COUNTRY GARDEN HOLDINGS COMPANY LIMITED
碧 桂 園 控 股 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2007)

ANNUAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2010

HIGHLIGHTS

- Total revenue for the year ended 31 December 2010 amounted to approximately RMB25.80 billion, representing an increase of approximately 46.7% compared with the year 2009; recognised GFA reached approximately 4.93 million sq.m., representing an increase of approximately 41.3% compared with the year 2009.

- Profit attributable to equity owners amounted to approximately RMB4.29 billion (including the approximately RMB55 million fair value gain on equity swap and approximately RMB62 million gain on the repurchase of Convertible Bond), representing an increase of approximately 95.9% compared with the year 2009.

- Earnings per share amounted to approximately RMB25.89 cents, increased by approximately 93.1% compared with the year 2009.

- Proposed final dividend per share is RMB9.61 cents, increased by approximately 113.6% compared with the year 2009.

The board of directors (the "Board") of Country Garden Holdings Company Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2010.

BUSINESS REVIEW AND OUTLOOK

Looking back to the three years since listing in 2007, the Group proactively engaged in national expansion, expanding outside Guangdong on a larger scale, and transforming itself from a local focused developer to a developer with a national footprint. Under the impact of the global financial crisis and due to many of the Group's new projects outside Guangdong were at their initial stages, 2008 was a challenging year. However, through continued efforts, the Directors believe that Country Garden's brand name and business model were gradually recognized and increasingly accepted by customers in these new locations. The Group gradually set its foothold in these new markets, through which the Group acquired substantial experiences, setting up a strong base for further cross regional operations. As the Group's presence in these new markets became more established, the Group initiated a series of strategic adjustments and reforms, which was further strengthened in 2010, especially reforms in the areas of evaluating the changing demands of customers, adopting more stringent quality control of its products as well as encouraging product design innovations. The directors (the "Directors") believe these measures resulted in increased demand for the Group's new residential products, which further accelerated the Group's cash inflow. Moreover, the corporate initiatives on project management on the basis of establishing regional project management structure, strengthening execution capabilities and the establishment of an effective incentive mechanism, have also shown positive effects, resulting in further enhancement of development efficiency and product quality for new projects. Through concerted efforts of the entire staff, the Group's total revenue and profit attributable to equity owners for 2010 have surpassed the levels achieved in 2007 (listing year), setting a new historical high!

The Group's contracted sales in 2010 exceeded its full-year target of RMB30 billion, amounting to approximately RMB32.91 billion and contracted gross floor area ("GFA") totalled approximately 6.00 million sq.m., posting an annual growth of about 41.8% and 26.1%, respectively. The Group also exceeded its full-year delivery target of 4.4 million sq.m., with total delivery for 2010 reaching approximately 4.93 million sq.m., an increase of approximately 41.3% compared with 2009. The Group's total revenue and gross profit reached approximately RMB25,804.1 million and RMB8,351.2 million, respectively, representing a year-on-year increase of approximately 46.7% and 80.8%, respectively. Profit attributable to equity owners rose to a record high of approximately RMB4,290.6 million (inclusive of the fair value gain on the equity swap of approximately RMB55.2 million and gain on the repurchase of the convertible bond of approximately RMB61.9 million), posting a year-on-year increase of approximately 95.9%. The Board recommends the payment of a final dividend of RMB9.61 cents per share for the year ended 31 December 2010.

The Group launched 13 new projects for pre-sales in 2010, among which 10 were in Guangdong. New projects recorded in aggregate contracted sales of approximately RMB6.1 billion. The Group's project development model received extensive recognition from buyers in different regions. For instance, Country Garden — Grand Garden, located in Zengcheng Guangzhou, was launched during the 2010 Lunar New Year. The initial launch of 439 units was sold out in the first two days at a transaction amount of approximately RMB560 million. Cumulative contracted sales amount of this project up to the end of 2010 was about RMB1.6 billion. Tianjin Country Garden was launched for pre-sales in July 2010, and received strong response from local buyers. Cumulative contracted sales amount of this project up to the end of 2010 was close to RMB1.1 billion. Dalang Country Garden, the Group's first project in Dongguan City of Guangdong Province, was launched in November 2010. The initial launch of over 370 units was essentially sold out on the debut day, with transaction amount reaching approximately RMB700 million.

The Group continued to achieve strong results in Guangdong Province, its core market, which accounted for around 68% of the Group's total contracted sales. Moreover, with the new projects outside Guangdong gradually reaching the delivery phases, and the improvement in the surrounding environment and ancillary facilities of these new projects over the past two years, the Directors believe the recognition of Country Garden's brand name has been further enhanced outside Guangdong. This will not only boost the revenue growth of these new projects, but will also lay a solid foundation for the long term development of the Group.

As at 31 December 2010, the Group has 84 projects under different stages of development, including 51 in Guangdong. Attributable GFA with land use right certificates was approximately 48.30 million sq.m. (approximately 49.6% in Guangdong), among which attributable GFA with construction permits was around 13.71 million sq.m..

The encouraging and gradually growing contract sales during the period under review further validates the strong replicability and sustainability of Country Garden's business model, which is to provide large quantities of quality residential properties to the general public at affordable prices. This helps develop quality residential communities with high accessibility and comprehensive ancillary facilities for a greater number of home buyers.

Alongside the continuing expansion in property development and sales, the Group's hotel business broadened its recurring income stream from non-residential developments, diversifying the Group's property income portfolio. Hotel revenue in 2010 amounted to approximately RMB472.2 million, representing a year-on-year growth of about 50.3%. As at 31 December 2010, the Group operates 4 five-star hotels, 10 five-star standard hotels, as well as 1 four-star hotel, with a total of 4,730 guest rooms. Most of the Group's hotels are located within the Group's property projects. The Directors believe the development of five-star standard hotels within these property projects assist in sales promotion and enhance the ancillary value of the projects. The Group has signed hotel management contracts or letters of intent with a few high calibre international hotel management firms aiming at further unlocking the long-term value potential of the hotel business segment. Wuhu Country Garden Maritim Hotel, a co-operation venture with German hotel brand Maritim, commenced full operation during the year.

With regards to financial management, the Group actively explored various funding channels in the capital markets in addition to its strong bank financing capabilities with major commercial banks. In April 2010, the Group successfully issued senior notes with a 7-year tenor in an aggregate amount of USD550 million to refinance the USD600 million convertible bond due 2013 ("CB") pursuant to a tender offer and holders' put option. The Group re-entered the international capital market in August 2010 with another new issue of USD400 million 5-year senior notes to refinance the outstanding CB, pursuant to the holders' put option and to finance the Group's property developments. By the end of 2010, the Group had repurchased in aggregate about 69.78% of the outstanding principal amount of the CB. The Directors believe that the successful issue of the senior notes, with both senior notes well oversubscribed, reflected investors' confidence in the Group's business model and financial strengths. The repurchase of the CB demonstrated the Group's proactive and prudent financial management.

The Company had a change in president in July 2010: Mr. CUI Jianbo resigned as the president of the Company. Mr. MO Bin has been appointed as the president and an executive director of the Company. Mr. CUI subsequently resigned as the executive director of the Company in January 2011. The Board would like to take this opportunity to express its sincere gratitude to Mr. CUI for the efforts and contributions he has made to the development of the Group during his tenure. Mr. MO is primarily responsible for the management of daily operations and general administration of the Group. Mr. MO graduated from Hengyang Institute of Technology (currently known as University of South China) with an undergraduate degree in industrial and civil architecture, obtained his postgraduate degree from Zhongnan University of Economics and Law and is a professor-grade senior engineer. Prior to joining the Group, Mr. MO was employed by China Construction Fifth Engineering Division Corp., Ltd., in a number of senior positions since 1989, most recently as director and general manager. Mr. MO has over 20-years extensive experience in a number of areas including property development, construction business, construction management, marketing, cost control and corporate management. Mr. MO will assist the Board to lead Country Garden into the next phase of growth.

With the continuous development of the Chinese economy, the entire management team and all staff members of Country Garden are highly confident about the Group's ability to overcome future challenges. The Group will continue to strategically select and develop property projects that are in line with national development strategies and the macro economic environment, leveraging on the Group's strong project execution capabilities to maintain quick asset turnover. We are committed to offering value-for-money property products, creating value for the society and generating satisfactory returns for our shareholders.

CONSOLIDATED BALANCE SHEET

	Note	As at 31 December 2010 RMB'000	2009 RMB'000 (restated)	As at 1 January 2009 RMB'000 (restated)
ASSETS				
Non-current assets				
Property, plant and equipment	6	**5,552,483**	3,878,360	2,841,970
Investment property	7	**133,597**	141,231	148,865
Intangible assets	8	**18,499**	13,425	13,342
Land use rights	9	**1,095,982**	1,101,968	974,895
Available-for-sale financial assets		**—**	—	29,999
Properties under development	10	**17,398,573**	13,195,329	10,704,698
Investment in an associate	11	**83,825**	—	—
Deferred income tax assets	24	**1,137,203**	892,895	1,038,404
Other assets	11	**—**	2,040,000	—
		25,420,162	21,263,208	15,752,173
Current assets				
Properties under development	10	**23,761,354**	20,247,069	20,756,630
Completed properties held for sale	13	**8,079,369**	5,107,707	3,534,685
Inventories	14	**206,010**	329,356	154,347
Trade and other receivables	15	**12,372,767**	7,058,467	3,338,589
Prepaid taxes		**2,388,472**	1,509,939	974,874
Restricted cash	16	**4,758,815**	3,815,334	2,728,115
Cash and cash equivalents	17	**5,094,298**	4,608,708	3,006,492
		56,661,085	42,676,580	34,493,732
Total assets		**82,081,247**	63,939,788	50,245,905
EQUITY				
Equity attributable to the equity holders of the Company				
Share capital and premium	18	**15,392,104**	14,925,651	14,686,574
Other reserves	19	**993,012**	1,093,181	859,729
Retained earnings				
— proposed final dividend	31	**1,604,790**	740,320	490,800
— others	19	**6,831,515**	4,410,912	3,194,485
		24,821,421	21,170,064	19,231,588
Non-controlling interests		**596,654**	370,858	279,926
Total equity		**25,418,075**	21,540,922	19,511,514

	Note	As at 31 December 2010 RMB'000	2009 RMB'000 (restated)	As at 1 January 2009 RMB'000 (restated)
LIABILITIES				
Non-current liabilities				
Bank borrowings	20	**4,680,370**	7,638,003	5,003,250
Senior notes	22	**8,872,270**	2,602,423	—
Convertible bond	21	**—**	4,278,511	4,018,482
Deferred government grants		**107,780**	107,780	—
Derivative financial instruments	23	**—**	990,124	1,241,530
Deferred income tax liabilities	24	**671,903**	383,413	339,196
		14,332,323	16,000,254	10,602,458
Current liabilities				
Advanced proceeds received from customers		**21,729,615**	14,039,707	9,113,623
Trade and other payables	25	**9,077,248**	6,563,231	5,485,674
Income taxes payable		**4,023,448**	2,545,013	2,709,572
Bank borrowings	20	**5,184,536**	3,250,661	2,823,064
Derivative financial instruments	23	**934,948**	—	—
Convertible bond	21	**1,381,054**	—	—
		42,330,849	26,398,612	20,131,933
Total liabilities		**56,663,172**	42,398,866	30,734,391
Total equity and liabilities		**82,081,247**	63,939,788	50,245,905
Net current assets		**14,330,236**	16,277,968	14,361,799
Total assets less current liabilities		**39,750,398**	37,541,176	30,113,972

COMPANY'S BALANCE SHEET

	Note	As at 31 December **2010** *RMB'000*	2009 *RMB'000*
ASSETS			
Non current assets			
Investments in subsidiaries	12	**19,672,582**	19,541,861
Current assets			
Amounts due from subsidiaries	12	**7,999,912**	3,254,978
Restricted cash	16	**1,658,452**	1,707,050
Cash and cash equivalents	17	**32,517**	216,079
		9,690,881	5,178,107
Total assets		**29,363,463**	24,719,968
EQUITY			
Equity attributable to the equity holders			
Share capital and premium	18	**15,762,432**	15,289,390
Other reserves	19	**59,467**	424,821
Retained earnings			
— proposed final dividend	31	**1,604,790**	740,320
— others	19	**131,418**	16,581
Total equity		**17,558,107**	16,471,112
LIABILITIES			
Non-current liabilities			
Bank borrowings	20	**—**	176,096
Convertible bond	21	**—**	4,278,511
Senior notes	22	**8,872,270**	2,602,423
Derivative financial instruments	23	**—**	990,124
		8,872,270	8,047,154

		As at 31 December	
		2010	2009
	Note	***RMB'000***	*RMB'000*
Current liabilities			
Amounts due to subsidiaries	12	**275,768**	25,606
Bank borrowings	20	**341,316**	176,096
Derivative financial instruments	23	**934,948**	—
Convertible bond	21	**1,381,054**	—
		2,933,086	201,702
Total liabilities		**11,805,356**	8,248,856
Total equity and liabilities		**29,363,463**	24,719,968
Net current assets		**6,757,795**	4,976,405
Total assets less current liabilities		**26,430,377**	24,518,266

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Year ended 31 December 2010 *RMB'000*	2009 *RMB'000* *(restated)*
Revenue	5	**25,804,105**	17,585,704
Cost of sales	27	**(17,452,939)**	(12,967,598)
Gross profit		**8,351,166**	4,618,106
Other gains — net	26	**40,950**	188,745
Selling and marketing costs	27	**(621,497)**	(324,615)
Administrative expenses	27	**(833,183)**	(695,784)
Operating profit		**6,937,436**	3,786,452
Finance income		**138,465**	70,505
Finance costs		**(363,242)**	(722,425)
Finance costs — net	29	**(224,777)**	(651,920)
Share of loss of an associate	11	**(48,050)**	—
Fair value changes on derivative financial instruments		**55,176**	251,406
Profit before income tax		**6,719,785**	3,385,938
Income tax expense	30	**(2,402,011)**	(1,149,807)
Profit and total comprehensive income for the year		**4,317,774**	2,236,131
Profit and total comprehensive income attributable to:			
Equity holders of the Company		**4,290,578**	2,190,199
Non-controlling interests		**27,196**	45,932
		4,317,774	2,236,131
Earnings per share attributable to the equity holders of the Company (expressed in RMB cents per share)			
Basic and diluted	34	**25.89 cents**	13.41 cents

The notes on pages 12 to 84 are an integral part of these consolidated financial statements.

	Note	2010 *RMB'000*	2009 *RMB'000*
Dividends	31	**1,604,790**	740,320

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to the equity holders of the Company			
	Share capital and premium *RMB'000* *(note 18)*	**Other reserves and retained earnings** *RMB'000* *(note 19)*	**Non-controlling interests** *RMB'000*	**Total** *RMB'000*
Balance at 1 January 2009	14,686,574	4,414,169	279,926	19,380,669
Effect of change in accounting policy on land use rights	—	130,845	—	130,845
Balance at 1 January 2009, as restated	14,686,574	4,545,014	279,926	19,511,514
Profit and total comprehensive income for the year	—	2,190,199	45,932	2,236,131
Transactions with owners:				
Issue of shares as a result of the scrip dividend scheme	299,751	—	—	299,751
Capital injections	—	—	45,000	45,000
Purchase of treasury shares	(60,674)	—	—	(60,674)
2008 final dividends	—	(490,800)	—	(490,800)
Total transactions with owners	239,077	(490,800)	45,000	(206,723)
Balance at 31 December 2009	14,925,651	6,244,413	370,858	21,540,922
Balance at 1 January 2010	**14,925,651**	**6,003,165**	**370,858**	**21,299,674**
Effect of change in accounting policy on land use rights	**—**	**241,248**	**—**	**241,248**
Balance at 1 January 2010, as restated	**14,925,651**	**6,244,413**	**370,858**	**21,540,922**
Profit and total comprehensive income for the year	**—**	**4,290,578**	**27,196**	**4,317,774**
Transactions with owners:				
Issue of shares as a result of the scrip dividend scheme *(note 18(b))*	**473,042**	**—**	**—**	**473,042**
Capital injections	**—**	**—**	**208,600**	**208,600**
Purchase of treasury shares *(note 18 (a))*	**(6,589)**	**—**	**—**	**(6,589)**
2009 final dividends *(note 31)*	**—**	**(740,320)**	**(10,000)**	**(750,320)**
Effects of repurchase of convertible bond *(note 21)*	**—**	**(365,354)**	**—**	**(365,354)**
Total transactions with owners	**466,453**	**(1,105,674)**	**198,600**	**(440,621)**
Balance at 31 December 2010	**15,392,104**	**9,429,317**	**596,654**	**25,418,075**

The notes on pages 12 to 84 are an integral part of these consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT

	Note	Year ended 31 December 2010 RMB'000	2009 RMB'000
Cash flows from operating activities			
Cash generated from operations	32	**3,268,072**	1,799,357
Income tax paid		**(1,363,481)**	(1,802,397)
Interest paid		**(1,129,569)**	(788,230)
Net cash generated from/(used in) operating activities		**775,022**	(791,270)
Cash flows from investing activities			
Purchase of land use rights through acquisition of subsidiaries		**—**	(347,448)
Purchases of property, plant and equipment		**(2,066,280)**	(551,319)
Proceeds from the disposal of available-for-sale financial assets		**105,596**	—
Purchase of intangible assets	8	**(9,252)**	(3,805)
Purchases of land use rights		**(23,456)**	(153,020)
Investment in an associate	11	**(217,600)**	—
Proceeds from partial disposal of an associate	11	**85,725**	—
Payments for other assets		**—**	(2,040,000)
Proceeds from disposals of property, plant and equipment	32	**28,372**	38,047
Interest received		**76,592**	70,505
Net cash used in investing activities		**(2,020,303)**	(2,987,040)
Cash flows from financing activities			
Capital contributions from non-controlling interests		**208,600**	45,000
Purchase of treasury shares	18	**(6,589)**	(60,674)
Repurchase of convertible bond		**(3,371,723)**	—
Dividends paid to non-controlling interests		**(10,000)**	—
Net proceeds from the issuance of senior notes	22	**6,294,734**	2,527,698
Proceeds from bank borrowings		**5,136,467**	9,567,575
Repayments of bank borrowings		**(6,149,349)**	(6,505,225)
Dividends paid to the Company's shareholders		**(267,278)**	(191,049)
Net cash generated from financing activities		**1,834,862**	5,383,325
Net increase in cash and cash equivalents		**589,581**	1,605,015
Cash and cash equivalents at the beginning of the year		**4,608,708**	3,006,492
Exchange losses on cash and cash equivalents		**(103,991)**	(2,799)
Cash and cash equivalents at the end of the year		**5,094,298**	4,608,708

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 10 November 2006 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands.

