.78%	13.83%	12.90%
Maximum exposure to the Original Shareholder pursuant to the Financial Investors Compensation Arrangement ⁽¹⁾ (HK\$ in millions)	878.5	913.3	1,018.3

(1) Such obligation to compensate is not due until 12 months after the Listing Date.

- **Board Representation:** The Financial Investors continue to be entitled to representations on our Board, to veto certain specified reserved matters, and to receive specified information about our financial and operational affairs prior to the consummation of this Global Offering so long as this Global Offering constitutes a Qualified IPO. In anticipation of this Global Offering, each of the Financial Investors has agreed in the restructuring agreement to cause its designated Director to tender a letter of resignation with immediate effect after the receipt of the approval-in-principle for a Qualified IPO from the Stock Exchange. Upon consummation of the Global Offering, all special rights currently enjoyed by the Financial Investors will terminate and, to the extent that any Financial Investor continues to own any Share, it will not have any rights that are not generally available to our other shareholders.

On January 31, 2008, the 1,599,990,000 Shares we issued and allotted to the Original Shareholder on November 29, 2006 were credited as fully paid.

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In anticipation of this Global Offering, we have sought and the Financial Investors have granted waivers with respect to, among others, (i) alleged failure on our part in strict compliance with the requirement under the restructuring agreement in giving them notices of this Global Offering, (ii) our incurrence or potential incurrence of indebtedness under certain bank facilities in violation of certain covenant under the restructuring agreement, (iii) all alleged cross defaults from the Structured Secured Loan, (iv) all alleged cross defaults from the agreement between the shareholders of our majority-owned subsidiary, Success Will Group Limited, and (v) all alleged cross defaults from our new investment agreement with the New Investors. These waivers are effective until March 31, 2010.

Further Reorganization of Jinbi Property Group

- On July 5, 2007, Success Will Group Limited was incorporated in Hong Kong as a wholly owned subsidiary of ANJI (BVI) Limited.
- On September 6, 2007, ANJI (BVI) Limited transferred its entire interest in Jinbi Property Management to Success Will Group Limited. The transfer was approved by the Guangzhou Foreign Trade and Economic Cooperation Bureau on September 26, 2007. As a result, Success Will Group Limited indirectly owns 100% 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 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.

We established Success Will Group Limited as an investment holding company solely for the purpose of Merrill Lynch's investment. Our joint venture with Merrill Lynch relates to the Evergrande Royal Scenic Peninsula development only. The transaction was effectively a bulk pre-sale of the project, which allows us to liquidate a portion of our investment. We have used the net proceeds from the transaction to fund our nationwide expansion plans.

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The consideration of US\$130 million was arrived at based on arm's length negotiations between us and Merrill Lynch by reference to the expected operational and financial performance of Success Will Group Limited, which was primarily driven by the expected selling prices and sales schedules of our Evergrande Royal Scenic Peninsula project and the then prevailing property market conditions. This transaction was consented to by the other two Financial Investors.

Evergrande Royal Scenic Peninsula became eligible for pre-sale since October 1, 2007 on a phase-by-phase basis. Pursuant to the share subscription agreement between ANJI (BVI) Limited and Pearl River Investment Limited, our cooperation with Merrill Lynch is limited to the Evergrande Royal Scenic Peninsula project. We have agreed, however, that, in the event that we intend to form more joint ventures with third parties, we will allow Merrill Lynch a right of first refusal with respect to such joint venture opportunities at the same terms and subject to the connected transaction requirements under the Listing Rules. Such right of first refusal does not give Merrill Lynch any preferential treatment and we have not formed any such joint ventures other than the investment by New Investors as described in the section entitled "— Introduction of New Investors" below.

Merrill Lynch is a passive financial investor in Success Will Group Limited, with the right to receive distributions of profits legally available for distribution in Success Will Group Limited. In addition, Merrill Lynch has a proportionate representation on the board of Success Will Group Limited based on our and its respective shareholdings. Merrill Lynch also has the right to appoint a financial controller at Success Will Group Limited and its 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, and it held an economic interest of approximately US\$31 million in the Structured Secured Loan as of the Latest Practicable Date. Other than our buyback through our wholly owned subsidiary, Tianji Holding Limited, described below, none of the lenders are affiliated with us or our connected persons.

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, for an aggregate consideration of US\$34.0 million. As a result of our buyback, the effective outstanding balance of the offshore loan is US\$381.5 million as of the date of this prospectus. Also as a result of our buyback, Ever Grace, which was interested in 3,339,060 Shares (before the Capitalization Issue), became an indirect wholly-owned subsidiary of our Company. To eliminate the cross-shareholding, Ever Grace will offer all the Shares it held for sale in the Global Offering.