The address of the Company's registered office is Cricket Square, Hutchins Drive, P.O. Box 2681 Grand Cayman, KY1-1111 Cayman Islands. The Company is engaged in investment holding and its subsidiaries (collectively the "Group") were principally engaged in the property development, construction, fitting and decoration, property management and hotel operation.

The Company is listed on The Stock Exchange of Hong Kong Limited.

These financial statements are presented in units of Renminbi ("RMB") thousand Yuan, unless otherwise stated. These financial statements have been approved for issue by the Board on 1 February 2011.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS"). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of derivative financial instruments.

The preparation of financial statements in conformity with the HKFRS 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 consolidated financial statements are disclosed in note 4.

(i) Changes in accounting policies

During the year, the Group changed its accounting policy for land use rights which is held for development and subsequent sale. Land use rights which are held for development and subsequent sale meet the definition of both inventories under HKAS 2 "Inventories" and leasehold land under HKAS 17 "Leases". Previously, land use rights held for development and subsequent sale were classified as prepaid operating leases and payments were amortised on a straight line basis over the period of the lease in accordance with HKAS 17. Amortisation of leasehold land during the development phase was capitalised as part of the construction costs of the property. Amortisation charges incurred prior to development and following completion of the property were recognised in profit or loss. Subsequent to the change in accounting policy, land use rights which is held for development and subsequent sale are classified as inventories and included in "properties under development" or "completed properties held for sales" in accordance with HKAS 2 and measured at the lower of cost and net realisable value.

Management believes that the new classification of land use rights results in a more relevant presentation of the financial position of the Group, and of its performance for the year. The revised treatment reflects management's intention regarding the use of the land use rights and results in a presentation consistent with the industry practices.

The change in accounting policy has been accounted for retrospectively in accordance with HKAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" and the consolidated financial statements have been restated by reversing the amortisation charged in prior years. The effect on the consolidated financial statements is as follows:

	As at 31 December 2010 *RMB'000*	As at 31 December 2009 *RMB'000*	As at 1 January 2009 *RMB'000*
Increase in completed properties held for sale	**1,258,265**	942,042	329,287
Increase in properties under development — current	**6,748,794**	5,222,742	5,764,433
Increase in properties under development — non-current	**10,927,648**	9,250,011	6,755,423
Decrease in land use right — current	**(8,002,929)**	(6,145,479)	(6,042,427)
Decrease in land use right — non-current	**(10,443,892)**	(8,956,706)	(6,621,918)
Decrease in deferred tax assets	**(115,181)**	(71,362)	(53,953)
Increase in retained earnings	**(372,705)**	(241,248)	(130,845)

	For the year ended 31 December	
	2010 *RMB'000*	2009 *RMB'000*
Increase in cost of sales	**15,175**	31,988
Decrease in administrative expenses	**(190,451)**	(159,800)
Increase in income tax expense	**43,819**	17,409
Increase in profit attributable to the equity holders of the Company	**131,457**	110,403
Increase in earnings per share (basic and diluted)	**RMB0.79 cents**	RMB0.68 cents

(ii) New and amended standards and interpretations adopted by the Group

The following new standards and amendments and interpretations to standards are mandatory for the first time for the financial year beginning 1 January 2010.

- HKFRS 3 (revised), 'Business combinations', and consequential amendments to HKAS 27, 'Consolidated and separate financial statements', HKAS 28, 'Investments in associates', and HKAS 31, 'Interests in joint ventures', are effective prospectively to business combinations for which the acquisition date is 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 but with some significant changes compared with HKFRS 3. For example, all payments to purchase a business are recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the statement of comprehensive income. 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 are expensed.

HKAS 27 (revised) 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. HKAS 27 (revised) has had no impact on the current period, as none of the non-controlling interests have a deficit balance; there have been no transactions whereby an interest in an entity is retained after the loss of control of that entity, and there have been no transactions with non-controlling interests.

- HKAS 17 (amendment), 'Leases', deletes specific guidance regarding classification of leases of land, so as to eliminate inconsistency with the general guidance on lease classification. As a result, leases of land should be classified as either finance or operating lease using the general principles of HKAS 17, i.e. whether the lease transfers substantially all the risks and rewards incidental to ownership of an asset to the lessee. Prior to the amendment, land interest which title is not expected to pass to the Group by the end of the lease term was classified as operating lease under "Land use rights", and amortised over the lease term.

  HKAS 17 (amendment) has been applied retrospectively for annual periods beginning 1 January 2010 in accordance with the effective date and transitional provisions of the amendment. The Group has reassessed the classification of unexpired land use rights as at 1 January 2010 on the basis of information existing at the inception of those leases, and considered the leasehold land in the PRC remained as operating lease. As a result of the reassessment, the Group has not reclassified any leasehold land from operating lease to finance lease.

- HK Int-5 — The HKICPA issued on 29 November 2010 HK Interpretation 5 "Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause". This Interpretation, as a clarification of an existing standard, is effective immediately. According to the Interpretation, the classification of a term loan in accordance with paragraph 69(d) of HKAS 1 shall depend on whether or not the borrower has an unconditional right to defer payment for at least twelve months after the reporting period. Consequently, amounts repayable under a loan agreement which includes a clause that gives the lender the unconditional right to call the loan at any time shall be classified by the borrower as current in its balance sheet. This Interpretation did not have a material impact on the Group's financial statements.

(iii) New and amended standards, and interpretations mandatory for the first time for the financial year beginning 1 January 2010 but not currently relevant to the Group (although they may affect the accounting for future transactions and events)

The following standards and amendments to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after 1 January 2010 or later periods, but the Group has not early adopted them.

- HK(IFRIC) 17, 'Distribution of non-cash assets to owners' (effective on or after 1 July 2009). The interpretation was published in November 2008. This interpretation provides guidance on accounting for arrangements whereby an entity distributes non-cash assets to shareholders either as a distribution of reserves or as dividends. HKFRS 5 has also been amended to require that assets are classified as held for distribution only when they are available for distribution in their present condition and the distribution is highly probable.

- HK(IFRIC) 18, 'Transfers of assets from customers', effective for transfer of assets received on or after 1 July 2009. This interpretation clarifies the requirements of IFRSs for agreements in which an entity receives from a customer an item of property, plant and equipment that the entity must then use either to connect the customer to a network or to provide the customer with ongoing access to a supply of goods or services (such as a supply of electricity, gas or water). In some cases, the entity receives cash from a customer that must be used only to acquire or construct the item of property, plant, and equipment in order to connect the customer to a network or provide the customer with ongoing access to a supply of goods or services (or to do both).

- HK(IFRIC) 9, 'Reassessment of embedded derivatives and HKAS 39, Financial instruments: Recognition and measurement', effective 1 July 2009. This amendment to HK(IFRIC) 9 requires an entity to assess whether an embedded derivative should be separated from a host contract when the entity reclassifies a hybrid financial asset out of the 'fair value through profit or loss' category. This assessment is to be made based on circumstances that existed on the later of the date the entity first became a party to the contract and the date of any contract amendments that significantly change the cash flows of the contract. If the entity is unable to make this assessment, the hybrid instrument must remains classified as at fair value through profit or loss in its entirety.

- HK(IFRIC) 16, 'Hedges of a net investment in a foreign operation' effective 1 July 2009. This amendment states that, in a hedge of a net investment in a foreign operation, qualifying hedging instruments may be held by any entity or entities within the Group, including the foreign operation itself, as long as the designation, documentation and effectiveness requirements of HKAS 39 that relate to a net investment hedge are satisfied. In particular, the Group should clearly document its hedging strategy because of the possibility of different designations at different levels of the Group. HKAS 38 (amendment), 'Intangible assets', effective 1 January 2010. The amendment clarifies guidance in measuring the fair value of an intangible asset acquired in a business combination and permits the grouping of intangible assets as a single asset if each asset has similar useful economic lives.

- HKAS 1 (amendment), 'Presentation of financial statements' effective 1 January 2009. The amendment clarifies that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or non current. By amending the definition of current liability, the amendment permits a liability to be classified as non-current (provided that the entity has an unconditional right to defer settlement by transfer of cash or other assets for at least 12 months after the accounting period) notwithstanding the fact that the entity could be required by the counterparty to settle in shares at any time.

- HKAS 36 (amendment), 'Impairment of assets', effective 1 January 2010. The amendment clarifies that the largest cash-generating unit (or group of units) to which goodwill should be allocated for the purposes of impairment testing is an operating segment, as defined by paragraph 5 of HKFRS 8, 'Operating segments' (that is, before the aggregation of segments with similar economic characteristics).

- HKFRS 2 (amendments), 'Group cash-settled share-based payment transactions', effective form 1 January 2010. In addition to incorporating HK(IFRIC) 8, 'Scope of HKFRS 2', and HK(IFRIC) 11, HKFRS 2 — Group and treasury share transactions', the amendments expand on the guidance in HK(IFRIC) 11 to address the classification of group arrangements that were not covered by that interpretation.

- HKFRS 5 (amendment), 'Non-current assets held for sale and discontinued operations'. The amendment clarifies that HKFRS 5 specifies the disclosures required in respect of non-current assets (or disposal groups) classified as held for sale or discontinued operations. It also clarifies that the general requirement of HKAS 1 still apply, in particular paragraph 15 (to achieve a fair presentation) and paragraph 125 (sources of estimation uncertainty) of HKAS 1.

(iv) New standards, amendments and interpretations have been issued but are not effective for the financial year beginning 1 January 2010 and have not been early adopted.

- HKFRS 9, 'Financial instruments', issued in November 2009. This standard is the first step in the process to replace HKAS 39, 'Financial instruments: recognition and measurement'. HKFRS 9 introduces new requirements for classifying and measuring financial assets and is likely to affect the Group's accounting for its financial assets. The standard is not applicable until 1 January 2013 but is available for early adoption. This new standard is not expected to have a material impact on the Group's financial statements.

- Revised HKAS 24 (revised), 'Related party disclosures', issued in November 2009. It supersedes HKAS 24, 'Related party disclosures', issued in 2003. HKAS 24 (revised) is mandatory for periods beginning on or after 1 January 2011. Earlier application, in whole or in part, is permitted.

  The revised standard clarifies and simplifies the definition of a related party and removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities. The Group has applied the revised standard from 1 January 2011 and the adoption of this revised standard did not have a material impact on the Group's financial statements.

- 'Classification of rights issues' (amendment to HKAS 32), issued in October 2009. The amendment applies to annual periods beginning on or after 1 February 2010. Earlier application is permitted. The amendment addresses the accounting for rights issues that are denominated in a currency other than the functional currency of the issuer. Provided certain conditions are met, such rights issues are now classified as equity regardless of the currency in which the exercise price is denominated. Previously, these issues had to be accounted for as derivative liabilities. The amendment applies retrospectively in accordance with IAS 8 'Accounting policies, changes in accounting estimates and errors'. This amendment is not expected to have a material impact on the Group's financial statements.

- Third improvements to HKFRSs (2010) were issued in May 2010 by the HKICPA. All improvements are effective in the financial year of 2011. The Group is currently in the process of assessing the impact of these improvements on the Group's financial statements.

- HK (IFRIC) — Int 19, 'Extinguishing financial liabilities with equity instruments', effective 1 July 2010. The interpretation clarifies the accounting by an entity when the terms of a financial liability are renegotiated and result in the entity issuing equity instruments to a creditor of the entity to extinguish all or part of the financial liability (debt for equity swap). It requires a gain or loss to be recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued. If the fair value of the equity instruments issued cannot be reliably measured, the equity instruments should be measured to reflect the fair value of the financial liability extinguished. This interpretation is not expected to have a material impact on the Group's financial statements.

- 'Prepayments of a minimum funding requirement' (amendments to HK (IFRIC) — Int 14). The amendments correct an unintended consequence of HK (IFRIC) — Int 14, 'HKAS 19 — The limit on a defined benefit asset, minimum funding requirements and their interaction'. Without the amendments, entities are not permitted to recognise as an asset some voluntary prepayments for minimum funding contributions. This was not intended when HK (IFRIC) — Int 14 was issued, and the amendments correct this. The amendments are effective for annual periods beginning 1 January 2011. Earlier application is permitted. The amendments should be applied retrospectively to the earliest comparative period presented. These amendments are not expected to have a material impact on the Group's financial statements.

- HKAS 12 (amendment), 'Income taxes'. The amendment provides an exception to the principles in the existing standard for measuring deferred tax assets or liabilities when investment property is measured at fair value. The amendment is effective for annual periods on or after 1 January 2012. This amendment is not expected to have a material impact on the Group's financial statements.

- Since October 2010, the IASB has published Amendments to HKFRS 7, 'Financial instruments: Disclosures on derecognition, Additions to HKFRS 9', 'Financial instruments — Classification and measurement' for financial liability accounting and Amendments to HKAS 12, 'Income taxes' on Deferred tax: Recovery of underlying assets. Management is in the process of making an assessment of their impact and is not yet in a position to state what impact, if any, they may have on the Group's financial statements.

2.2 Consolidation

(i) Subsidiaries

Subsidiaries are all entities (including special purpose 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 Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any 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.

Investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the statement of comprehensive income.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(ii) Transactions with non-controlling interests

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When the Group ceases to have control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

(iii) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for by using the equity method of accounting and are initially recognised at cost.

The Group's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Dilution gains and losses arising in investments in associates are recognised in profit or loss.

2.3 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, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors of the Company ("Executive Directors") that makes strategic decisions.

2.4 Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Renminbi ("RMB"), which is the Company's functional currency and the Group's presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. 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 profit or loss, except when defined in equity as qualifying cash flow hedges or qualifying net investment hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the consolidated statement of comprehensive income within 'finance income or cost'. All other foreign exchange gains and losses are presented in the consolidated statement of comprehensive income within 'other gains — net'.

Translation difference on non-monetary financial assets and liabilities are recognised in profit or loss as part of the fair value gain or loss.

(iii) Group companies

The results and financial positions of all 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 presented are translated at the closing rate at the date of that balance sheet;
- Income and expenses for each consolidated statement of comprehensive income are translated at average exchange rates; and
- All resulting exchange differences are recognised in other comprehensive income.

2.5 Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation and any impairment losses. 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. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are expensed in profit or loss during the financial period in which they are incurred.

Depreciation on property, plant 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	20 years
Motor vehicles	5–10 years
Machinery	5–10 years
Furniture, fitting and equipment	5–8 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

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 (note 2.7).

Construction in progress represents the direct costs of construction incurred of property, plant and equipment less any impairment losses. No provision for depreciation is made on construction in progress until such time the relevant assets are completed and put into use. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are recognised within 'other gains-net' in the consolidated statement of comprehensive income.

2.6 Intangible assets

Acquired computer software programmes are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over the estimated useful lives of 5 years on a straight-line basis.

Costs associated with maintaining computer software programmes are recognised as an expense as incurred.

2.7 Impairment of investments in subsidiaries, associates and non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets 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.

Impairment testing of the investments in subsidiaries or associates is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary or associate in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2.8 Financial assets

2.8.1 Classification

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.

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 (note 2.16).

2.8.2 Recognition and measurement

Regular purchases and sales of investments are recognised on trade-date — the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Loans and receivables are carried at amortised cost using the effective interest method.

2.9 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

2.10 Impairment of financial assets carried at amortised cost

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The criteria that the Group uses to determine that there is objective evidence of an impairment loss include:

- Significant financial difficulty of the issuer or obligor;

- A breach of contract, such as a default or delinquency in interest or principal payments;

- The Group, for economic or legal reasons relating to the borrower's financial difficulty granting to the borrower a concession that the lender would not otherwise consider;

- It becomes probable that the borrower will enter bankruptcy or other financial reorganisation;

- The disappearance of an active market for that financial asset because of financial difficulties; or

- Observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:

  (i) adverse changes in the payment status of borrowers in the portfolio;

  (ii) national or local economic conditions that correlate with defaults on the assets in the portfolio.

The Group first assesses whether objective evidence of impairment exists.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The asset's carrying amount is reduced and the amount of the loss is recognised in profit or loss. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

2.11 Properties under development

Properties under development are stated at the lower of cost and net realisable value. Net realisable value is determined by reference to the sale proceeds of properties sold in the ordinary course of business, less applicable variable selling expenses and the anticipated costs to completion, or by management estimates based on prevailing marketing conditions.

Development cost of property comprises cost of land use rights, construction costs, depreciation of machinery and equipment, borrowing costs capitalised for qualifying assets 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 when the construction of the relevant properties commences unless the construction period of the relevant property development project is expected to complete beyond normal operating cycle.

2.12 Completed properties held for sale

Completed properties remaining unsold at year ended are stated at the lower of cost and net realisable value.

Cost comprises development costs attributable to the unsold properties.

Net realisable 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.

2.13 Investment property

Property that is held for long-term rental yields, and that is not occupied by the Group, is classified as investment property.

Investment property is stated at historical cost less accumulated depreciation and impairment loss, if any. It is depreciated using the straight line method over its estimated useful life of 20 years. Subsequent expenditure is charged to the carrying amount of the asset only when it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. All other repairs and maintenance costs are expensed in profit or loss during the financial period in which they are incurred.

Property that is being constructed or developed for future use as investment property is classified as investment properties and carried at cost.

2.14 Inventories

Inventories are stated at the lower of cost or net realisable value. Cost is determined using the weighted average method. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.15 Construction contracts

A construction contract is defined by HKAS 11 as a contract specifically negotiated for the construction of an asset.

Contract costs are recognised as expenses in the period in which they are incurred.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable.

When the outcome of a construction contract can be estimated reliably and it is probable that the contract will be profitable, contract revenue is recognised over the period of the contract. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Variations in contract work, claims and incentive payments are included in contract revenue to the extent that may have been agreed with the customer and are capable of being reliably measured.

The Group uses the "percentage of completion method" to determine the appropriate amount to recognise in a given period. The stage of completion is measured by reference to the contract costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract. Costs incurred in the year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion. They are presented as inventories, prepayments or other assets, depending on their nature.

The Group presents as an asset the gross amount due from customers for contract work for all contracts in progress for which costs incurred plus recognised profits (less recognised losses) exceed progress billings. Progress billings not yet paid by customers and retention are included within "trade and other receivables".

The Group presents as a liability the gross amount due to customers for contract work for all contracts in progress for which progress billings exceed costs incurred plus recognised profits (less recognised losses).

2.16 Trade and other receivables

Trade receivables are amounts due from customers for properties sold or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

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.

2.17 Cash and cash equivalents

Cash and cash equivalents includes cash in hand and at banks and deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

2.18 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where any group company purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes,) is deducted from equity attributable to the Company's equity holders until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects,is included in equity attributable to the Company's equity holders.

2.19 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.20 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 profit or loss 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 end of the reporting period.

2.21 Senior notes

Senior notes issued by the Company that contain both liability and early redemption option (which is not closely related to the host contract) are classified separately into respective items on initial recognition. At the date of issue, both the liability and early redemption option components are recognised at fair value.

In subsequent periods, the liability component of the senior notes is carried at amortised cost using the effective interest method. The early redemption option is measured at fair value with changes in fair value recognised in profit or loss.

Transaction costs that relate to the issue of the senior notes are allocated to the liability and early redemption option components in proportion to their relative fair values. Transaction costs relating to the early redemption option are charged to profit or loss immediately. Transaction costs relating to the liability component are included in the carrying amount of the liability portion and amortised over the period of the senior notes using the effective interest method.

2.22 Compound financial instruments

Compound financial instruments issued by the Group comprise convertible bond that can be converted to share capital at the option of the holder, and the number of shares to be issued does not vary with changes in their fair value.

The liability component of a compound financial instrument is recognised initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognised initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition except on conversion or expiry or when the Company redeems some or all of the convertible bond upon exercise of the put option by the bond holders (note 21).

2.23 Derivative financial instruments

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at their fair value. Fair values are obtained from quoted market prices in active markets, including recent market transactions, and valuation techniques, including discounted cash flow models and options pricing models, as appropriate. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

For derivative financial instruments do not qualify for hedge accounting, changes in fair value are recognised immediately in profit or loss.

2.24 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the consolidated statement of comprehensive income.

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 where the Company and its subsidiaries 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. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, 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 (and laws) 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 and associates, 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.

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 assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.25 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 People's Republic of China (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 governments.

The Group also participates in a retirement benefit 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 MPF Scheme are held separately from those of the Group in independently administered funds.

The Group's contributions to the defined contribution retirement schemes are expensed as incurred.

2.26 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 probable 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 rate 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.

2.27 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 discounts and after eliminating sales with the Group companies. Revenue is recognised as follows:

(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 collectability of related receivables is reasonably assured. Deposits and instalments received on properties sold prior to the date of revenue recognition are included in the consolidated balance sheet as advanced proceeds received from customers under current liabilities.

(ii) Construction services

Revenue arising from construction services is recognised in the accounting period in which the services is rendered, by reference to completion of the specific transaction assessed on the basis of the contract costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract (note 2.15).

(iii) Hotel operation

Revenue from hotel operation is recognised in the accounting period in which the services are rendered.

(iv) Property management

Revenue arising from property management is recognised in the accounting period in which the services are rendered.

(v) Decoration services

Revenue from decoration services is recognised in the accounting period in which the services are rendered.

(vi) Interest income

Interest income is recognised on a time-proportion basis using the effective interest method.

(vii) Rental income

Rental income from properties letting under operating leases is recognised on a straight line basis over the lease terms.

2.28 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

(a) The Group is the lessee other than operating lease of land use rights

Payments made under operating leases (net of any incentives received from the lessor) are charged to the profit or loss on a straight-line basis over the period of the lease.

(b) The Group is the lessee under operating lease of land use rights

The Group made upfront payments to obtain operating leases of land use rights. The upfront payments of the land use rights are recorded as assets. The amortisation of land use rights is recognised as an expense on a straight-line basis over the unexpired period of the land use rights.

(ii) The Group is the lessor

Assets leased out under operating leases are included in property, plant and equipment and completed properties held for sale in the consolidated balance sheet. They are depreciated over their expected useful lives on a basis consistent with similar owned property, plant and equipment.

2.29 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders.

2.30 Insurance contracts

An insurance contract is a contract under which one party (the insurer) accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder. Insurance risk is a pre-existing risk transferred from the policyholder to the insurer, and is significant only if an insured event could cause an insurer to pay significant additional benefits in any scenario, excluding scenarios that lack commercial substance (i.e. have no discernible effect on the economics of the transaction).

The Group assesses at each reporting date whether its recognised insurance liabilities are adequate, using current estimates of future cash flows under its insurance contracts. If that assessment shows that the carrying amount of its insurance liabilities is inadequate in the light of the estimated future cash flows, the entire deficiency is recognised in the consolidated statement of comprehensive income.

The Group regards its financial guarantee contracts provided in respect of mortgage facilities for certain property purchasers and financial guarantee contracts provided to its related parties as insurance contracts.

3 FINANCIAL RISK MANAGEMENT

The Group conducts its operations in the PRC and accordingly is subject to special considerations and significant risks. These include risks associated with, among others, the political, economic and legal environment, influence of national authorities over pricing regulation and competition in the industry.

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The property industry is highly sensitive to the economic environment in the PRC, which will affect the volumes of property transactions and selling prices. The Group mainly relies on sales of properties and bank borrowings to fund its operations. All bank borrowings due for repayment in 2010 are anticipated to be repaid according to the terms of the loan agreements, as the Group considers no bank loans renewal is necessary given its sufficient cash to finance its obligation. The Group has alternative plans (refer to note 3(a)(iv)) to monitor liquidity risk should there be significant adverse changes on the Group's cash flow projections.

(a) Financial risk factors

(i) Foreign exchange risk

The Group's businesses are principally conducted in RMB. The majority of assets is denominated in RMB, The majority non-RMB assets and liabilities are bank deposits and borrowings denominated in Hong Kong Dollar ("H.K. dollar") and the United States dollar ("U.S. dollar"). The Group is subject to foreign exchange rate risk arising from future commercial transactions and recognised assets and liabilities which are denominated in non-RMB. The majority of the Group's foreign currency transactions and balances are denominated in U.S. dollar. The Group currently does not have a foreign currency hedging policy. The Group manages its foreign currency risk by closely monitoring the movement of the foreign currency rates.

The carrying amount of the Group's foreign currency denominated monetary assets and monetary liabilities at the respective balance sheet dates are as follows:

	Group		**Company**	
	As at 31 December		**As at 31 December**	
	2010	2009	**2010**	2009
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Assets				
H.K. dollar	**57,002**	359,469	**802**	2,586
U.S. dollar	**3,064,363**	1,920,823	**1,690,167**	1,920,543
	3,121,365	2,280,292	**1,690,969**	1,923,129
Liabilities				
H.K. dollar	**341,316**	352,192	**341,316**	352,192
U.S. dollar	**8,872,270**	2,602,423	**8,872,270**	2,602,423
	9,213,586	2,954,615	**9,213,586**	2,954,615

The following table shows the sensitivity analysis of a 5% increase/decrease in RMB against the relevant foreign currencies. The sensitivity analysis includes only foreign currency denominated monetary items and adjusts their translation at the year end for a 5% change in foreign currency rates. If there is a 5% increase in RMB against the relevant currencies, the effect in the profit for the year is as follows:

	Group		**Company**	
	As at 31 December		**As at 31 December**	
	2010	2009	**2010**	2009
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
H.K. dollar				
(Increase)/Decrease in profit for the year	**(14,216)**	364	**(17,026)**	(17,480)
U.S. dollar				
(Increase)/Decrease in profit for the year	**(290,395)**	34,080	**(359,105)**	34,094

(ii) Cash flow and fair value interest rate risk

The Group

The Group's interest rate risk arises from interest bearing bank deposits, bank borrowings, convertible bond and senior notes. Bank deposits and bank borrowings issued at variable rates expose the Group to cash flow interest-rate risk. Convertible bond and senior notes issued at fixed rates expose the Group to fair value interest rate risk.

The Group analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing. Based on these scenarios, the Group calculates the impact on profit and loss of a defined interest rate shift. For each simulation, the same interest rate shift is used for all currencies. The scenarios are run only for liabilities that represent the major interest-bearing positions.

The Group currently does not use any interest rate swaps to hedge its exposure to interest rate risk. However, the Group will consider hedging significant interest rate exposure should the need arise.

As at 31 December 2010 and 2009, if interest rates on borrowings had been 1% higher/lower with all other variables held constant, profit for the current/prior year would have been RMB100,805,000 and RMB139,052,000 lower/higher respectively, mainly as a result of higher/lower interest expense on floating rate borrowings.

The Company

The Company's interest rate risk arises from interest bearing bank deposits and borrowings. Bank deposits and borrowings issued at variable rates expose the Company to cash flow interest rate risk.

As at 31 December 2010 and 2009, if interest rates on borrowings had been 1% higher/lower with all other variables held constant, profit for the current/prior year would have been RMB3,413,000 and RMB3,522,000 lower/higher respectively, mainly as a result of higher/lower interest expense on floating rate borrowings.

(iii) Credit risk

The Group is exposed to credit risk in relation to its trade and other receivables, and cash deposits with banks.

The carrying amounts of trade and other receivables, restricted cash, cash and cash equivalents represent the Group's maximum exposure to credit risk in relation to financial assets.

To manage this risk, deposits are mainly placed with state-owned financial institutions and reputable banks which are all high-credit-quality financial institutions. The Group has policies in place to ensure that sales are made to purchasers with an appropriate financial strength and appropriate percentage of down payments. It also has other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews regularly the recoverable amount of each individual trade receivables to ensure that adequate impairment losses are made for irrecoverable amounts. The Group has no significant concentrations of credit risk, with exposure spread over a large number of counterparties and customers.

For prepayments in respect of acquisition of land use rights, the Group considers the risk is minimal as these prepayments were paid to the PRC government and will transfer to land use rights upon obtaining certificates from the PRC government. The Group has policies in place to monitor the issuance status of land use rights certificates.

For properties that are still under construction, the Group typically provides guarantees to banks in connection with the customers' borrowing of mortgage loans to finance their purchase of the properties for an amount up to 80% of the total purchase price of the property. If a purchaser defaults on the payment of its mortgage during the term of the guarantee, the bank holding the mortgage may demand the Group to repay the outstanding amount under the loan and any accrued interest thereon. Under such circumstances, the Group is able to retain the customer's deposit and sell the property to recover any amounts paid by the Group to the bank. Unless the selling price would drop by 20%, which is remote, the Group would not be in a loss position in selling those properties out. In this regard, the Directors consider that the Group's credit risk is significantly reduced (refer to note 4(b) for more information).

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 35.

No credit limits were exceeded during the year, and management does not expect any losses from non-performance by these counterparties.

(iv) Liquidity risk

Management aims to maintain sufficient cash to meet funding requirement for operations and monitors rolling forecasts of the Group's cash on the basis of expected cash flow. The Directors have prepared cash flow projections for the period up to 31 December 2011. Key assumptions used in the preparation of the cash flow projections for the year ending 31 December 2011 include: (1) proceeds from pre-sales in 2011 is expected to be higher than that of 2010; (2) construction payments match receipt of the relevant proceeds from pre-sales; and (3) no breach of debt covenants is anticipated in 2011.

The Group has a number of 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 progress as appropriate to ensure available resources for the development of properties for sale, implementing cost control measures, accelerating sales with more flexible pricing and issuing senior notes. The Group, will base on its assessment of the relevant future costs and benefits, pursue such options as are appropriate.

The Directors consider that the Group will be able to maintain sufficient financial resources to meet its operation needs.

The table below analyses the Group's non-derivative financial liabilities into relevant maturity grouping based on the remaining period at the balance sheet date to the contractual maturity date. Derivative financial liabilities are included in the analysis if their contractual maturities are essential for an understanding of the timing of the cash flows. The amounts disclosed in the table are the contractual undiscounted cash flows.

Group

	Less than 1 year *RMB'000*	**Between 1 and 2 years** *RMB'000*	**Between 2 and 5 years** *RMB'000*	**Over 5 years** *RMB'000*	**Total** *RMB'000*
At 31 December 2010					
Bank borrowings (principal amount plus interest)	**3,706,142**	**4,281,529**	**2,261,352**	**590,184**	**10,839,207**
Convertible bond (principal amount plus interest)	**1,476,288**	**—**	**—**	**—**	**1,476,288**
Senior notes (principal amount plus interest)	**979,746**	**979,746**	**7,780,017**	**4,257,154**	**13,996,663**
Derivative financial instruments *(note 23)*	**934,948**	**—**	**—**	**—**	**934,948**
Trade and other payables (excluding other taxes payable and salaries payable)	**8,197,583**	**—**	**—**	**—**	**8,197,583**
Total	**15,294,707**	**5,261,275**	**10,041,369**	**4,847,338**	**35,444,689**

Company

	Less than 1 year *RMB'000*	**Between 1 and 2 years** *RMB'000*	**Between 2 and 5 years** *RMB'000*	**Over 5 years** *RMB'000*	**Total** *RMB'000*
At 31 December 2010					
Bank borrowings (principal amount plus interest)	**347,186**	**—**	**—**	**—**	**347,186**
Convertible bond (principal amount plus interest)	**1,476,288**	**—**	**—**	**—**	**1,476,288**
Senior notes (principal amount plus interest)	**979,746**	**979,746**	**7,780,017**	**4,257,154**	**13,996,663**
Derivative financial instruments *(note 23)*	**934,948**	**—**	**—**	**—**	**934,948**
Total	**3,738,168**	**979,746**	**7,780,017**	**4,257,154**	**16,755,085**

Group

	Less than 1 year *RMB'000*	Between 1 and 2 years *RMB'000*	Between 2 and 5 years *RMB'000*	Over 5 years *RMB'000*	Total *RMB'000*
At 31 December 2009					
Bank borrowings (principal amount plus interest)	3,781,337	4,682,814	3,001,664	562,497	12,028,312
Convertible bond (principal amount plus interest)	107,850	107,850	5,394,921	—	5,610,621
Senior notes (principal amount plus interest)	300,506	300,506	3,459,018	—	4,060,030
Derivative financial instruments *(note 23)*	—	—	990,124	—	990,124
Trade and other payables (excluding other taxes payable and salaries payable)	5,870,574	—	—	—	5,870,574
Total	10,060,267	5,091,170	12,845,727	562,497	28,559,661

Company

	Less than 1 year *RMB'000*	Between 1 and 2 years *RMB'000*	Between 2 and 5 years *RMB'000*	Over 5 years *RMB'000*	Total *RMB'000*
At 31 December 2009					
Bank borrowings (principal amount plus interest)	181,288	181,288	—	—	362,576
Convertible bond (principal amount plus interest)	107,850	107,850	5,394,921	—	5,610,621
Senior notes (principal amount plus interest)	300,506	300,506	3,459,018	—	4,060,030
Derivative financial instruments *(note 23)*	—	—	990,124	—	990,124
Total	589,644	589,644	9,844,063	—	11,023,351

(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 shareholders 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 shareholders, return capital to shareholders, 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 net debt divided by total equity. Net debt is calculated as total borrowings (including convertible bond and senior notes, as shown in the consolidated balance sheet) less cash and cash equivalents.

The gearing ratios at 31 December 2010 and 2009 were as follows:

	As at 31 December	
	2010	2009
	RMB'000	*RMB'000*
		(restated)
Total borrowings including convertible bond and senior notes *(notes 20, 21 and 22)*	**20,118,230**	17,769,598
Less: cash and cash equivalents *(note 17)*	**(5,094,298)**	(4,608,708)
Net debt	**15,023,932**	13,160,890
Total equity (excluding non-controlling interests)	**24,821,421**	21,170,064
Gearing ratio	**60.5%**	62.2%

The Directors consider the Group's gearing ratio is healthy.

(c) Fair value estimation

The different levels are defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

  At 31 December 2010 and 2009, the Group had no level 1 or level 3 financial instruments, the only level 2 financial instrument represents the derivative financial instruments (note 23).

  The fair value of the derivative financial instruments that are not traded in an active market is determined by using valuation techniques. The significant inputs required to fair value the derivative financial instruments represent the quoted market price of the Company's ordinary shares which is observable.