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The direct 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, guarantees of the Original Shareholder and second-priority charges (after the Financial Investors) over the shares held by Dr. Hui in the Original Shareholder, the Shares held by the Original Shareholder in us and our shareholding in ANJI (BVI) Limited as additional collateral. The security interest over such equity interests and land use rights will remain upon listing of our Shares but will be released upon repayment of the loan. If we complete a Qualified IPO by March 31, 2010, we will be required to repay one third of the offshore Structured Secured Loan, or approximately US\$127.2 million in principal amount net of the repurchased portion of US\$48.5 million, upon completion of such Qualified IPO with a portion of our net proceeds from such Qualified IPO. The remaining two-thirds of the offshore Structured Secured Loan, or approximately US\$254.3 million in principal amount, as well as the onshore loan of RMB 20 million will become due and repayable upon its maturity on the earlier of October 31, 2010 or the end of 15 calendar months from the consummation on or prior to March 31, 2010 of a Qualified IPO. If such Qualified IPO fails to occur on or prior to November 30, 2009, we have agreed to repay 25% of the offshore Structured Secured Loan, or approximately US\$95.4 million in principal amount, by November 30, 2009. If we fail to complete a Qualified IPO by March 31, 2010, we will be required to repay the remaining principal of the offshore Structured Secured Loan in four equal installments, each being 25% of the loan due and payable by November 30, 2009, March 31, 2010, June 30, 2010 and September 30, 2010, respectively. We are also required to repay the onshore loan of RMB 20 million when we repay the last installment of the offshore loan. We plan to repay the Structured Secured Loan with funds from a portion of the net proceeds from this Global Offering, bank facilities available to us and our operating cash flow.

Assuming that the Global Offering constitutes a Qualified IPO, similarly defined for the purpose of the Structured Secured Loan as defined for the Financial Investors, the Structured Secured Loan also contains the following principal terms:

- The interest rate of the Structured Secured Loan is determined at the relevant London interbank offered rate plus (a) a margin of 4.50% prior to the consummation of this Global Offering; (b) a margin of 4.50% for the six-month period from the consummation of this Global Offering and (c) a margin of 5.50% afterward.
- The Original Shareholder has also agreed to pay a premium in cash at the time of the Global Offering to the lenders to ensure them an annual rate of return of 19.5% after taking into account any interest paid under the Structured Secured Loan. The premium has already been accrued and reflected as costs of financing in our financial statements according to the relevant accounting standards. The parties determined the amount of premium based on commercial and market considerations.
- We have granted the lenders a put option in the event that the Global Offering does not occur prior to March 31, 2010 at a price of the sum of the Structured Secured Loan principal, plus an annual rate of return of 19% after giving effect to any interest already paid.

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- We drew down US\$302.6 million, US\$67 million and US\$63 million on August 31, 2007, October 24, 2007 and October 31, 2007, respectively. Upon such drawdowns, we paid structuring fees ranging from 1.5% to 3.0%, with an aggregate amount of US\$9.7 million. The structuring fees were deducted from the carrying amount of the loan in our balance sheet on initial recognition. Such fees are amortized over the loan period and reflected as cost of financing in our financial statements.
- In connection with the initial commitment on September 24, 2007, the Original Shareholder transferred 9,078,900 Shares to the lenders upon their initial commitment of the Structured Secured Loan and an additional 3,900,000 Shares were transferred to the lenders on November 19, 2007 in connection with their subsequent increases in the loan commitment. The number of Shares transferred was determined based on arm's length negotiations between parties involved. Our Original Shareholder has also undertaken to maintain the percentage interests of the Structured Secured Loan lenders in our company as of June 26, 2008 subject to dilution by no more than 10% of the enlarged issued share capital of our company as of the date of the Qualified IPO as a result of our primary share issuance in the Qualified IPO.
- The lenders of the Structured Secured Loan are entitled to (i) information rights; (ii) inspection rights, and (iii) protection of certain financial covenants. Such rights will continue upon listing of our Shares on the Stock Exchange but will be terminated upon repayment of the loan.
- We also maintain customary reserve accounts, with the amounts to be used to primarily settle operating and tax expenses to be incurred by us.

The parties have agreed in the loan documents that, immediately prior to the consummation of the Global Offering, the loan facility agent will release the charges by the Original Shareholder of its holdings in our Shares and the guarantees granted by the Original Shareholder. We contributed substantially all of the net proceeds from the Structured Secured Loan as capital injection into our subsidiaries in China, which in turn used them to pay land premiums and other land acquisition costs.

Other than disclosed in this prospectus, there are no other agreements or arrangements between the lenders of the Structured Secured Loan and us or our connected persons with respect to the control, management, operations, development or other affairs of our company and subsidiaries.

As a result of the global economic slowdown and crisis in the global financial markets in 2008, we breached certain terms of the Structured Secured Loan. In anticipation of this Global Offering, we have sought and the Structured Secured Loan lenders have granted waivers with respect to, among others, (i) our consolidated EBITDA being less than 70% of our business plan projections for 2008 as required under the loan agreement, (ii) the interest rate coverage ratio being less than 2.0 for 2008 as required under the loan agreement, (iii) our failure to provide various audited and unaudited consolidated financial statements of Shengjian (BVI) Limited, ANJI (BVI) Limited, the Original Shareholder and our company in compliance with the requirements under the loan agreement, (iv) our failure to deliver compliance certificates and officer's certificates in compliance with the requirements under the loan agreement, (v)

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incurrence or potential incurrence of indebtedness under certain bank facilities in violation of certain covenant under the loan agreement, (vi) all alleged cross defaults from our restructuring agreement and loan agreement with the Financial Investors, (vii) all alleged cross defaults from the agreement between the shareholders of our majority-owned subsidiary, Success Will Group Limited, and (viii) all alleged cross defaults from our new investment agreement with the New Investors. These waivers are effective until March 31, 2010.