(d) Financial instruments by category

Group

At 31 December 2010

Assets as per balance sheet	**Loans and receivables** *RMB'000*
Trade and other receivables excluding prepayments	5,234,181
Restricted cash	4,758,815
Cash and cash equivalents	5,094,298
Total	15,087,294

Liabilities as per balance sheet	**Financial liabilities at fair value** *RMB'000*	**Other financial liabilities at amortised cost** *RMB'000*	**Total** *RMB'000*
Bank borrowings	—	9,864,906	9,864,906
Convertible bond	—	1,381,054	1,381,054
Senior notes	—	8,872,270	8,872,270
Derivative financial instruments	934,948	—	934,948
Trade and other payables (excluding other taxes payable and salaries payable)	—	8,197,583	8,197,583
Total	934,948	28,315,813	29,250,761

At 31 December 2009

Assets as per balance sheet	**Loans and receivables** *RMB'000*
Trade and other receivables excluding prepayments	2,350,863
Restricted cash	3,815,334
Cash and cash equivalents	4,608,708
Total	10,774,905

Liabilities as per balance sheet	**Financial liabilities at fair value** *RMB'000*	**Other financial liabilities at amortised cost** *RMB'000*	**Total** *RMB'000*
Bank borrowings	—	10,888,664	10,888,664
Convertible bond	—	4,278,511	4,278,511
Senior notes	—	2,602,423	2,602,423
Derivative financial instruments	990,124	—	990,124
Trade and other payables (excluding other taxes payable and salaries payable)	—	5,870,574	5,870,574
Total	990,124	23,640,172	24,630,296

Company

Assets as per balance sheet	**Loans and receivables**	
	As at 31 December	
	2010	2009
	RMB'000	*RMB'000*
Amounts due from subsidiaries	**7,999,912**	3,254,978
Restricted cash	**1,658,452**	1,707,050
Cash and cash equivalents	**32,517**	216,079
Total	**9,690,881**	5,178,107

At 31 December 2010

Liabilities as per balance sheet	**Financial liabilities at fair value**	**Other financial liabilities at amortised cost**	**Total**
	RMB'000	***RMB'000***	***RMB'000***
Bank borrowings	**—**	**341,316**	**341,316**
Convertible bond	**—**	**1,381,054**	**1,381,054**
Senior notes	**—**	**8,872,270**	**8,872,270**
Derivative financial instruments	**934,948**	**—**	**934,948**
Amounts due to subsidiaries	**—**	**275,768**	**275,768**
Total	**934,948**	**10,870,408**	**11,805,356**

At 31 December 2009

Liabilities as per balance sheet	Financial liabilities at fair value	Other financial liabilities at amortised cost	Total
	RMB'000	*RMB'000*	*RMB'000*
Bank borrowings	—	352,192	352,192
Convertible bond	—	4,278,511	4,278,511
Senior notes	—	2,602,423	2,602,423
Derivative financial instruments	990,124	—	990,124
Amounts due to subsidiaries	—	25,606	25,606
Total	990,124	7,258,732	8,248,856

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements used in preparing the consolidated 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) Income taxes and deferred taxation

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) Revenue recognition

The Group has recognised revenue from the sale of properties held for sale as disclosed in note 5. The assessment of when an entity has transferred the significant risks and rewards of ownership to buyers requires the examination of the circumstances of the transaction. In most cases, the transfer of risks and rewards of ownership coincides with the date when the equitable interest in the property vests with the buyer upon release of the respective property to the buyer.

As disclosed in note 35, the Group provided guarantees in respect of mortgage facilities granted by certain banks relating to the mortgage loans arranged for certain purchasers of the Group's properties. These guarantees will normally be discharged upon issuance of the real estate ownership certificate which are generally be available within three months after the purchasers take possession of the relevant properties. In order to obtain mortgages, the purchasers would have settled no less than 20% of the total contract amount in accordance with related PRC regulations upon signing the sales contract. The Directors are of the opinion that such settlements provide sufficient evidence of the purchasers' commitment to honour contractual obligation of the bank loans. In addition, based on the past experiences, defaults of mortgage facilities by the purchasers which resulted in the bank guarantees were called upon were rare and the financial impact was immaterial. Further, as disclosed in note 3(a)(iii), the credit risk of the Group under the circumstance that a purchaser defaults on the payment of its mortgage during the term of the guarantee is very low. Accordingly, the Directors believe that significant risks and rewards associated to the ownership of the properties have been transferred to the purchasers.

(c) Estimates for net realisable value of properties under development and properties held for sale

As at 31 December 2010, the carrying amounts of properties under development and properties held for sale are RMB41,159,927,000 (2009: RMB33,442,398,000) and RMB8,079,369,000 (2009: RMB5,107,707,000), respectively.

The Group assesses the carrying amounts of properties under development and properties held for sale according to their net realisable value based on the realisability of these properties. Net realisable value for properties under development is determined by reference to management's estimates of the selling price based on prevailing market conditions, less applicable variable selling expenses and the anticipated costs to completion (including land costs). Net realisable value for properties held for sale is determined by reference to management's estimates of the selling price based on prevailing market conditions, less applicable variable selling expenses. Based on management's best estimates, there is no material impairment for properties under development and properties held for sale at 31 December 2010.

(d) Estimates for impairment of hotel assets

At 31 December 2010, the total carrying amounts of hotel assets (mainly including land use rights, buildings and construction in progress) are RMB5,392,082,000 (2009: RMB4,246,447,000), representing 6.6% (2009: 6.7%) of the total consolidated assets of the Group. Management performs review for impairment of the hotel assets whenever events or changes in circumstances indicate that the carrying amounts of the hotel assets may not be recoverable.

The recoverable amounts of hotel assets have been determined based on value-in-use method. The value-in-use calculations require the use of significant estimates and assumptions on the projections of cash flows from the continuous use of the hotel assets. The key assumptions used in determining the value-in-use of hotel assets mainly include:

— post-tax discount rate of 12%;

— 4% of growth rate after lease-up period;

— occupancy rates of 60% to 70% after lease-up period; and

— lease-up period of 6 years

Based on management's best estimates, there is no material impairment for hotel assets at 31 December 2010.

5 SEGMENT INFORMATION — GROUP

The Executive Directors review the Group's internal reporting in order to assess performance and allocate resources. The Executive Directors have determined the operating segments based on these reports.

The Executive Directors consider the business from product perspective. From a product perspective, Executive Directors assess the performance of:

- Property development,
- Construction, fitting and decoration,
- Property management and
- Hotel operation.

The Executive Directors assess the performance of the operating segments based on a measure of operating profit.

Segment assets consist primarily of property, plant and equipment, intangible assets, land use rights, investment property, properties under development, completed properties held for sale, inventories, receivables and operating cash. They exclude available-for-sale financial assets, deferred tax assets and collateral for equity swap. Segment liabilities consist primarily of operating liabilities. They exclude bank borrowings, convertible bond, senior notes, derivative financial instruments, deferred income tax liabilities and income tax payable.

Capital expenditure comprises additions to property, plant and equipment (note 6), investment property (note 7) and intangible assets (note 8).

Revenue consists of the following:

	Year ended 31 December	
	2010	2009
	RMB'000	*RMB'000*
Sales of properties	**24,637,843**	16,544,904
Rendering of construction and decoration services	**288,665**	377,240
Rendering of property management services	**405,377**	349,276
Rendering of hotel services	**472,220**	314,284
	25,804,105	17,585,704

Sales between segments are carried out according to the terms and conditions agreed by both parties.

Over 90% of the Group's revenue is attributable to the market in Mainland China and over 90% of the Group's non-current assets are located in Mainland China. No geographical information is presented.

The Group has a number of customers, no revenue from a customer exceed 5% of the Group's revenue.

The segment information provided to the Executive Directors for the reportable segments for the year ended 31 December 2010 is as follows:

	Property development *RMB'000*	**Construction, decoration and design** *RMB'000*	**Property management** *RMB'000*	**Hotel** *RMB'000*	**Total Group** *RMB'000*
Segment revenue	**24,637,843**	**8,138,917**	**405,677**	**472,220**	**33,654,657**
Inter-segment revenue	**—**	**(7,850,252)**	**(300)**	**—**	**(7,850,552)**
Revenue (from external customers)	**24,637,843**	**288,665**	**405,377**	**472,220**	**25,804,105**
Operating profit	**6,907,385**	**34,640**	**86,743**	**(91,332)**	**6,937,436**
At 31 December 2010					
Total segment assets	**72,049,141**	**1,591,634**	**252,735**	**5,392,082**	**79,285,592**
Capital expenditure	**664,053**	**14,526**	**3,536**	**1,317,301**	**1,999,416**
Total segment liabilities	**28,703,180**	**1,717,649**	**85,697**	**408,117**	**30,914,643**

The segment information for the year ended 31 December 2009 is as follows:

	Property development *RMB'000* *(restated)*	Construction, decoration and design *RMB'000*	Property management *RMB'000*	Hotel *RMB'000*	Total Group *RMB'000* *(restated)*
Segment revenue	16,544,904	4,518,189	350,479	319,714	21,733,286
Inter-segment revenue	—	(4,140,949)	(1,203)	(5,430)	(4,147,582)
Revenue (from external customers)	16,544,904	377,240	349,276	314,284	17,585,704
Operating profit	3,723,548	45,269	95,549	(77,914)	3,786,452
At 31 December 2009					
Total segment assets	55,245,770	1,621,345	226,281	4,246,447	61,339,843
Capital expenditure	230,370	18,118	1,097	1,031,613	1,281,198
Total segment liabilities	18,175,003	1,893,211	183,031	459,473	20,710,718

Reportable operating profits are reconciled to net profit as follows:

	Year ended 31 December	
	2010	2009
	RMB'000	*RMB'000*
		(restated)
Total operating profit	**6,937,436**	3,786,452
Financial costs — net	**(224,777)**	(651,920)
Share of loss of an associate	**(48,050)**	—
Fair values change on derivative financial instruments	**55,176**	251,406
Profit before income tax	**6,719,785**	3,385,938
Income tax expenses	**(2,402,011)**	(1,149,807)
Profit for the year	**4,317,774**	2,236,131

Reportable segments' assets and liabilities are reconciled to total assets and total liabilities as follows:

	As at 31 December	
	2010	2009
	RMB'000	*RMB'000*
		(restated)
Total segment assets	**79,285,592**	61,339,843
Deferred income tax assets	**1,137,203**	892,895
Collateral for equity swap *(note 16)*	**1,658,452**	1,707,050
Total assets per consolidated balance sheet	**82,081,247**	63,939,788
Total segment liabilities	**30,914,643**	20,710,718
Deferred income tax liabilities	**671,903**	383,413
Income tax payable	**4,023,448**	2,545,013
Derivative financial instruments	**934,948**	990,124
Bank borrowings	**9,864,906**	10,888,664
Convertible bond	**1,381,054**	4,278,511
Senior notes	**8,872,270**	2,602,423
Total liabilities per consolidated balance sheet	**56,663,172**	42,398,866

6 PROPERTY, PLANT AND EQUIPMENT — GROUP

	Buildings	Machinery	Motor vehicles	Furniture, fitting and equipment	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2009						
Cost	1,449,481	165,859	383,664	249,274	1,213,841	3,462,119
Accumulated depreciation	(193,151)	(105,656)	(209,914)	(105,155)	—	(613,876)
Accumulated impairment	(3,006)	(3,217)	—	(50)	—	(6,273)
Net book amount	1,253,324	56,986	173,750	144,069	1,213,841	2,841,970
Year ended 31 December 2009						
Opening net book amount	1,253,324	56,986	173,750	144,069	1,213,841	2,841,970
Additions	47,544	41,277	21,959	75,098	1,091,515	1,277,393
Reclassification	864,074	—	—	—	(864,074)	—
Disposals	(25,596)	(3,469)	(105)	(364)	—	(29,534)
Depreciation	(101,064)	(20,102)	(47,791)	(42,512)	—	(211,469)
Closing net book amount	2,038,282	74,692	147,813	176,291	1,441,282	3,878,360
At 31 December 2009						
Cost	2,331,037	192,830	392,974	322,301	1,441,282	4,680,424
Accumulated depreciation	(289,748)	(118,138)	(245,161)	(146,010)	—	(799,057)
Accumulated impairment	(3,007)	—	—	—	—	(3,007)
Net book amount	2,038,282	74,692	147,813	176,291	1,441,282	3,878,360
Year ended 31 December 2010						
Opening net book amount	**2,038,282**	**74,692**	**147,813**	**176,291**	**1,441,282**	**3,878,360**
Additions	**81,307**	**29,637**	**38,796**	**91,256**	**1,725,712**	**1,966,708**
Reclassification	**794,410**	**—**	**—**	**—**	**(794,410)**	**—**
Disposals	**(21,142)**	**(39)**	**(1,491)**	**(965)**	**—**	**(23,637)**
Depreciation	**(146,067)**	**(22,956)**	**(46,962)**	**(52,963)**	**—**	**(268,948)**
Closing net book amount	**2,746,790**	**81,334**	**138,156**	**213,619**	**2,372,584**	**5,552,483**
At 31 December 2010						
Cost	**3,184,144**	**222,419**	**392,434**	**411,483**	**2,372,984**	**6,583,464**
Accumulated depreciation	**(434,747)**	**(141,085)**	**(254,278)**	**(197,864)**	**—**	**(1,027,974)**
Accumulated impairment	**(3,007)**	**—**	**—**	**—**	**—**	**(3,007)**
Net book amount	**2,746,390**	**81,334**	**138,156**	**213,619**	**2,372,984**	**5,552,483**

Depreciation charge was capitalised or expensed in the following categories in the consolidated balance sheet or the consolidated statement of comprehensive income:

	Year ended 31 December	
	2010	2009
	RMB'000	*RMB'000*
Properties under development	**32,714**	37,342
Cost of sales	**153,843**	113,303
Selling and marketing costs	**7,766**	6,496
Administrative expenses	**74,625**	54,328
	268,948	211,469

As at 31 December 2010, buildings with net book value of RMB577,732,000 (2009: RMB712,141,000) were pledged as collateral for the Group's borrowings.

As at 31 December 2010, title certificates of buildings with net book value of RMB967,564,000 (2009: RMB914,869,000) were still in the progress of being obtained.

Also as at 31 December 2010, included in buildings were the hotels located in the PRC, which were classified as property, plant and equipment, with net book value of RMB2,624,281,000 (2009: RMB1,984,496,000).

7 INVESTMENT PROPERTY — GROUP

	As at 31 December	
	2010	2009
	RMB'000	*RMB'000*
At 31 December		
Cost	**152,682**	152,682
Accumulated depreciation	**(19,085)**	(11,451)
Net book amount	**133,597**	141,231

	As at 31 December	
	2010	2009
	RMB'000	*RMB'000*
Year ended 31 December		
Opening net book amount	**141,231**	148,865
Depreciation	**(7,634)**	(7,634)
Net book amount	**133,597**	141,231

The Group's property interest held under operating leases for the purpose of earning rentals is measured using the cost model and accounted for as investment property. The investment property is located in the PRC.

The fair value of the Group's investment property of approximately RMB176,000,000 as at 31 December 2010 (2009: RMB150,800,000) has been determined by the Directors with reference to the valuation performed by CB Richard Ellis Limited, an independent qualified professional valuer.

8 INTANGIBLE ASSETS — GROUP

	Computer software As at 31 December	
	2010	2009
	RMB'000	*RMB'000*
At 31 December		
Cost	**30,555**	21,303
Accumulated amortisation	**(12,056)**	(7,878)
Net book amount	**18,499**	13,425
Year ended 31 December		
Opening net book amount	**13,425**	13,342
Additions	**9,252**	3,805
Amortisation	**(4,178)**	(3,722)
Closing net book amount	**18,499**	13,425

9 LAND USE RIGHTS — GROUP

	As at 31 December	
	2010	2009
	RMB'000	*RMB'000*
		(restated)
Opening net book amount	**16,204,153**	13,639,240
Effect of change in accounting policy	**(15,102,185)**	(12,664,345)
Opening net book amount, as restated	**1,101,968**	974,895
Additions	**23,456**	153,907
Amortisation	**(29,442)**	(26,834)
Closing net book amount	**1,095,982**	1,101,968
Outside Hong Kong, held on leases of:		
Between 50 to 70 years	**57,686**	35,636
Between 10 to 50 years	**1,038,296**	1,066,332
	1,095,982	1,101,968

Land use rights are all located in the PRC and for self-use.

10 PROPERTIES UNDER DEVELOPMENT — GROUP

	As at 31 December	
	2010	2009
	RMB'000	*RMB'000*
		(restated)
Properties under development expected to be completed:		
Within the normal operating cycle included under current assets	**23,761,354**	20,247,069
Beyond normal operating cycle included under non-current assets	**17,398,573**	13,195,329
	41,159,927	33,442,398
Amounts comprise:		
Construction cost	**22,692,559**	18,462,483
Land use rights	**17,676,443**	14,576,556
Interest capitalised	**790,925**	403,359
	41,159,927	33,442,398

The capitalisation rate used to determine the amount of interest incurred eligible for capitalisation in 2010 was 11.04% (2009: 9.63%). The properties under development are located in the PRC.

As at 31 December 2010, land use rights with net book value of RMB8,263,320,000 (2009: RMB3,498,728,000) were pledged as collateral for the Group's borrowings.

11 INVESTMENT IN AN ASSOCIATE

	RMB'000
At 1 January 2010	—
Capital injection	217,600
Partial disposal	(85,725)
Share of post-acquisition results	(48,050)
At 31 December 2010	83,825

In April 2010, the Group together with two PRC real estate developers jointly established Guangzhou Li He Property Development Company Limited ("Li He") as the project company to develop a piece of land located in Guangzhou ("Asian Games City"). The Group held 33% equity interest in Li He and made capital injection of HK$247,500,000 (equivalent to RMB217,600,000) to Li He.

Subsequent to the establishment of Li He in April 2010, the Group together with two PRC real estate developers entered into a revised land purchase agreement with the local government authorities, pursuant to which, the entire Asian Game City project was transferred to Li He and Li He assumed all rights and obligations in relation to the Asian Games City project. Accordingly, the land instalment in relation to the Asian Games City made by the Group in 2009 totaling RMB2,040,000,000 was reclassified from "other non-current assets" to "trade and other receivables".

On 24 June 2010, the Group entered into agreements with other two PRC real estate developers to transfer its 13% equity interest in Li He to them at a total consideration of HK$97,500,000 (equivalent to RMB85,725,000).

The Group's share of the results of its associate, which is unlisted, and its aggregated assets and liabilities, are as follows:

Name	Country of incorporation	Principal activities Property	Assets *RMB'000*	Liabilities *RMB'000*	Revenues *RMB'000*	Loss *RMB'000*	% interest held
Li He	PRC	Property Development	5,381,145	5,297,320	—	48,050	20%

12 INVESTMENTS IN SUBSIDIARIES, AMOUNTS DUE FROM/TO SUBSIDIARIES — COMPANY

	As at 31 December	
	2010	2009
	RMB'000	*RMB'000*
Non-current assets		
— Unlisted investments at cost	**19,672,582**	19,541,861
Current assets		
— Amounts due from subsidiaries *(note below)*	**7,999,912**	3,254,978
Current liabilities		
— Amounts due to subsidiaries *(note below)*	**(275,768)**	(25,606)

Note:

Amounts due from/(to) subsidiaries are interest free, unsecured and repayable on demand. Details of the principal subsidiaries as at 31 December 2010 are set out in note 38.

13 COMPLETED PROPERTIES HELD FOR SALE — GROUP

	As at 31 December	
	2010	2009
	RMB'000	*RMB'000*
Completed properties held for sale, at cost	**8,079,369**	5,107,707

The completed properties held for sale are located in the PRC.

14 INVENTORIES — GROUP

	As at 31 December	
	2010	2009
	RMB'000	*RMB'000*
Construction materials, at cost	**206,010**	329,356

15 TRADE AND OTHER RECEIVABLES — GROUP

	As at 31 December	
	2010	2009
	RMB'000	*RMB'000*
Trade receivables *(note (a))*	**593,812**	383,470
Land auction deposits	**1,801,055**	1,144,818
Other receivables	**974,444**	586,372
Amounts due from customers for contract work *(note (b))*	**342,774**	236,203
Prepayments for land *(note (c))*	**5,587,595**	4,096,587
Amounts due from an associate *(note 37(d))*	**1,522,096**	—
Other prepayments	**1,550,991**	611,017
	12,372,767	7,058,467

As at 31 December 2010, the fair value of trade and other receivables approximates their carrying amounts.

(a) Trade receivables are mainly arisen from rendering of construction services and sales of properties. Customers are generally granted credit terms of 1 to 3 months for construction business and no credit terms for property development business.

The ageing analysis of trade receivables is as follows:

	Group	
	As at 31 December	
	2010	2009
	RMB'000	*RMB'000*
Within 90 days	**493,877**	317,034
Over 90 days and within 180 days	**67,350**	33,800
Over 180 days and within 365 days	**18,518**	17,848
Over 365 days	**14,067**	14,788
	593,812	383,470

Trade receivables which are past due are analysed as follows:

	Group	
	As at 31 December	
	2010	2009
	RMB'000	*RMB'000*
Fully performing under credit terms	**493,877**	317,034
Past due but not impaired	**99,935**	66,436
	593,812	383,470

Past due but not impaired receivables mainly represent management fees receivable. The Directors consider that these receivables would be recovered and no provision was made against past due receivables as at 31 December 2010 (2009: nil).

There is no concentration of credit risk with respect to trade receivables as the Group has a large number of customers.

(b) Amounts due from customers for contract work at each of the balance sheet date are as follows:

	Group As at 31 December	
	2010	2009
	RMB'000	*RMB'000*
Cost incurred	**3,877,449**	3,648,369
Recognised profits (less recognised losses)	**1,707,386**	1,647,801
	5,584,835	5,296,170
Less: progress billings	**(5,242,061)**	(5,059,967)
	342,774	236,203
Represented by:		
Amounts due from customers	**342,774**	236,203
Including: Related companies *(note 37(d))*	**325,010**	175,110
Third parties	**17,764**	61,093

(c) Prepayments for land are related to acquisition of land use rights upon successfully bidding at the land auctions conducted by the PRC government. The relevant land use right certificates have not been obtained at 31 December 2010.

16 RESTRICTED CASH

	Group As at 31 December		Company As at 31 December	
	2010	2009	**2010**	2009
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Guarantee deposits for construction of Pre-sale properties *(note)*	**3,005,870**	1,820,219	**—**	—
Collateral for equity swap *(note 23)*	**1,658,452**	1,707,050	**1,658,452**	1,707,050
Collateral for bank borrowings *(note 20)*	**94,493**	288,065	**—**	—
	4,758,815	3,815,334	**1,658,452**	1,707,050

Note:

In accordance with relevant documents issued by the PRC State-Owned Land and Resource Bureau, certain property development companies of the Group are required to place in designated bank accounts certain amount of presale proceeds of properties as guarantee deposits for constructions of related properties. The deposits can only be used for purchases of construction materials and the payments of construction fee of the relevant property projects when approval from PRC State-Owned Land and Resource Bureau is obtained. Such guarantee deposits will only be released after completion of related pre-sold properties or issuance of the real estate ownership certificate, whichever is the earlier.

17 CASH AND CASH EQUIVALENTS

	Group As at 31 December		Company As at 31 December	
	2010	2009	**2010**	2009
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Cash at bank and in hand:				
Denominated in RMB	**6,731,748**	6,143,750	**—**	—
Denominated in HK dollar	**57,002**	359,469	**802**	2,586
Denominated in US dollar	**3,064,363**	1,920,823	**1,690,167**	1,920,543
Less: restricted cash (note 16)	**(4,758,815)**	(3,815,334)	**(1,658,452)**	(1,707,050)
	5,094,298	4,608,708	**32,517**	216,079

The conversion of Renminbi 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 regulations of foreign exchange control promulgated by the PRC government.

18 SHARE CAPITAL AND PREMIUM

		Group					
	Note	**Number of ordinary shares**	**Nominal value of ordinary shares**	**Equivalent nominal value of ordinary shares**	**Share premium**	**Treasury shares**	**Total**
			HK$000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Authorised							
Ordinary share of HK$0.10 each upon incorporation		3,800,000	380	384	—	—	384
Increase in authorised share capital		99,996,200,000	9,999,620	9,904,624	—	—	9,904,624
		100,000,000,000	10,000,000	9,905,008	—	—	9,905,008
Issued and fully paid							
Opening balance at 1 January 2009		16,360,000,000	1,636,000	1,617,773	13,371,866	(303,065)	14,686,574
Treasury shares purchased	(a)	—	—	—	—	(60,674)	(60,674)
Issue of shares as a result of the scrip dividend scheme	(b)	91,419,578	9,142	8,058	291,693	—	299,751
At 31 December 2009 and 1 January 2010		16,451,419,578	1,645,142	1,625,831	13,663,559	(363,739)	14,925,651
Treasury shares purchased	(a)	—	—	—	—	(6,589)	(6,589)
Issue of shares as a result of the scrip dividend scheme	(b)	247,718,465	24,772	21,699	451,343	—	473,042
Closing balance at 31 December 2010		**16,699,138,043**	**1,669,914**	**1,647,530**	**14,114,902**	**(370,328)**	**15,392,104**

	Number of ordinary shares	Nominal value of ordinary shares *HK$'000*	Company Equivalent nominal value of ordinary shares *RMB'000*	Share premium *RMB'000*	Total *RMB'000*
Authorised					
Ordinary share of HK$0.10 each upon incorporation	3,800,000	380	384	—	384
Increase in authorised share capital	99,996,200,000	9,999,620	9,904,624	—	9,904,624
	100,000,000,000	10,000,000	9,905,008	—	9,905,008
Issued and fully paid					
Opening balance at 1 January 2009 and 2010	16,360,000,000	1,636,000	1,617,773	13,371,866	14,989,639
Issue of shares as a result of the scrip dividend scheme *(note b)*	91,419,578	9,142	8,058	291,693	299,751
At 31 December 2009 and 1 January 2010	16,451,419,578	1,645,142	1,625,831	13,663,559	15,289,390
Issue of shares as a result of the scrip dividend scheme *(note b)*	247,718,465	24,772	21,699	451,343	473,042
At 31 December 2010	**16,699,138,043**	**1,669,914**	**1,647,530**	**14,114,902**	**15,762,432**

Notes:

(a) During the year, the Group, through its wholly owned subsidiary, has acquired 2,600,000 of the Company's shares from the market for the purpose of setting up an employee incentive plan for the benefit of the senior management and employees of the Company (which excludes connected persons of the Company). The purpose of the employee incentive scheme is to provide the participants with an opportunity to hold a personal stake in the Company so as to motivate such participants and to enhance performance and efficiency. The total amount paid to acquire the shares was RMB6,589,000. The shares are held as treasury shares and have been deducted from shareholders' equity.

The aforesaid employee incentive scheme has not been launched as at date of this report.

(b) On 4 June 2010, a script dividend scheme was issued whereas shareholders may elect to receive cash dividend of RMB4.50 cents per share or an allotment of such number of new shares credited as fully paid and having an aggregate market value equal to, save for adjustment for fractions, the total amount of 2009 final dividend which such shareholder could receive in cash. On 2 July 2010, 247,718,465 new shares were issued as of result of the above script dividend scheme at a price of HK$2.18 per share representing the average of the closing prices of the Company's ordinary shares for the five consecutive trading days up to and including 28 May 2010.

19 OTHER RESERVES AND RETAINED EARNINGS

	Group					
	Merger reserves *RMB'000* *(note (a))*	**Statutory reserves** *RMB'000* *(note (b))*	**Conversion option reserves** *RMB'000* *(note 21)*	**Sub-total** *RMB'000*	**Retained earnings** *RMB'000*	**Total** *RMB'000*
Balance at 1 January 2009	(149,801)	584,709	424,821	859,729	3,554,440	4,414,169
Effect of change in accounting policy on land use rights	—	—	—	—	130,845	130,845
Balance at 1 January 2009, as restated	(149,801)	584,709	424,821	859,729	3,685,285	4,545,014
Profit for the year	—	—	—	—	2,190,199	2,190,199
Transfer to statutory reserves	—	233,452	—	233,452	(233,452)	—
Dividends *(note 31)*	—	—	—	—	(490,800)	(490,800)
Balance at 31 December 2009	(149,801)	818,161	424,821	1,093,181	5,151,232	6,244,413
Representing:						
— 2009 proposed final dividend					740,320	
— Others					4,410,912	
					5,151,232	
Balance at 1 January 2010	**(149,801)**	**818,161**	**424,821**	**1,093,181**	**4,909,984**	**6,003,165**
Effect of change in accounting policy on land use rights	**—**	**—**	**—**	**—**	**241,248**	**241,248**
Balance at 1 January 2010, as restated	**(149,801)**	**818,161**	**424,821**	**1,093,181**	**5,151,232**	**6,244,413**
Repurchase of convertible bond	**—**	**—**	**(365,354)**	**(365,354)**	**—**	**(365,354)**
Profit for the year	**—**	**—**	**—**	**—**	**4,290,578**	**4,290,578**
Transfer to statutory reserves	**—**	**265,185**	**—**	**265,185**	**(265,185)**	**—**
Dividends *(note 31)*	**—**	**—**	**—**	**—**	**(740,320)**	**(740,320)**
Balance at 31 December 2010	**(149,801)**	**1,083,346**	**59,467**	**993,012**	**8,436,305**	**9,429,317**
Representing:						
— 2010 proposed final dividend					**1,604,790**	
— Others					**6,831,515**	
					8,436,305	

		Company	
	Conversion option reserves	Retained earnings	Total
	RMB'000	*RMB'000*	*RMB'000*
Balance at 1 January 2009	424,821	573,671	998,492
Profit for the year *(note 33)*	—	674,030	674,030
Dividend *(note 31)*	—	(490,800)	(490,800)
Balance at 31 December 2009	424,821	756,901	1,181,722
Representing:			
— 2009 proposed final dividend		740,320	
— Others		16,581	
		756,901	
Balance at 1 January 2010	**424,821**	**756,901**	**1,181,722**
Repurchase of convertible bond	**(365,354)**	**—**	**(365,354)**
Profit for the year *(note 33)*	**—**	**1,719,627**	**1,719,627**
Dividend *(note 31)*	**—**	**(740,320)**	**(740,320)**
Balance at 31 December 2010	**59,467**	**1,736,208**	**1,795,675**
Representing:			
— 2010 proposed final dividend		**1,604,790**	
— Others		**131,418**	
		1,736,208	

Notes:

(a) Merger reserve of the Group represents the difference between the share capital of subsidiaries, acquired pursuant to a group reorganisation undertaken for the listing of company on the main board of the Stock Exchange, over the nominal value of shares of the Company issue in exchange thereof.

(b) Pursuant to the relevant rules and regulations governing foreign investment enterprise established in the PRC and the articles of association of certain PRC subsidiaries of the Group, the subsidiaries are required to transfer an amount of their profit after taxation to the statutory reserve fund, until the accumulated total of the fund reaches 50% of their registered capital. The statutory reserve fund may be distributed to equity holders in the form of bonus issue.

The appropriation to the enterprise expansion fund is solely determined by the board of Directors of the respective subsidiaries.

20 BANK BORROWINGS

	Group As at 31 December		Company As at 31 December	
	2010	2009	**2010**	2009
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Bank borrowings included in non-current liabilities:				
— secured	**6,539,228**	7,819,753	**170,658**	176,096
— unsecured	**2,841,020**	2,604,750	**—**	—
Less: current portion	**(4,699,878)**	(2,786,500)	**(170,658)**	—
	4,680,370	7,638,003	**—**	176,096
Bank borrowings included in current liabilities:				
— secured	**100,000**	288,065	**—**	—
— unsecured	**384,658**	176,096	**170,658**	176,096
Current portion of non-current borrowings	**4,699,878**	2,786,500	**170,658**	—
	5,184,536	3,250,661	**341,316**	176,096

The Group's borrowings of RMB5,809,228,000 as at 31 December 2010 (2009: RMB7,089,753,000), were jointly secured by certain properties and land use rights of the Group (notes 6 and 9) with total carrying values of RMB8,841,052,000 as at 31 December 2010 (2009: RMB4,210,869,000). The Group's borrowings of RMB730,000,000 as at 31 December 2010 (2009: RMB730,000,000) were guaranteed by the Company and secured by the Group's equity interest in certain subsidiaries. The Group's remaining secured borrowings of RMB100,000,000 at 31 December 2010 (2009: RMB288,065,000) were secured by certain bank deposits of the Group (note 16).

The Company's borrowings of RMB170,658,000 as at 31 December 2010 (2009: RMB176,096,000) were guaranteed by its fellow subsidiaries.

The exposure of the Group's and Company's borrowings to interest-rate changes and the contractual repricing dates or maturity date whichever is earlier are as follows:

	Group 6 months or less
	RMB'000
Borrowings included in non-current liabilities:	
At 31 December 2010	**4,680,370**
At 31 December 2009	7,638,003
Borrowings included in current liabilities:	
At 31 December 2010	**5,184,536**
At 31 December 2009	3,250,661

	Company 6 months or less *RMB'000*
Borrowings included in non-current liabilities:	
At 31 December 2010	**—**
At 31 December 2009	176,096
Borrowings included in current liabilities:	
At 31 December 2010	**341,316**
At 31 December 2009	176,096

The maturity of the borrowings included in non-current liabilities is as follows:

	Group As at 31 December		Company As at 31 December	
	2010	2009	**2010**	2009
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Between 1 and 2 years	**2,775,570**	4,348,823	**—**	176,096
Between 2 and 5 years	**1,504,800**	2,839,180	**—**	—
Over 5 years	**400,000**	450,000	**—**	—
	4,680,370	7,638,003	**—**	176,096

The weighted average effective interest rates as at 31 December were as follows:

	Group As at 31 December		Company As at 31 December	
	2010	2009	**2010**	2009
— Bank borrowings	**5.52%**	6.73%	**3.49%**	4.30%

The carrying amounts of the borrowings approximate their fair values.

The carrying amounts of the borrowings are denominated in the following currencies:

	Group As at 31 December		Company As at 31 December	
	2010	2009	**2010**	2009
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
RMB	**9,523,590**	10,536,472	**—**	—
H.K. dollar	**341,316**	352,192	**341,316**	352,192
	9,864,906	10,888,664	**341,316**	352,192

21 CONVERTIBLE BOND

In 2008, the Company issued a RMB denominated USD settled 2.5% convertible bond (the "Bond") due 2013, of an initial principal amount of US$600 million (equivalent to approximately RMB4,314 million). At the option of bond holders, the aggregate amount of RMB4,314 million will be convertible into fully paid shares with a par value of HK$0.1 each of the Company. The value of the liability component of RMB3,781.3 million and the equity conversion component of RMB424.8 million, net of transaction cost of RMB107.9 million, were determined at issuance of the Bond.

The Bond matures in five years (February 2013) from the issue date at 121.306% of the nominal value or can be converted into ordinary shares of the Company on or after 3 April 2008 at contracted price (the initial conversion price is HK$9.05 per share) at a fixed exchange rate of RMB0.922 to HK$1.