Our contracted sales reached RMB 23.1 billion for the nine months ended September 30, 2009, representing a three-time increase over the same period in 2008, and we had a total cash (including cash equivalents and restricted cash) of RMB 10.0 billion as of September 30, 2009. In addition, our financial position will be further strengthened with the net proceeds from this Global Offering. As the overall economy further recovers and the real estate industry further improves in China, we do not expect any future default to occur under the Structured Secured Loan after this Global Offering. In addition, we plan to pre-pay the Structured Secured Loan as permitted under the loan documents if we anticipate difficulties in continuing to fulfil any of the financial covenants.

Introduction of 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.

The principal terms of the investment are as follows:

- *Minimum Return Mechanism:* Dr. Hui and the Original Shareholder entered into a new deed of undertaking in favor of the New Investors to undertake that the total number of the Shares would give the New Investors an aggregate value at the Offer Price that represents a minimum return on their investment of: (a) 100% (but in no event in excess of 200%), if the Listing Date occurs on or before March 31, 2010; (b) the greater of (i) 100% and (ii) the percentage that will yield an internal rate of return of 50%, calculated for the period between June 26, 2008 and the Listing Date, if the Listing Date occurs after March 31, 2010. In anticipation of the Global Offering, the New Investors have agreed to an 18% discount to their actual return that the New Investors will be entitled to based on the original deed of undertaking so long as we complete a Qualified IPO by December 31, 2009. In the event of any shortfall in the guaranteed minimum return, the Original Shareholder will, and Dr. Hui will procure the Original Shareholder to transfer a number of Shares to the New Investors to ensure that they achieve the minimum return to their investment. The obligation to guarantee such minimum return is with the Original Shareholder. Since the expected Listing Date is November 5, 2009, the minimum return to the New Investors is 82%, or New

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Investors Minimum Return. Based on the low end and high end of the indicative offer price range of HK\$3.00 and HK\$4.00, the New Investors will achieve a return of approximately 82% and 82%, respectively. As a result, the New Investors Minimum Return will be satisfied only with the Offer Price at or above HK\$3.78. Therefore, to the extent that the Offer Price is set at or above HK\$3.78, there will not be any transfer of Shares between the Original Shareholder and the New Investors. To the extent that the Offer Price is less than HK\$3.78 the Original Shareholder will be required to transfer Shares to the New Investors in order to satisfy the New Investors Minimum Return. For example, based on the low end of the indicative offer price range of HK\$3.00, the Original Shareholder will be required to transfer an aggregate of 492,349,270 Shares to the New Investors, accounting for 5.70% of the Shares held by the Original Shareholder immediately upon completion of the Global Offering if the Offer Price is set at such low end of the indicative offer price range. The Original Shareholder will hold 57.59% of the issued share capital immediately upon completion of the Global Offering in the event that the Offer Price is set at HK\$3.00 per Share. You may find additional information on our post-Global Offering shareholding structure calculated at the low end, mid-point and high end of the indicative offer price range in the section entitled “— Post-Global Offering Shareholding Information” below. Pursuant to the mechanism provided in the new deed of undertaking, the New Investors are required to return a number of Shares to the Original Shareholder, based on the Offer Price, to the extent that the Global Offering occurs prior to March 31, 2010 and that the New Investors Minimum Return exceeds 164%. Such adjustment and transfer will occur immediately upon consummation of the Global Offering. Other than the final adjustment of the shareholding as described above immediately prior to the listing of our Shares on the Stock Exchange, the arrangement will not affect the lock-up and public float requirements under the Listing Rules. This mechanism limits the New Investors’ return on their investments.

- *Right to Sell/Buy in the Global Offering:* We undertook under the new investment agreement that, to the extent permitted by the applicable law and the Listing Rules, we would use our best endeavors to cause the Underwriters to offer to the New Investors the right to sell, on a pro rata basis among the New Investors, Shares in the Global Offering not more than 25% of the total Offer Shares, and the right to buy up to the number of the Shares issued in the Global Offering equal in value to such New Investor’s share of the aggregate subscription amount under the new investment agreement. Chow Tai Fook Group, an affiliate of Rise Success Holdings Limited, one of the New Investors, through Chow Tai Fook Nominee Limited, has agreed to subscribe at the Offer Price for such number of Shares equal in value up to US\$50 million in the International Offering pursuant to its right to buy Shares in the Global Offering as set out in the new investment agreement.