Also, at the option of the bond holders, the Company will redeem some or all of the Bond on 22 February 2011 at the U.S. dollar equivalent of their principal amount in RMB multiplied by 111.997%, together with accrued but unpaid interest to the date of redemption (the "Put Option"). The Bond is therefore classified as a current liability at 31 December 2010.

The fair value of the liability component included in long-term borrowings was calculated using a market interest rate for an equivalent non-convertible bond. The liability component is subsequently stated at amortised cost until extinguished on conversion or maturity of the Bond. The residual amount, representing the value of the equity conversion component, is accounted for as a conversion option reserve included in other reserves (note 19).

As of 31 December 2010, the Company has repurchased the Bond totaling approximately RMB3,068 million out of the total principal amount of RMB4,314 million using the net proceeds from the issue of the senior notes (the "Repurchase").

The total consideration (including transaction costs) paid to repurchase the Bond is allocated to liability and equity components at the date of repurchase. The difference between the consideration allocated to the liability component and its carrying value at the date of repurchase is recognised in profit or loss. The amount of consideration relating to the equity component is recognised in equity.

The Repurchase resulted in a gain of approximately RMB61,873,000 and a decrease of RMB365,354,000 in the conversion option reserve.

The convertible bond recognised in the balance sheet was calculated as follows:

	Group and Company *RMB'000*
For the period from inception to 31 December 2009	
Face value of the convertible bond issued	4,314,000
Equity component	(424,821)
Transaction costs	(107,850)
Liability component on initial recognition	3,781,329
Interest expenses	658,957
Interest paid	(161,775)
Liability component as at 31 December 2009	4,278,511
For the year ended 31 December 2010	
Liability component as at 1 January 2010	**4,278,511**
Interest expenses *(note 29)*	**249,436**
Coupon paid	**(78,651)**
Repurchase	**(3,068,242)**
Liability component as at 31 December 2010	**1,381,054**

Interest expenses on the liability component of the convertible bond are calculated using the effective interest method, applying the effective interest rate of 9.24% per annum to the liability component.

The fair value of the liability component of the convertible bond at 31 December 2010 amount to RMB1,560,649,000. The fair value is calculated using the market price of the convertible bond on the balance sheet date.

22 SENIOR NOTES

On 2 September 2009, the Company issued senior notes in an aggregate principal amount of US$300,000,000. On 16 September 2009, the Company made an additional issue of senior notes in an aggregated principal amount of US$75,000,000 (collectively the "2014 Notes"). The 2014 Notes are listed on the Singapore Exchange Securities Trading Limited. The 2014 Notes carry interest at the rate of 11.75% per annum, payable semi-annually on March 10 and September 10 in arrears, and will mature on 10 September 2014, unless redeemed earlier.

At any time, the Company may at its option redeem the 2014 Notes, in whole or in part, at a redemption price equal to 100% of the principal amount of the 2014 Notes plus certain premium as of, and accrued and unpaid interest, if any, to the redemption date.

At any time prior to 10 September 2012, the Company may redeem up to 35% of the aggregate principal amount of the 2014 Notes with the net cash proceeds of one or more sales of common stock of the Company in an equity offering at a redemption price of 111.75% of the principal amount of the 2014 Notes, plus accrued and unpaid interest, if any, to (but not including) the redemption date.

On 15 April 2010, the Company issued senior notes in an aggregate principal amount of US$550,000,000 (the "2017 Notes"). The 2017 Notes are listed on the Singapore Exchange Securities Trading Limited. The 2017 Notes carry interest at the rate of 11.25% per annum, payable semi-annually on April 22 and October 22 in arrears, and will mature on 22 April 2017, unless redeemed earlier.

At any time on or after 22 April 2014, the Company may redeem the 2017 Notes, in whole or in part, at a redemption price equal to the percentage of principal amount set forth below plus accrued and unpaid interest to (but not including) the redemption date if redeemed during the twelve month period beginning on 22 April of each of the years indicated below.

Period	**Redemption price**
2014	105.625%
2015	102.8125%
2016 and thereafter	100.00%

At any time prior to 22 April 2014, the Company may at its option redeem the 2017 Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the 2017 Notes plus the applicable premium as of, and accrued and unpaid interest, if any, to (but not including) the redemption date. The Company will give not less than 30 days' nor more than 60 days' notice of any redemption.

At any time prior to 22 April 2013, the Company may redeem up to 35% of the aggregate principal amount of the 2017 Notes with the proceeds from sales of certain kinds of the Company's capital stock at a redemption price of 111.25% of the principal amount of the 2017 Notes, plus accrued and unpaid interest, if any, to (but not including) the redemption date, provided that at least 65% of the aggregate principal amount of the 2017 Notes originally issued remains outstanding after each such redemption and any such redemption takes place within 60 days after the closing of the related sale of the Company's capital stock and subject to certain conditions.

On 4 August 2010, the Company issued senior notes in an aggregate principal amount of US$400,000,000 (the "2015 Notes"). The 2015 Notes are listed on the Singapore Exchange Securities Trading Limited. The 2015 Notes carry interest at the rate of 10.50% per annum, payable semi-annually on February 11 and August 11 in arrears, and will mature on 11 August 2015, unless redeemed earlier.

At any time prior to 11 August 2015, the Company may at its option redeem the 2015 Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the 2015 Notes plus the applicable premium as of, and accrued and unpaid interest, if any, to (but not including) the redemption date.

At any time prior to 11 August 2013, the Company may redeem up to 35% of the aggregate principal amount of the 2015 Notes with the net cash proceeds of one or more sales of common stock of the Company in an equity offering at a redemption price of 110.50% of the principal amount of the 2015 Notes, plus accrued and unpaid interest, if any, to (but not including) the redemption date; provided that at least 65% of the aggregate principal amount of the 2015 Notes originally issued on the original issue date remains outstanding after each such redemption and any such redemption takes place within 60 days after the closing of the related equity offering.

The 2014 Notes, 2017 Notes and 2015 Notes contain a liability component and the above early redemption options:

(i) Liability component represents 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 is calculated by applying an effective interest rate of approximately 12.11% per annum, 11.81% and 11.23% per annum to the liability component of the 2014 Notes, 2017 Notes and 2015 Notes, respectively, since they were issued.

(ii) Early redemption options are regarded as embedded derivatives not closely related to the host contract. The Directors consider that the fair value of the above early redemption options is insignificant on initial recognition and at 31 December 2010.

The 2014 Notes, 2017 Notes and 2015 Notes recognised in the balance sheet were calculated as follows:

	Group and Company *RMB'000*
Initial fair value on the date of issuance	2,527,698
Exchange gains	(1,743)
Interest expenses *(note 29)*	76,468
Carrying amount as at 31 December 2009	2,602,423
Additions	6,294,734
Exchange gains	(203,259)
Interest expenses *(note 29)*	684,288
Coupon paid	(505,916)
Carrying amount as at 31 December 2010	8,872,270

The fair value of the senior notes at 31 December 2010 amount to RMB9,373,511,000. The fair value is calculated using the market price of the senior notes on the balance sheet date.

23 DERIVATIVE FINANCIAL INSTRUMENTS

Upon the issue of the RMB denominated USD settled 2.5% convertible bond as disclosed in note 21, the Company entered into a cash settled equity swap transaction (the "Equity Swap") for the Company's shares up to a value of US$250 million (equivalent to approximately HK$1,950 million) on 22 February 2008. Under the Equity Swap, the Company will either receive a payment from or settle a payment to Merrill Lynch International if the final price is higher or lower than the initial price upon termination of the Equity Swap. The initial price was determined in accordance with the formula as set out in the Equity Swap contract, and the final price will be determined with reference to the arithmetic mean of the relevant prices of the Company's shares on specified averaging dates upon termination of the Equity Swap. Besides, the termination date of the Equity Swap will be determined based on the earlier of 2013 or a date when certain condition as stipulated in the Equity Swap contract is fulfilled. According to the Equity Swap contract, both the Company and Merrill Lynch International have the option to early terminate the Equity Swap upon the occurrence of any holder of the Bond exercises the Put Option on the Put Option date, which is 22 February 2011. The derivative financial instruments are therefore classified as a current liability at 31 December 2010.

On 5 January 2011, the Company entered into an amendment and restatement agreement with Merrill Lynch International (the "Amendment"). Pursuant to the Amendment, Merrill Lynch International no longer has the above option to early terminate the Equity Swap and only the Company has the option to terminate the Equity Swap early on any scheduled trading day, at its election, prior to the termination of the Equity Swap.

According to the equity swap transactions entered with Merrill Lynch International, Merrill Lynch International would pay the Company an amount equivalent to the number of shares under equity swap multiplied by the dividend per Company's share as a return of the Equity Swap (note 26).

Derivative financial instruments liabilities as at balance sheet date are as follows:

	Group and Company	
	As at 31 December	
	2010	2009
	RMB'000	*RMB'000*
Equity Swap	**934,948**	990,124

During the effective period of the Equity Swap, the Company has put up collateral in the amount of US$250 million (equivalent to approximately RMB1,658 million) (the "Collateral") to Merrill Lynch International. Prior to the termination date of the Equity Swap, the change in fair value of the Equity Swap caused by fluctuation in the share price shall not pose any effect on the cash flow or normal operation of the Company. As at the termination date of the Equity Swap, the maximum loss caused by the Equity Swap due to decrease in the share price shall not exceed the value of the Collateral.

24 DEFERRED INCOME TAX — GROUP

The analysis of deferred tax assets and liabilities is as follows:

	As at 31 December	
	2010	2009
	RMB'000	*RMB'000*
		(restated)
Deferred income tax assets:		
— to be realised after more than 12 months	**776,354**	482,912
— to be realised within 12 months	**360,849**	409,983
	1,137,203	892,895
Deferred income tax liabilities:		
— to be settled after more than 12 months	**(671,903)**	(383,413)
	465,300	509,482

	As at 31 December	
	2010	2009
	RMB'000	*RMB'000*
		(restated)
The net movement on the deferred income tax account is as follows:		
Beginning of the year	**509,482**	753,161
Effect of change in accounting policy on land use rights	**—**	(53,953)
Beginning of the year, as restated	**509,482**	699,208
Recognised in profit or loss *(note 30)*	**(44,182)**	(189,726)
End of the year	**465,300**	509,482

Movement in deferred tax assets and liabilities without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Deferred income tax assets:

	Impairment of assets *RMB'000*	Recognition of expenses *RMB'000*	Elimination of unrealised profits *RMB'000*	Tax losses *RMB'000*	Total *RMB'000*
At 1 January 2009	536	171,518	683,757	236,546	1,092,357
Effect of change in accounting policy on land use rights	—	(53,953)	—	—	(53,953)
At 1 January 2009, restated	536	117,565	683,757	236,546	1,038,404
(Charged)/credited to profit or loss	—	9,877	(200,845)	45,459	(145,509)
At 31 December 2009	536	127,442	482,912	282,005	892,895
At 1 January 2010	**536**	**198,804**	**482,912**	**282,005**	**964,257**
Effect of change in accounting policy on land use rights	**—**	**(71,362)**	**—**	**—**	**(71,362)**
At 1 January 2010, restated	**536**	**127,442**	**482,912**	**282,005**	**892,895**
(Charged)/credited to profit or loss	**—**	**(12,463)**	**176,150**	**80,621**	**244,308**
At 31 December 2010	**536**	**114,979**	**659,062**	**362,626**	**1,137,203**

Deferred income tax assets are recognised for tax losses carried forward to the extent that the realisation of the related benefit through the future taxable profits is probable. The Group did not recognise deferred income tax assets as at 31 December 2010 of RMB16,212,000 (2009: RMB15,612,000) in respect of accumulated losses amounting to RMB64,847,000 as at 31 December 2010 (2009: RMB62,448,000). Accumulated losses amounting to RMB2,158,000, RMB15,266,000, RMB37,372,000, RMB6,962,000 and RMB3,089,000 as at 31 December 2010 will expire in 2011, 2012, 2013, 2014 and 2015 respectively.

Deferred income tax liabilities:

	Fair value gain on assets acquired *RMB'000*	Recognition of construction contract revenue and contract costs *RMB'000*	Withholding tax on profit to be distributed in future *RMB'000* *(note)*	Total *RMB'000*
At 1 January 2009	(64,959)	(218,924)	(55,313)	(339,196)
Credited/(charged) to profit or loss	1,373	3,297	(48,887)	(44,217)
At 31 December 2009	(63,586)	(215,627)	(104,200)	(383,413)
At 1 January 2010	**(63,586)**	**(215,627)**	**(104,200)**	**(383,413)**
Credited/(charged) to profit or loss *(note)*	**13,751**	**(171,277)**	**(130,964)**	**(288,490)**
At 31 December 2010	**(49,835)**	**(386,904)**	**(235,164)**	**(671,903)**

Note:

The RMB130,964,000 of withholding tax charged to profit or loss represented the RMB179,851,000 of current year's charge net off of RMB48,887,000 of reversal of prior year's charge representing the portion of dividends in the form of the Company's ordinary shares which is not subject to withholding tax (note 18 (b)).

The amount of profits on which withholding tax has not been recognised at 31 December 2010 is RMB4,786,709,000 (2009: RMB2,294,641,000).

25 TRADE AND OTHER PAYABLES

	Group	
	As at 31 December	
	2010	2009
	RMB'000	*RMB'000*
Trade payables *(note below)*	**7,058,506**	4,170,017
Other payables — third parties	**1,004,533**	1,652,528
Other taxes payable	**340,578**	283,111
Salaries payable	**539,087**	409,546
Accrued expenses	**134,544**	48,029
	9,077,248	6,563,231

The carrying amounts of trade and other payables approximate their fair values.

Note: The aging analysis of trade payables was as follows:

	Group As at 31 December	
	2010	2009
	RMB'000	*RMB'000*
Within 90 days	**6,685,400**	3,948,097
Over 90 days and within 180 days	**150,163**	94,430
Over 180 days and within 365 days	**124,925**	57,531
Over 365 days	**98,018**	69,959
	7,058,506	4,170,017

26 OTHER GAINS — NET

	Year ended 31 December	
	2010	2009
	RMB'000	*RMB'000*
Forfeiture income	**15,205**	16,925
Return on equity swap *(note 23)*	**12,918**	8,582
Gain on disposals of property, plant and equipment *(note 32)*	**4,735**	8,513
Gain on disposal of available-for-sale financial assets	**—**	113,996
Others	**8,092**	40,729
	40,950	188,745

27 EXPENSES BY NATURE

	Year ended 31 December	
	2010	2009
	RMB'000	*RMB'000*
		(restated)
Auditor's remuneration	**6,500**	6,500
Advertising costs	**234,814**	97,066
Amortisation of intangible assets *(note 8)*	**4,178**	3,722
Business taxes and other levies *(note)*	**1,618,350**	1,035,904
Costs of completed properties sold	**14,206,980**	10,596,968
Donations	**91,958**	74,948
Depreciation *(notes 6 and 7)*	**276,582**	219,103
Employee benefit expenses	**1,807,431**	1,168,081
Land use rights amortisation *(note 9)*	**29,442**	26,834
Surveillance charges	**21,455**	12,529
Rental expenses	**18,351**	19,193
Land usage taxes	**18,157**	31,551
Others	**573,361**	695,598
Total cost of sales, selling and marketing costs and administrative expenses	**18,907,619**	13,987,997

Note:

Business tax

The PRC subsidiaries of the Group are subject to business taxes on their revenues at the following rates:

Category	**Rate**
Sale of properties	5%
Property construction and decoration	3%
Property management	5%
Hotel service	5%

28 EMPLOYEE BENEFIT EXPENSES

	Year ended 31 December	
	2010	2009
	RMB'000	*RMB'000*
Wages and salaries	**2,766,271**	2,023,465
Retirement scheme contribution *(note a)*	**18,969**	13,875
Staff welfare	**43,358**	31,716
Medical benefits	**37,938**	27,751
Other allowances and benefits	**10,839**	7,929
	2,877,375	2,104,736

(a) Retirement scheme contribution

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 fund 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.

(b) Directors' and senior management's emoluments

The remuneration of every Director for the year ended 31 December 2010 is set out below:

Name of Director	Fees *RMB'000*	Salary *RMB'000*	Discretionary bonuses *RMB'000*	Inducement fees *RMB'000*	Other benefits *RMB'000*	Employer's contribution to pension scheme *RMB'000*	Compensation for loss of office as director *RMB'000*	Total *RMB'000*
Mr. Yeung Kwok Keung	—	3,500	—	—	—	9	—	3,509
Mr. Mo Bin (appointed on 22 July 2010)	—	1,250	—	—	—	2	—	1,252
Mr. Cui Jianbo (resigned on 20 January 2011)	—	2,000	—	—	—	7	—	2,007
Mr. Yang Erzhu	—	2,000	—	—	—	9	—	2,009
Ms. Yang Huiyan	—	1,700	—	—	—	7	—	1,707
Mr. Su Rubo	—	2,000	—	—	—	9	—	2,009
Mr. Zhang Yaoyuan	—	1,900	—	—	—	—	—	1,900
Mr. Ou Xueming	—	1,800	—	—	—	—	—	1,800
Mr. Yang Zhicheng	—	1,700	—	—	—	7	—	1,707
Mr. Yang Yongchao	—	1,900	—	—	—	7	—	1,907
Mr. Lai Ming, Joseph	300	—	—	—	—	—	—	300
Mr. Shek Lai Him, Abraham	300	—	—	—	—	—	—	300
Mr. Tong Wui Tung, Ronald	300	—	—	—	—	—	—	300
	900	19,750	—	—	—	57	—	20,707

The remuneration of each Director of the Company for the year ended 31 December 2009 is set out as below:

Name of Director	Fees *RMB'000*	Salary *RMB'000*	Discretionary bonuses *RMB'000*	Inducement fees *RMB'000*	Other benefits *RMB'000*	Employer's contribution to pension scheme *RMB'000*	Compensation for loss of office as director *RMB'000*	Total *RMB'000*
Mr. Yeung Kwok Keung	—	3,500	—	—	—	9	—	3,509
Mr. Cui Jianbo	—	2,000	—	—	—	6	—	2,006
Mr. Yang Erzhu	—	2,000	—	—	—	9	—	2,009
Ms. Yang Huiyan	—	1,700	—	—	—	6	—	1,706
Mr. Su Rubo	—	2,000	—	—	—	9	—	2,009
Mr. Zhang Yaoyuan	—	1,900	—	—	—	—	—	1,900
Mr. Ou Xueming	—	1,800	—	—	—	—	—	1,800
Mr. Yang Zhicheng	—	1,700	—	—	—	6	—	1,706
Mr. Yang Yongchao	—	1,900	—	—	—	6	—	1,906
Mr. Lai Ming, Joseph	300	—	—	—	—	—	—	300
Mr. Shek Lai Him, Abraham	300	—	—	—	—	—	—	300
Mr. Tong Wui Tung, Ronald	300	—	—	—	—	—	—	300
	900	18,500	—	—	—	51	—	19,451

During 2010 and 2009, no Directors received any emoluments from the Group as an inducement to join or leave the Group or compensation for loss of office, no Directors waived or has agreed to waive any emoluments.