Upon the making of an allocation of Shares to Chow Tai Fook Group in the International Offering, disclosure on the details of the allocation will be made in the announcement of the allotment results expected to be on or about November 4, 2009. Chow Tai Fook Group has undertaken to us that the Shares to be subscribed for in the International Offering, together with the Shares already held by Chow Tai Fook Group prior to such allocation, will be subject to a lock-up period of six months from

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the Listing Date. The terms of the lock-up arrangement are the same as those for our Cornerstone Investor set out in the section entitled “Our Cornerstone Investor — Restrictions on Disposals by the Cornerstone Investor.”

Based on the low end of the indicative offer price range of HK\$3.00 and the high end of the indicative offer price range of HK\$4.00, such additional Shares Chow Tai Fook Group may subscribe for will represent approximately 0.86% and 0.65%, respectively of our issued share capital as enlarged by the Global Offering. Prior to the Global Offering, Chow Tai Fook Group owned approximately 4.00% of our issued share capital. Based on the low end of the indicative offer price range of HK\$3.00 and the high end of the indicative offer price range of HK\$4.00, if such additional Shares are allocated to Chow Tai Fook Group in the International Offering, Chow Tai Fook Group is expected to own approximately 5.56% and 4.18%, respectively, of our issued share capital after the Global Offering. The other New Investors have informed us that they do not intend to exercise their rights to buy Shares in the Global Offering. We have applied to the Stock Exchange for, and the Stock Exchange has granted to us, a waiver under Rule 10.04 of the Listing Rules for Chow Tai Fook Group to subscribe for the Shares under the Global Offering.

- *Lock-up:* Pursuant to the new investment agreement, the New Investors also agreed that, except for such sale of their Shares in the Global Offering and upon the request of the Underwriters, they would not unreasonably object to a lock-up with respect to their Shares for a period of up to six months after the Listing Date. In anticipation of this Global Offering, the New Investors have agreed to be subject to a lock-up period of six months commencing from the Listing Date with respect to the Shares that the New Investors decide not to sell as a part of this Global Offering. In consideration of the agreement by the New Investors to an 18% discount to their actual return that the New Investors will be entitled to based on the original deed of undertaking, the Original Shareholder has agreed to seek the prior consent of the New Investors during a period of 12 months from the Listing Date before the Original Shareholder may sell any of its Shares.
- *Board Representation:* The New Investors are also entitled to representations on our Board for so long as such New Investors continue to hold at least 3% of our issued and outstanding Shares. The New Investors are also entitled to receive specified information about our financial and operational affairs and to be protected by guarantees and charges over shares in our Original Shareholder, us and our subsidiaries from Dr. Hui, our Original Shareholder and us prior to the consummation of this Global Offering so long as this Global Offering constitutes a Qualified IPO, similarly defined for the New Investors as contained in the definition for the Financial Investors and the Structured Secured Loan lenders. Upon consummation of the Global Offering, all special rights currently enjoyed by the New Investors will terminate and, to the extent that any New Investor continues to own any Share, it will not have any rights that are not generally available to our other shareholders.
- *Guarantees and Share Charges:* We, Dr. Hui and our Original Shareholder provided guarantees and third-priority charges (after the Financial Investors and the Structured Secured Loan lenders) over the shares in our Original Shareholder, us and ANJI (BVI)

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Limited as additional collateral for its obligations and liabilities to the New Investors pursuant to the terms of the new investment agreement, new deed of undertaking, and all security agreements, amendment agreements and other documentation related thereto, to which it is a party. Pursuant to the arrangements, all such guarantees and share charges will terminate and be released upon the consummation of this Global Offering so long as this Global Offering constitutes a Qualified IPO. In addition, in consideration of the agreement by the New Investors to an 18% discount to their actual return that the New Investors will be entitled to based on the original deed of undertaking, the Original Shareholder has agreed to compensate the New Investors up to an aggregate amount equaling such 18% discounted return, to the extent that any New Investor will have experienced any loss as of the end of a 12-month period following the Listing Date as a result of the sales and/or continued holding of the Shares that the New Investors is entitled to receive as finally determined upon the consummation of this Global Offering, or New Investors Compensation Arrangement. A loss to a New Investor is deemed to exist if the Shares that the New Investors is entitled to receive as finally determined upon the consummation of this Global Offering calculated at the Offer Price, exceed the sum of the aggregate proceeds from sales of its Shares up to the end of the 12-month period, plus the value of its remaining Shares at the end of such 12-month period calculated at the weighted average closing price of the Shares during the latter six months of such 12-month period. Such obligation to compensate is not due until 12 months after the Listing Date. We set out below the net effect of the New Investors Compensation Arrangement.

	At the low end of the indicative offer price range HK\$3.00/ Share	At the mid-point of the indicative offer price range HK\$3.50/ Share	At the high end of the indicative offer price range HK\$4.00/ Share
Shareholding at the Global Offering without any adjustments	12.58%	12.58%	12.58%
Transfer of Shares from (or to) the Original Shareholder as a percentage of total number of outstanding Shares post the Global Offering (assuming no exercise of the Over-allotment Option) .	3.28%	1.02%	(0.68%)
Shareholding post the Global Offering (assuming no exercise of the Over- allotment Option).	15.86%	13.60%	11.90%
Maximum exposure to the Original Shareholder pursuant to the New Investors Compensation Arrangement ⁽¹⁾ (HK\$ in millions)	706.1	706.1	706.1

(1) Such obligation to compensate is not due until 12 months after the Listing Date.