(c) Five highest individuals

The five individuals whose emoluments were the highest in the Group for the year including two (2009: two) Directors whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining three (2009: three) individual during the year are as follows:

	Year ended 31 December	
	2010	2009
	RMB'000	*RMB'000*
Salaries and other benefits	**8,123**	7,844
Retirement scheme contributions	**335**	347
	8,458	8,191

The emoluments fell within the following band:

	Number of individuals	
	2010	2009
HK$2,000,000 to HK$3,000,000	**2**	2
HK$3,000,000 to HK$4,000,000	**—**	1
HK$4,000,000 to HK$5,000,000	**1**	—

29 FINANCE COSTS — NET

	Year ended 31 December	
	2010	2009
	RMB'000	*RMB'000*
Interest expense:		
— Bank borrowings	**545,755**	680,381
— Convertible bond *(note 21)*	**249,436**	367,879
— Senior notes *(note 22)*	**684,288**	76,468
Net foreign exchange (gains)/losses on financing activities	**(110,144)**	1,056
Finance costs	**1,369,335**	1,125,784
Less: amounts capitalised on qualifying assets	**(1,006,093)**	(403,359)
	363,242	722,425
Finance income:		
— Interest income on short-term bank deposits	**(76,592)**	(70,505)
— Gain on repurchase of the Bond *(note 21)*	**(61,873)**	—
Finance costs — net	**224,777**	651,920

30 INCOME TAX EXPENSES

	Year ended 31 December	
	2010	2009
	RMB'000	*RMB'000*
		(restated)
Current income tax		
— PRC enterprise income tax *(note (a))*	**1,484,462**	684,687
— Hong Kong profits tax *(note (b))*	**—**	—
— Land appreciation tax *(note (c))*	**873,367**	275,394
Deferred income tax *(note 24)*		
— PRC enterprise income tax	**(86,782)**	140,839
— Withholding tax on profit to be distributed in future	**130,964**	48,887
	2,402,011	1,149,807

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 companies as follows:

	Year ended 31 December	
	2010	2009
	RMB'000	*RMB'000*
		(restated)
Profit before income tax	**6,719,785**	3,385,938
Tax calculated at PRC corporate income tax rate of 25% (2009: 25%)	**1,679,946**	846,485
Land appreciation tax deductible for calculation of income tax purpose	**(218,342)**	(68,849)
Effect of different tax rate	**36**	(45)
Effect of tax exemption *(note (a))*	**(202,476)**	(64,040)
Tax losses not recognised as deferred income tax assets	**16,212**	15,612
Income not subject to tax	**(57,429)**	(62,877)
Expenses not deductible for tax	**179,733**	159,240
	1,397,680	825,526
Withholding tax on profit to be distributed in future	**130,964**	48,887
Land appreciation tax	**873,367**	275,394
Income tax expenses	**2,402,011**	1,149,807

Notes:

(a) PRC enterprise income tax is provided at the rate of 25% (2009: 25%) of the profits for the PRC statutory financial reporting purpose, adjusted for those items, which are not assessable or deductible for the PRC enterprise income tax purpose.

As approved by the local tax authority in August 2006, Guangdong Giant Leap Construction Co. Ltd., a subsidiary of the Group, has enjoyed a tax holiday of "two years exemption and followed by three years of a 50% tax reduction" since 2006. The preferential tax rate adopted by Guangdong Giant Leap Construction Co. Ltd., will also be gradually transited to the unified tax rate of 25% over a five-year transitional period. In light of the clarification for the transition to the new tax rate issued by the State Administration of Taxation issued on 6 December 2008, the preferential tax rate adopted by Guangdong Giant Leap Construction Co. Ltd. will be expired at the shorter of the existing preferential tax period and the five-year transitional period.

Furthermore, in accordance with the PRC Enterprise Income Tax Law and the "Implementation Rules of the People's Republic of China on the Enterprise Income Tax Law" promulgated by the State Council on 6 December 2008 and effective 1 January 2009, an income tax rate of 10% shall be applicable to any dividends payable to non-PRC enterprise investors from foreign invested enterprises.

(b) No Hong Kong profits tax was provided for the year as the Group did not have any assessable profit in Hong Kong (2009: nil).

(c) PRC land appreciation tax is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including cost of land use rights and all property development expenditures.

31 DIVIDENDS

	Year ended 31 December	
	2010	2009
	RMB'000	*RMB'000*
Proposed final dividend of RMB9.61 cents per share (2009: RMB4.50 cents) *(note)*	**1,604,790**	740,320

Note:

The dividends paid in 2010 and 2009 were RMB740,320,000 (RMB4.5 cents per ordinary share) and RMB490,800,000 (RMB3.00 cents per ordinary share) respectively. The Directors recommend the payment of a 2010 final dividend of RMB9.61 cents per ordinary share, totaling RMB1,604,790,000. Such dividend is to be approved by the shareholders at the Annual General Meeting on 28 April 2011. These financial statements do not reflect this dividend payable.

32 CASH GENERATED FROM OPERATIONS

	Year ended 31 December	
	2010	2009
	RMB'000	*RMB'000*
		(restated)
Profit for the year	**4,317,774**	2,236,131
Adjustments for:		
Income tax expense *(note 30)*	**2,402,011**	1,149,807
Interest income *(note 29)*	**(76,592)**	(70,505)
Interest expense *(note 29)*	**473,386**	721,369
Net foreign exchange (gains)/losses *(note 29)*	**(110,144)**	1,056
Depreciation *(notes 6 and 7)*	**276,582**	219,103
Amortisation of land use rights *(note 9)*	**29,442**	26,834
Amortisation of intangible assets *(note 8)*	**4,178**	3,722
Gain on disposals of property, plant and equipment *(note below)*	**(4,735)**	(8,513)
Gain on disposal of available-for-sale financial assets *(note 26)*	**—**	(113,996)
Share of loss of an associate *(note 11)*	**48,050**	—
Fair value changes on derivative financial instruments	**(55,176)**	(251,406)
Gain on repurchase of the Bond *(note 29)*	**(61,873)**	—
Changes in working capital (excluding the effects of acquisition of subsidiaries):		
Property under development and completed properties held for sale	**(10,154,641)**	(2,957,192)
Inventories	**123,346**	(175,009)
Restricted cash	**(943,481)**	(1,087,219)
Trade and other receivables	**(3,364,502)**	(3,575,884)
Prepaid taxes	**(394,446)**	146,111
Trade and other payables	**3,068,985**	501,084
Deferred government grants	**—**	107,780
Advanced proceeds received from customers	**7,689,908**	4,926,084
Cash generated from operations	**3,268,072**	1,799,357

Note:

In the statement of cash flows, proceeds from sale of property, plant and equipment comprise:

	Year ended 31 December	
	2010	2009
	RMB'000	*RMB'000*
Net book amount disposed	**23,637**	29,534
Less: Gain on disposals	**4,735**	8,513
Proceeds from disposal of property, plant and equipment	**28,372**	38,047

Non-cash transaction:

The principal non-cash transaction is the issue of shares to settle partial 2009 final dividend as a result of the scrip dividend scheme (note 18(b)).

33 PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The profit attributable to equity holders of the Company is dealt with in the financial statements of the Company to the extent of RMB1,719,627,000 (2009: RMB674,030,000).

34 EARNINGS PER SHARE

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year, excluding ordinary shares purchased by the Company and held as treasury shares (note 18(a)).

	Year ended 31 December	
	2010	2009
	(RMB cents per share)	*(RMB cents per share) restated*
Profit attributable to equity holders of the Company — Basic	**25.89**	13.41
Weighted average number of ordinary shares in issue *(thousands)*	**16,574,939**	16,337,278

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company's only dilutive potential ordinary shares is the convertible bond. The convertible bond is assumed to have been converted into ordinary shares, and the net profit is adjusted to eliminate the interest expenses. Since the impact of conversion of convertible bond on earnings per share is anti-dilutive for the years ended 31 December 2010 and 2009, diluted earnings per share equalled to basic earnings per share.

35 CONTINGENCIES

The Group had the following contingent liabilities:

	As at 31 December	
	2010	2009
	RMB'000	*RMB'000*
Guarantees in respect of mortgage facilities for certain purchasers *(note (a))*	**18,664,113**	13,540,342
Guarantee in respect of borrowings *(note (b))*	**1,024,578**	—
	19,688,691	13,540,342

Note:

(a) It represented the guarantees in respect of mortgage facilities granted by certain banks relating to the mortgage loans arranged for certain purchasers of the Group's 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. Of the amounts as at 31 December 2010 of RMB751,558,000 (2009: RMB256,375,000) was to be discharged two years from the day the mortgaged loans become due; and RMB17,912,555,000 (2009: RMB13,283,967,000), was to be discharged upon earlier of (i) issuance of the real estate ownership certificate which are generally be available within three months after the purchasers take possession of the relevant properties; and (ii) the satisfaction of mortgaged loan by the purchasers of properties.

The Directors consider that in case of default in payments, the net realisable value of the related properties can cover the repayment of the outstanding mortgage principals together with the accrued interest and penalty (see also note 4(b)) and therefore no provision has been made in the financial statements for the guarantees.

(b) This represents the maximum exposure of the guarantee provided for Li He for its bank borrowings.

36 COMMITMENTS — GROUP

(a) Commitments for capital and property development expenditures

	As at 31 December	
	2010	2009
	RMB'000	*RMB'000*
Contracted but not provided for		
Property, plant and equipment	**25,029**	35,384
Property development expenditures (including land premium)	**12,256,870**	16,269,548
	12,281,899	16,304,932

(b) Operating lease commitments

The future aggregate minimum lease payments under non-cancellable operating leases in respect of land and buildings are as follows:

	As at 31 December	
	2010	2009
	RMB'000	*RMB'000*
Not later than one year	**6,449**	3,361
Later than one year and not later than five years	**17,762**	29,442
Later than five years	**10,451**	8,503
	34,662	41,306

(c) Operating lease rentals receivable

The future aggregate minimum lease rentals receivable under non-cancellable operating leases in respect of land and buildings are as follows:

	As at 31 December	
	2010	2009
	RMB'000	*RMB'000*
Not later than one year	**42,998**	37,662
Later than one year and not later than five years	**165,671**	158,674
Later than five years	**59,850**	63,131
	268,519	259,467

37 RELATED PARTY TRANSACTION

(a) Name and relationship with related parties

Shareholders

Mr. Yang Erzhu, Ms. Yang Huiyan, Mr. Su Rubo, Mr. Zhang Yaoyuan and Mr. Ou Xueming.

Close family members of Shareholders

Mr. Yeung Kwok Keung, Mr. Zhang Chibiao, Ms. Zhang Yingyan, Mr. Yang Minsheng, Mr. Su Zhixian, Mr. Yang Zhicheng, Mr. Yang Zhigang, Ms. Yang Ziying, Ms. Ou Jieping, Ms. Ou Jieling and Mr. Wu Weizhong.

Controlled by Shareholders

Guangdong Elite Architectural Co., Ltd.	廣東博意建築設計院有限公司
Qingyuan Country Garden	清遠碧桂園物業發展有限公司

Controlled by Shareholders and their close family members

Foshan Shunde Jiangkou Water Plant Co., Ltd.	佛山市順德區江口自來水有限公司
Zengcheng Crystal Water Plant Co., Ltd.	增城市清源自來水廠有限公司
Foshan Landcoin Fiber Reinforce Plastic Co., Ltd.	佛山市順德區樂而康玻璃鋼製品有限公司
Grand Cement	佛山市順德區鴻業水泥製品有限公司

Associate

Li He	廣州利合房地產開發有限公司

The English names of certain of the companies referred to above in this note represent management's best efforts at translating the Chinese names of these companies as no English names have been registered or available.

(b) Transactions with related parties

During the year, the Group had the following significant transactions with related parties:

	Year ended 31 December	
	2010	2009
	RMB'000	*RMB'000*
(i) Construction and decoration service income (note (i)):		
Controlled by Shareholders:		
清遠碧桂園物業發展有限公司 Qingyuan Country Garden	**244,017**	366,825

	Year ended 31 December	
	2010	2009
	RMB'000	*RMB'000*
(ii) Purchase of design service (note (ii)):		
Controlled by Shareholders:		
廣東博意建築設計院有限公司 Guangdong Elite Architectural Co., Ltd.	**203,270**	226,385

	Year ended 31 December	
	2010	2009
	RMB'000	*RMB'000*
(iii) Purchase of construction materials and water (note (iii)):		
Controlled by Shareholders and their close family members:		
佛山市順德區江口自來水有限公司 Foshan Shunde Jiangkou Water Plant Co., Ltd.	**3,722**	1,966
增城市清源自來水廠有限公司 Zengcheng Crystal Water Plant Co., Ltd.	**11,801**	11,941
佛山市順德區鴻業水泥製品有限公司 Grand Cement	**106,505**	81,945
	122,028	95,852

	Year ended 31 December	
	2010	2009
	RMB'000	*RMB'000*
(iv) Disposal of available-for-sale financial assets:		
Controlled by Shareholders:		
廣東博意建築設計院有限公司 Guangdong Elite Architectural Co., Ltd.	**—**	143,995

	Year ended 31 December	
	2010	2009
	RMB'000	*RMB'000*
(v) Providing guarantee for borrowings:		
Associate:		
廣州利合房地產開發有限公司		
Li He *(note 35)*	**1,024,578**	—

(i) Construction and decoration fees were charged in accordance with the terms of the underlying agreements.

(ii) Design service fees were charged in accordance with the terms of the underlying agreements.

(iii) Construction materials and water charges were charged in accordance with the terms of the underlying agreements. In the opinion of the Directors, the fees were determined with reference to the market price in the prescribed year.

(c) Key management compensation

	Year ended 31 December	
	2010	2009
	RMB'000	*RMB'000*
Salaries and other short-term employee benefits	**30,115**	26,946
Retirement scheme contributions	**396**	399
	30,511	27,345

(d) Balances with related parties

As at 31 December 2010 and 2009, the Group had the following significant balances with related parties:

	As at 31 December	
	2010	2009
	RMB'000	*RMB'000*
(i) Balances due from related parties		
— included in amount due from customers of contract work:		
Controlled by Shareholders:		
清遠碧桂園物業發展有限公司 Qingyuan Country Garden	**325,010**	175,110
— included in other receivables and prepayments:		
Controlled by Shareholders:		
廣東博意建築設計院有限公司 Guangdong Elite Architectural Co., Ltd.	**106,383**	144,403
Associate:		
廣州利合房地產開發有限公司 Li He	**1,522,096**	—
	1,628,479	144,403
(ii) Balances due to related parties		
— included in trade payables:		
Controlled by Shareholders:		
廣東博意建築設計院有限公司 Guangdong Elite Architectural Co., Ltd.	**36,754**	134,050
Controlled by Shareholders and their close family members:		
增城市清源自來水廠有限公司 Zengcheng Crystal Water Plant Co. Ltd.	**753**	—
佛山市順德區鴻業水泥製品有限公司 Grand Cement	**2,335**	39,643
	39,842	173,693

Balances due from/to related parties are unsecured, interest-free and settled according to the contract terms.