We used the net proceeds from the issue of our Shares to the New Investors for capital injections to our project companies and as our general working capital.

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Pursuant to the new deed of undertaking, prior to the Listing Date, each of the New Investors will have an option, exercisable at any time from and including the earlier of (i) the date on which all lenders of the Structured Secured Loan have served a notice to Shenjian (BVI) Limited, the direct borrower of the Structured Secured Loan, requiring mandatory prepayment of the Structured Secured Loan in full; and (ii) the date on which the Structured Secured Loan becomes due and payable in full, to require the Original Shareholder and/or Dr. Hui to purchase all or a portion of the Shares held by it, or Put Option Shares, at a price equal to an amount which will yield an internal rate of return of 50% on the subscription price per Share under the new investment agreement to that New Investor with respect to the Put Option Shares. In anticipation of the Global Offering and in connection with the extension by the lenders of the Structured Secured Loan of the cut-off date for a Qualified IPO to March 31, 2010, the New Investors have agreed to extend the exercise date of their option described above to March 31, 2010 accordingly.

In anticipation of this Global Offering, we have sought and the New Investors have granted waivers with respect to, among others, (i) our incurrence or potential incurrence of indebtedness under certain bank facilities in violation of certain covenant under the restructuring agreement, (ii) all alleged cross defaults from the Structured Secured Loan, (iii) all alleged cross defaults from the agreement between the shareholders of our majority-owned subsidiary, Success Will Group Limited, and (iv) all alleged cross defaults from our restructuring agreement and loan agreement with the Financial Investors. These waivers are effective until March 31, 2010.

Share Purchase

In June 2009, Mrs. Hui through her wholly owned company, Yaohua Limited, acquired the entire issued share capital of Even Honour Holdings Limited, a company established under the laws of the British Virgin Islands and previously wholly owned by an affiliate of Chow Tai Fook Group. Even Honour Holdings Limited owns 310,360,190 Shares (before Capitalization Issue) in our company, including the 266,000,000 Shares conditionally transferred to Deutsche Securities Nominees Hong Kong Limited, as an original Financial Investor, and its loan to the Original Shareholder. The 310,360,190 Shares were originally acquired by Even Honour Holdings Limited from Deutsche Bank AG, Hong Kong Branch, and its affiliates. The consideration for the acquisition of the entire issued share capital of Even Honour Holdings Limited was US\$155,944,000. In connection with the financing arrangement for the acquisition, Even Honour Holdings Limited entered into a debenture pursuant to which it charged the 310,360,190 Shares and other assets that it may own from time to time to the lender, Diversified Absolute Return Fund Limited, wholly owned by PMA Capital Management Limited, an investment management company which is principally engaged in investment advisory and investment management services. Each of Diversified Absolute Return Fund Limited and PMA Capital Management Limited is independent of and not connected with us or any of our connected persons.

Mrs. Hui considered the above share-purchase transaction to be an attractive investment opportunity, as her aggregate consideration represented a 20% discount to the initial investment by Deutsche Bank AG, Hong Kong Branch, and its affiliates. This acquisition also reinforced the shareholding interest of the Controlling Shareholder in us on a consolidated basis from 56.36% to 67.55%. Mrs. Hui consummated the sale and purchase with Deutsche Bank AG, Hong Kong Branch, and its affiliates in June 2009, one week after Even Honour Holdings Limited obtained

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the subject loan and Shares from Deutsche Bank AG, Hong Kong Branch, and its affiliates. Chow Tai Fook Group, our existing shareholder, acted as an intermediary to facilitate the settlement process of the transaction.

As a consideration and a part of the transaction, the Original Shareholder granted to Deutsche Bank AG, Hong Kong Branch, a call option to purchase 27,741,042 Shares from the Original Shareholder at US\$1.35 per Share (subject to typical recapitalization and/or share subdivision adjustments from time to time). These Shares are currently subject to various mortgage instruments entered into in connection with the introduction of the Financial Investors, the Structured Secured Loan and the introduction of New Investors described above. The option is exercisable within one month of the occurrence of the following events: (a) the lock-up period for the option shares for the Original Shareholder under Rule 10.07(1)(a) has expired; and (b) the option shares have been released from the mortgages. Deutsche Bank AG, Hong Kong Branch, may not exercise the call option until such option shares have been released from the various mortgages.

Other than disclosed in this prospectus, there are no other agreements or arrangements between the Financial Investors or the New Investors and us or our connected persons with respect to the control, management, operations, development or other affairs of our company and subsidiaries.

Calculated on the basis of the low end of the indicative offer price range, this Global Offering will constitute a Qualified IPO for the Financial Investors, the New Investors and the Structured Secured Loan lenders.

CORPORATE HISTORY

Post-Global Offering Shareholding Information

Immediately upon completion of the Global Offering, the shareholding structure of our company will be as follows:

Shareholder	At the low end of the indicative offer price range of HK\$3.00/Share		At the mid-point of the indicative offer price range of HK\$3.50/Share		At the high end of the indicative offer price range of HK\$4.00/Share		
	Investment cost per Share (HK\$)	Shareholding (%)	(Discount)/premium to investment cost per Share (%)	Shareholding (%)	(Discount)/premium to investment cost per Share (%)	Shareholding (%)	(Discount)/premium to investment cost per Share (%)
Original Shareholder	—	57.59%	—	61.80%	—	64.44%	—
Even Honour Holdings Limited ⁽¹⁾	1.12	7.13	168.0%	6.21	212.7	5.70	257.4
*Baytree Investment (Mauritius) Pte. Ltd.	1.31	5.29	129.1	4.63	167.2	4.32	205.4
Indopark Holdings Limited ⁽²⁾	1.31	5.25	129.1	4.60	167.2	4.29	205.4
Merrill Lynch Asian Real Estate Opportunity Fund Pte Ltd ⁽³⁾	1.65	1.57	82.0	1.34	112.3	1.18	142.7
Rise Success Holdings Limited ⁽⁴⁾	1.65	4.70	82.0	4.03	112.3	3.53	142.7
Chow Tai Fook Nominee Ltd. ⁽⁵⁾	—	0.86	—	0.74	—	0.65	—
*CVI GVF (Lux) Master Sarl ⁽⁶⁾	1.65	0.78	82.0	0.67	112.3	0.59	142.7
*Global Opportunistic Fund II Company B.S.C. ⁽⁶⁾ (closed)	1.65	0.94	82.0	0.81	112.3	0.71	142.7
*Global Investment House (K.S.C.C.) ⁽⁷⁾	1.65	3.64	82.0	3.12	112.3	2.73	142.7
*Topful Holdings Limited ⁽⁸⁾	1.65	0.78	82.0	0.67	112.3	0.59	142.7
*Cavendish Limited ⁽⁹⁾	1.65	1.57	82.0	1.34	112.3	1.18	142.7
*Other public shareholders		9.90		10.03		10.12	
Total		100.0		100.0		100.0	
Total public float		22.91		21.27		20.22	
Aggregate of top 3 public shareholders		11.43%		9.90%		8.93%	

* Public shareholders.

(1) Wholly-owned by Mrs. Hui.

(2) Affiliate of Merrill Lynch.

(3) Affiliate of Merrill Lynch Asia Real Estate Opportunity Funds, L.P.

(4) Affiliate of Chow Tai Fook Group.

(5) Affiliate of Chow Tai Fook Group. Based on the low end of the indicative offer price range of HK\$3.00 and the high end offer price range of HK\$4.00, upon the allocation of additional Shares to Chow Tai Fook Group in the International Offering, Chow Tai Fook Group is expected to own approximately 0.86% and 0.65% of our issued share capital, immediately after the Global Offering. Based on the low end of the indicative offer price range of HK\$3.00 and high end offer price range of HK\$4.00, upon the allocation of additional Shares to Chow Tai Fook Group in the International Offering, the public float of our company is expected to be approximately 22.91% and 20.22%, respectively, immediately after the Global Offering.

(6) Affiliate of CarVal Investors LLC, an investment fund based in the United States.

(7) Affiliate of Global Investment House, an investment fund based in Kuwait.

(8) Affiliate of Shikuman Capital Management (HK) Limited, an investment fund based in Hong Kong.

(9) Affiliate of Abu Dhabi Investment Council, an investment fund based in the United Arab Emirates.

CORPORATE HISTORY

Co-Development of Projects

Evergrande Metropolis Foshan (佛山恒大名都)

On April 30, 2008, we and a subsidiary (“NWS”) of Chow Tai Fook Group entered into a co-development agreement pursuant to which we and NWS agreed to co-develop the Evergrande Metropolis Foshan project.

Under the co-development arrangement, we 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 same time as the distribution of proceeds and thereupon the loan owing to us will be waived.

Evergrande Palace Wuhan (武漢恒大華府)

On April 30, 2008, we and a subsidiary (“NWS 2”) of Chow Tai Fook Group entered into a co-development agreement pursuant to which we and NWS 2 agreed to co-develop the Area B2 of the project. As at the date of the signing of the agreement, we were developing Areas A and B1 of the project, which occupy a site area of approximately 152,176 square meters with a GFA of approximately 241,649 square meters. Area B2 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 provided the land use rights to the project whereas NWS 2 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 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 the development, 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 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 same time as the distribution of proceeds and thereupon the loan owing to us will be waived.

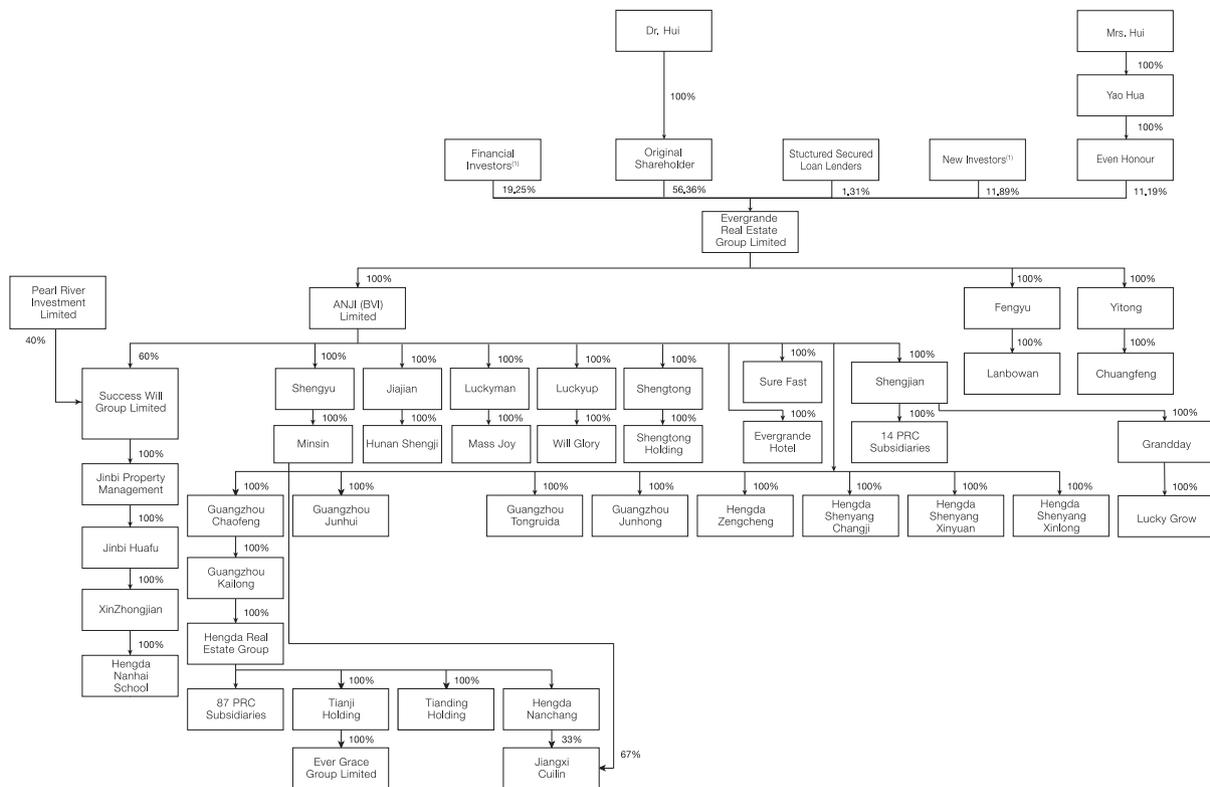
CORPORATE HISTORY

Capitalization Issue

Conditional on the share premium account of our company being credited as a result of the issue of the Offer Shares pursuant to the Global Offering, an amount of US\$112,208,957.34 standing to the credit of the share premium account of our company will be credited and applied to pay up in full at par of such number of Shares for allotment and issue to the persons whose names appear on the register of members of our company on the date of this prospectus or as each of them may direct in accordance with their respective shareholding (as nearly as possible without involving fractions) in our company.

Corporate Structures

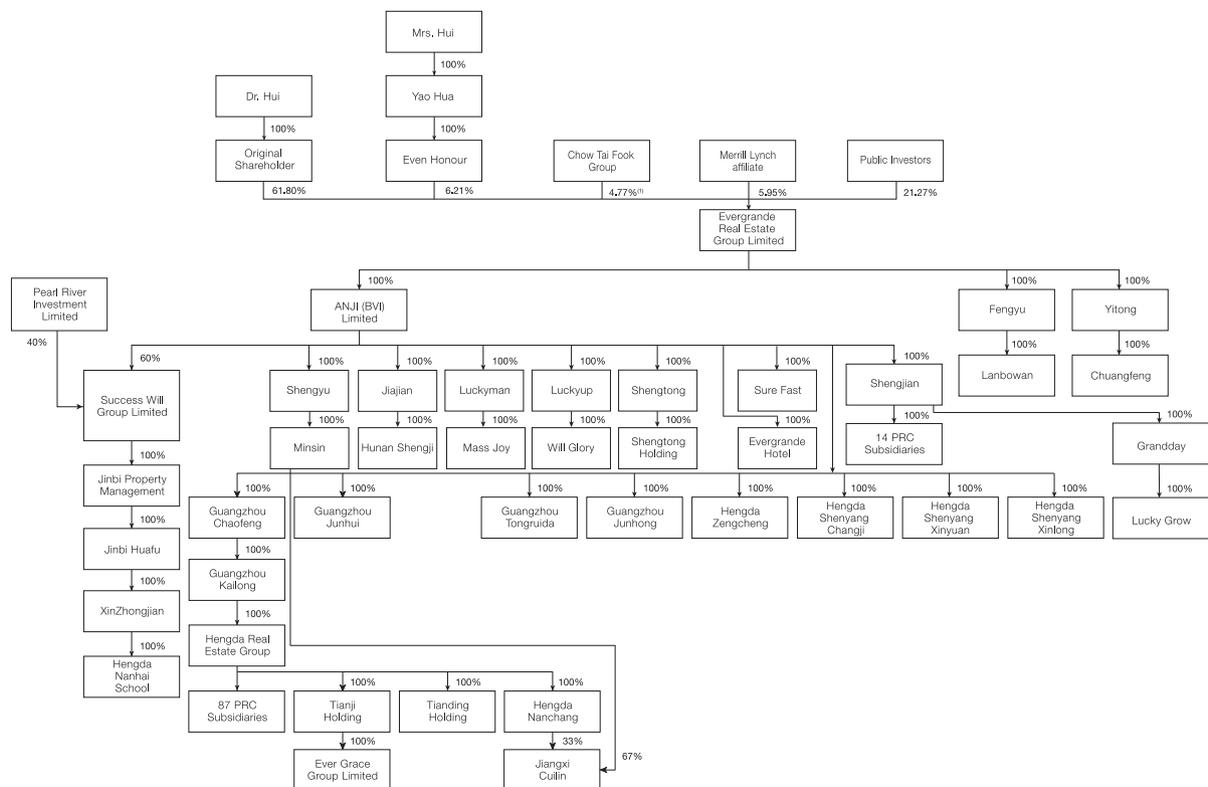
The following chart sets forth our corporate structure immediately subsequent to our Reorganization:



(1) Excluding the interest of Even Honour Holdings Limited.

CORPORATE HISTORY

The following chart sets forth our shareholding structure immediately upon completion of the Global Offering (assuming an Offer Price at the mid-point of the indicative offer price range at HK\$3.50 and no exercise of the Over-allotment Option and the Pre-IPO Share Option Scheme).



- (1) including the Offer Shares Chow Tai Fook Group has subscribed for pursuant to its right to buy Shares in the Global Offering as disclosed in the section entitled “Corporate History — Reorganization — Introduction of New Investors — Right to sell/buy in the Global Offering” in this prospectus.

The public investors in the chart above include (i) 695,037,653 Shares (assuming an Offer Price of HK\$3.50), representing approximately 4.63%, vested in Temasek Holdings (Private) Limited, (ii) 991,635,840 Shares (assuming an Offer Price of HK\$3.50, representing approximately 6.61%, vested in 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, as New Investors, and (iii) 27,741,042 Shares issuable to Deutsche Bank AG, Hong Kong Branch, upon its exercise of the call option described under “— Share Purchase” above in this prospectus.

PRC GOVERNMENTAL APPROVALS

Pursuant to the Notice on Issues Relating to Foreign Exchange Control on Fund Raisings by Domestic Residents through Offshore Special Purpose Vehicles and Round-trip Investments 《國家外匯管理局關於境內居民通過境外特殊目的公司融資及返程投資外匯管理有關問題的通知》 promulgated by SAFE on October 21, 2005, domestic resident natural persons or legal persons

CORPORATE HISTORY

are required to register with the relevant local SAFE branches before they establish or come to control any offshore special purpose company for the purpose of capital raising with assets or equity interests of their PRC domestic companies. Such domestic resident natural persons or legal persons are also required to amend their registrations with the local SAFE branches in specified circumstances. Commerce & Finance Law Offices, our PRC counsel, has advised that, after their consultation with SAFE and its Guangdong branch, Dr. Hui is not required to make such registration.

On August 8, 2006, MOFCOM, the State Assets Supervision and Administration Committee (國務院國有資產監督管理委員會), the State Administration of Taxation, the State Administration of Industry and Commerce (國家工商行政管理總局), the China Securities Regulatory Committee and SAFE jointly issued Rules on the Acquisition 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, the “M&A Rule”). The M&A Rule requires that an offshore special purpose vehicle, formed for the purposes of an offshore listing and controlled directly or indirectly by PRC companies or individuals, must obtain the approval from the China Securities Regulatory Commission prior to the listing of the securities of such offshore special purpose vehicle on an overseas stock exchange. On September 21, 2006, the China Securities Regulatory Committee published a Guideline Regarding Domestic Enterprises Indirectly Seeking Issue or Trading of Securities Overseas 《關於境內企業間接到境外發行證券或者將其證券在境外上市交易的規定》. Commerce & Finance Law Offices, our PRC counsel, has advised that, since we had completed all acquisitions of our PRC subsidiaries before September 8, 2006, the effective date of the M&A Rule, our proposed listing on the Stock Exchange does not require the approval of the China Securities Regulatory Commission.

We and our Original Shareholder have complied with all applicable PRC laws and regulations in material aspects and have obtained all relevant approvals from PRC government authorities for the Reorganization and the listing of our Shares on the Stock Exchange.