38 PARTICULARS OF PRINCIPAL SUBSIDIARIES

The following is a list of principal subsidiaries at 31 December 2010:

Name	Date of incorporation/ establishment	Nominal value of issued and fully paid share capital/ paid-in capital	Percentage of attributable equity interest	Principal activities
Incorporated in the BVI, all of which are limited liability companies, operate in the PRC and directly held by the Company:				
Smart World Development Holdings Ltd	28 March 2006	US$300	100%	Investment holding
Incorporated in Hong Kong, a limited liability company, operates in Hong Kong and indirectly held by the Company:				
Country Garden (Hong Kong) Development Company Limited	21 September 2005	HK$1	100%	Investment holding
Incorporated in the BVI, all of which are limited liability companies and operate in the PRC and indirectly held by the Company:				
Estonia Development Ltd	21 March 2006	US$200	100%	Investment holding
Falcon Investments Development Ltd	21 March 2006	US$300	100%	Investment holding
United Gain Group Ltd	28 March 2006	US$200	100%	Investment holding
Wise Fame Group Ltd	28 March 2006	US$300	100%	Investment holding
Angel View International Limited	7 April 2006	US$200	100%	Investment holding
Boavista Investments Limited	7 April 2006	US$200	100%	Investment holding
Impreza Group Limited	7 April 2006	US$300	100%	Investment holding
Infiniti Holdings Development Limited	7 April 2006	US$300	100%	Investment holding
Established and operate in the PRC, all of which are foreign investment enterprises:				
Guangdong Giant Leap Construction Co., Ltd. (“Giant Leap Construction Co.”) 廣東騰越建築工程有限公司	25 March 1997	RMB 700,000,000	100%	Construction
Foshan Shunde Country Garden Property Development Co., Ltd. 佛山市順德區碧桂園物業發展有限公司	2 April 1997	RMB 1,387,491,620	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
Guangzhou Country Garden Property Development Co., Ltd. 廣州碧桂園物業發展有限公司	30 July 1998	RMB 506,000,000	100%	Property development
Foshan Shunde Finest Decoration & Design Enterprise 佛山市順德區雅駿裝飾設計工程有限公司	9 August 1999	RMB 107,871,900	100%	Decoration and design
Foshan Shunde Jun'an Country Garden Property Development Co., Ltd. 佛山市順德區均安碧桂園物業發展有限公司	28 June 2000	RMB 10,000,000	90%	Property development
Guangzhou Country Garden Commerce Services Co., Ltd. 廣州市碧桂園商務服務有限公司	18 September 2000	RMB 500,000	100%	Club operation
Zengcheng Country Garden Property Development Co., Ltd. 增城市碧桂園物業發展有限公司	22 September 2000	RMB 1,250,000,000	100%	Property development
Guangzhou Nansha Economic and Technological Development Zone Country Garden Property Development Co., Ltd. 廣州南沙經濟技術開發區碧桂園物業發展有限公司	2 August 2001	RMB 1,126,532,066	100%	Property development
Guangzhou Huadou Country Garden Property Development Co., Ltd. 廣州市花都碧桂園物業發展有限公司	24 January 2002	RMB 462,500,000	100%	Property development
Huizhou Huiyang Qishan Holiday Resorts Development Co., Ltd. 惠州市惠陽區岐山度假村發展有限公司	29 March 2002	RMB 60,000,000	90%	Property development
Heshan Country Garden Property Development Co., Ltd. 鶴山市碧桂園物業發展有限公司	9 July 2003	RMB 963,000,000	100%	Property development
Changsha Venice Palace Property Development Co., Ltd. 長沙威尼斯城房地產開發有限公司	1 August 2003	RMB 233,000,000	100%	Property development
Jiangmen East Coast Country Garden Property Development Co., Ltd. 江門市東岸房地產發展有限公司	13 August 2003	RMB 650,000,000	100%	Property development
Jiangmen Xinhui Country Garden Phoenix Hotel Co., Ltd. 江門市新會碧桂園鳳凰酒店有限公司	13 August 2003	RMB 130,100,000	100%	Hotel operation
Jiangmen Wuyi Country Garden Property Development Co., Ltd. 江門市五邑碧桂園房地產開發有限公司	28 September 2003	RMB 863,000,000	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
Guangzhou Huanan Country Garden Property Development Co., Ltd. ("Huanan Property Development") 廣州華南碧桂園房地產開發有限公司[1]	15 October 2003	RMB 8,000,000	50%	Property development
Heshan Country Garden Phoenix Hotel Co., Ltd. 鶴山市碧桂園鳳凰酒店有限公司	29 September 2003	RMB 116,300,000	100%	Hotel operation
Foshan Gaoming Country Garden Property Development Co., Ltd. 佛山市高明區碧桂園房地產開發有限公司	13 January 2004	RMB 1,162,500,000	100%	Property development
Zengcheng Country Garden Phoenix City Hotel Co., Ltd. 增城市碧桂園鳳凰城酒店有限公司	13 January 2004	RMB 500,700,000	100%	Hotel operation
Shenyang Hua Rui Real Estate Co., Ltd. 瀋陽華銳置業有限公司	25 March 2004	RMB 580,000,000	100%	Property development
Qingyuan Country Garden Holiday Islands Hotel Co., Ltd. 清遠市碧桂園假日半島酒店有限公司	5 April 2004	RMB 131,300,000	100%	Hotel operation
Guangdong Country Garden Property Management Co., Ltd. 廣東碧桂園物業管理有限公司	19 April 2004	RMB 12,100,000	100%	Property management
Changsha Economic and Technological Development Area Venice Palace Hotel Co., Ltd. 長沙經濟技術開發區威尼斯酒店有限公司	6 December 2004	RMB 110,800,000	100%	Hotel operation
Guanghzou Lychee Cultural Park Co., Ltd. 廣州市紅荔文化村有限公司	7 December 2004	RMB 12,300,000	100%	Theme park operation
Foshan Nanhai Country Garden Property Development Co., Ltd. 佛山市南海區碧桂園房地產開發有限公司	24 December 2004	RMB 365,200,000	100%	Property development
Jiangmen Wuyi Country Garden Phoenix Hotel Co., Ltd. 江門市五邑碧桂園鳳凰酒店有限公司	14 January 2005	RMB 103,800,000	100%	Hotel operation
Yangjiang Country Garden Phoenix Hotel Co., Ltd. 陽江市碧桂園鳳凰酒店有限公司	2 February 2005	RMB 130,750,624	100%	Hotel operation
Yangdong Country Garden Property Development Co., Ltd. 陽東縣碧桂園房地產開發有限公司	2 February 2005	RMB 197,351,958	100%	Property development
Taishan Country Garden Property Development Co., Ltd. 台山市碧桂園房地產開發有限公司	21 March 2005	RMB 322,288,631	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
Taishan Country Garden Phoenix Hotel Co., Ltd. 台山市碧桂園鳳凰酒店有限公司	4 August 2005	RMB 87,764,151	100%	Hotel operation
Foshan Gaoming Country Garden Phoenix Hotel Co., Ltd. 佛山市高明區碧桂園鳳凰酒店有限公司	30 September 2005	RMB 163,100,000	100%	Hotel operation
Tianjin Phoenix Investment Development Co., Ltd. 天津鳳凰投資發展有限公司	5 July 2006	RMB 30,000,000	70%	Property development
Zhaoqing Gaoxin Country Garden Property Development Co., Ltd. 肇慶市高新區碧桂園房地產開發有限公司	10 July 2006	RMB 5,000,000	100%	Property development
Shaoguan Shunhong Property Development Co., Ltd. 韶關市順宏房地產開發有限公司	12 July 2006	RMB 747,800,000	100%	Property development
Gaoyao Biyi Property Development Co., Ltd. 高要市碧頤房地產開發有限公司	15 September 2006	RMB 20,000,000	51%	Property Development
Manzhouli Country Garden Property Development Co., Ltd. 滿洲里碧桂園房地產開發有限公司	12 December 2006	RMB 357,900,000	100%	Property Development
Chaohu Country Garden Property Development Co., Ltd. 巢湖市碧桂園房地產開發有限公司	18 December 2006	RMB 1,115,200,000	100%	Property Development
Tianjin Country Garden Phoenix Hotel Co., Ltd. 天津碧桂園鳳凰酒店有限公司	26 December 2006	RMB 10,000,000	100%	Hotel operation
Tianjin Country Garden Investment Development Co., Ltd. 天津碧桂園投資發展有限公司	26 December 2006	RMB 10,000,000	100%	Property development
Zhaoqing Gaoyao Country Garden Phoenix Hotel Co., Ltd. 肇慶市高要碧桂園鳳凰酒店有限公司	31 December 2006	RMB 5,000,000	100%	Hotel operation
Taizhou Country Garden Property Development Co., Ltd. 泰州市碧桂園房地產開發有限公司	5 January 2007	RMB 548,300,000	100%	Property development
Shenyang Country Garden Property Development Co., Ltd. 瀋陽市碧桂園房地產開發有限公司	11 January 2007	RMB 1,350,000,000	100%	Property development
Lechang Country Garden Property Development Co., Ltd. 樂昌市碧桂園房地產開發有限公司	15 February 2007	RMB 124,800,000	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
Shenyang Hunnan Xincheng Country Garden Property Development Co., Ltd. 瀋陽渾南新城碧桂園房地產開發有限公司	25 April 2007	RMB 1,540,000,000	100%	Property development
Shenyang Yidong Real Estate Co., Ltd 瀋陽伊東置業有限公司	25 April 2007	RMB 460,512,978	100%	Property development
Enping Country Garden Property Development Co.,Ltd. 恩平市碧桂園房地產開發有限公司	28 April 2007	RMB 220,000,000	100%	Property development
Zhangjiajie Country Garden Phoenix Hotel Co., Ltd 張家界碧桂園鳳凰酒店有限公司	8 May 2007	RMB 239,237,947	100%	Hotel operation
Huizhou Huiyang Country Garden Phoenix Hotel Co., Ltd 惠州市惠陽區碧桂園鳳凰酒店有限公司	9 May 2007	RMB 5,000,000	100%	Hotel operation
Anhui Hexian Country Garden Property Development Co., Ltd. 安徽和縣碧桂園房地產開發有限公司	15 May 2007	RMB 750,000,000	100%	Property development
Anhui Hexian Huarui Real Estate Co., Ltd. 安徽和縣華瑞置業有限公司	15 May 2007	RMB 218,842,923	100%	Property development
Shenyang Shenbei Xincheng Yidong Real Estate Co., Ltd. 瀋陽瀋北新城伊東置業有限公司	18 May 2007	RMB 750,000,000	100%	Property development
Tianjin Xinbi Investment Development Co., Ltd. 天津新碧投資發展有限公司	25 May 2007	RMB 460,000,000	100%	Investment holding
Yangjiang Hengda Real Estate Co., Ltd. 陽江市恒達置業有限公司	30 May 2007	RMB 75,965,094	100%	Property development
Shaoguan Country Garden Property Development Co., Ltd. 韶關市碧桂園房地產開發有限公司	5 June 2007	RMB 750,000,000	100%	Property development
Changsha Ningxiang Country Garden Property Development Co., Ltd. 長沙市寧鄉碧桂園房地產開發有限公司	5 June 2007	RMB 230,000,000	100%	Property development
Shaoguan Country Garden Phoenix Hotel Co., Ltd. 韶關市碧桂園鳳凰酒店有限公司	5 June 2007	RMB 80,000,000	100%	Hotel operation
Anhui Zhongmiao Country Garden Property Development Co., Ltd. 安徽中廟碧桂園房地產開發有限公司	8 June 2007	RMB 420,000,000	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
Anhui Hexian Country Garden Phoenix Hotel Co., Ltd. 安徽和縣碧桂園鳳凰酒店有限公司	8 June 2007	RMB 48,592,354	100%	Hotel operation
Shanwei Country Garden Property Development Co., Ltd. 汕尾市碧桂園房地產開發有限公司	12 June 2007	RMB 100,000,000	100%	Property development
Sichuan Rongxin Investment Co., Ltd. 四川榮欣投資有限公司	14 June 2007	RMB 10,000,000	85%	Investment holding
Sihui Country Garden Phoenix Hotel Co., Ltd. 四會市碧桂園鳳凰酒店有限公司	21 June 2007	RMB 29,996,827	100%	Hotel operation
Zhaoqing Sihui Huaping Real Estate Co., Ltd. 肇慶四會華平置業有限公司	21 June 2007	RMB 216,167,341	100%	Property development
Sihui Country Garden Property Development Co., Ltd. 四會市碧桂園房地產開發有限公司	22 June 2007	RMB 150,045,599	100%	Property development
Wuhan Country Garden Property Development Co., Ltd. 武漢市碧桂園房地產開發有限公司	26 June 2007	RMB 97,091,000	100%	Property development
Wuhan Country Garden Phoenix Hotel Co., Ltd. 武漢市碧桂園鳳凰酒店有限公司	26 June 2007	RMB 26,971,140	100%	Hotel operation
Shaoguan Country Garden Fujingwan Hotel Co., Ltd. 韶關市碧桂園芙景灣酒店有限公司	28 June 2007	RMB 6,029,351	100%	Hotel operation
Keyouqianqi Country Garden Property Development Co., Ltd. 科右前旗碧桂園房地產開發有限公司	29 July 2007	RMB 180,000,000	100%	Property development
Keyouqianqi Country Garden Phoenix Hotel Co., Ltd. 科右前旗碧桂園鳳凰酒店有限公司	29 July 2007	RMB 10,000,000	100%	Hotel operation
Chizhou Country Garden Property Development Co., Ltd. 池州市碧桂園房地產開發有限公司	30 July 2007	RMB 251,000,000	100%	Property development
Chizhou Country Garden Phoenix Hotel Co., Ltd. 池州市碧桂園鳳凰酒店有限公司	30 July 2007	RMB 45,000,000	100%	Hotel operation
Chaohu Country Garden Le Phoenix Hotel Co., Ltd. 巢湖碧桂園鳳城酒店有限公司	31 July 2007	RMB 20,000,000	100%	Hotel operation
Chongqing Country Garden Property Development Co., Ltd. 重慶市碧桂園房地產開發有限公司	3 August 2007	RMB 310,000,000	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
Chongqing Country Garden Phoenix Hotel Co., Ltd. 重慶市碧桂園鳳城酒店有限公司	3 August 2007	RMB 100,000,000	100%	Hotel operation
Xianning Country Garden Property Development Co., Ltd. 咸寧碧桂園房地產開發有限公司	8 August 2007	RMB 250,000,000	100%	Property development
Xianning Country Garden Phoenix Hot Spring Hotel Co., Ltd. 咸寧碧桂園鳳凰溫泉酒店有限公司	8 August 2007	RMB 20,000,000	100%	Hotel operation
Yiyang Country Garden Property Development Co., Ltd. 益陽市碧桂園房地產開發有限公司	10 August 2007	RMB 150,000,000	100%	Property development
Yiyang Country Garden Phoenix Hotel Co., Ltd. 益陽市碧桂園鳳凰酒店有限公司	10 August 2007	RMB 50,000,000	100%	Hotel operation
Lechang Country Garden Phoenix Hotel Co., Ltd. 樂昌市碧桂園鳳凰酒店有限公司	17 August 2007	RMB 10,000,000	100%	Hotel operation
Shenyang Nanying Country Garden Hotel Co., Ltd. 瀋陽南營碧桂園酒店有限公司	21 August 2007	RMB 8,044,487	100%	Hotel operation
Shenyang Binhe Country Garden Hotel Co., Ltd. 瀋陽濱河碧桂園酒店有限公司	21 August 2007	RMB 14,057,288	100%	Hotel operation
Shenyang Huashan Country Garden Hotel Co., Ltd. 瀋陽花山碧桂園酒店有限公司	27 August 2007	RMB 11,967,102	100%	Hotel operation
Shenyang Daoyi Country Garden Hotel Co., Ltd. 瀋陽道義碧桂園酒店有限公司	27 August 2007	RMB 8,993,110	100%	Hotel operation
Haicheng Country Garden Property Development Co., Ltd. 海城市碧桂園房地產開發有限公司	30 August 2007	RMB 350,000,000	100%	Property development
Lufeng Country Garden Property Development Co., Ltd. 陸豐碧桂園房地產開發有限公司	30 August 2007	RMB 100,000,000	100%	Property development
Haicheng Country Garden Phoenix Hotel Co., Ltd. 海城市碧桂園鳳凰酒店有限公司	30 August 2007	RMB 1,000,000	100%	Hotel operation
Suizhou Country Garden Phoenix Hotel Co., Ltd. 隨州碧桂園鳳凰酒店有限公司	30 August 2007	RMB 40,000,000	100%	Hotel operation
Maoming Country Garden Property Development Co., Ltd. 茂名市碧桂園房地產開發有限公司	31 August 2007	RMB 350,000,000	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
Suizhou Country Garden Property Development Co., Ltd. 隨州碧桂園房地產開發有限公司	31 August 2007	RMB 580,000,000	100%	Property development
Ningxiang Country Garden Phoenix Hotel Co., Ltd. 寧鄉碧桂園鳳凰酒店有限公司	3 September 2007	RMB 20,000,000	100%	Hotel operation
Yangshan Country Garden Property Development Co., Ltd. 陽山碧桂園房地產開發有限公司	5 September 2007	RMB 130,000,000	100%	Property development
Chaohu Country Garden La Phoenix Hotel Co., Ltd. 巢湖碧桂園凰城酒店有限公司	7 September 2007	RMB 20,000,000	100%	Hotel operation
Manzhouli Country Garden Phoenix Hotel Co., Ltd. 滿洲里碧桂園鳳凰酒店有限公司	19 September 2007	RMB 50,000,000	100%	Hotel operation
Anqing Country Garden Property Development Co., Ltd. 安慶碧桂園房地產開發有限公司	27 September 2007	RMB 740,000,000	100%	Property development
Anqing Country Garden Phoenix Hotel Co., Ltd. 安慶碧桂園鳳凰酒店有限公司	29 September 2007	RMB 150,000,000	100%	Hotel operation
Huangshan Country Garden Property Development Co., Ltd. 黃山碧桂園房地產開發有限公司	30 September 2007	RMB 180,000,000	100%	Property development
Huangshan Country Garden Phoenix Hotel Co., Ltd. 黃山碧桂園鳳凰酒店有限公司	30 September 2007	RMB 40,000,000	100%	Hotel operation
Shenyang Huiying Real Estate Co., Ltd. 瀋陽匯盈置業有限公司	9 October 2007	RMB 281,318,414	100%	Property development
Shenyang Dedi Real Estate Co., Ltd. 瀋陽德地置業有限公司	9 October 2007	RMB 369,851,683	100%	Property development
Tianjin Shunyin Greenery Co., Ltd. 天津市順茵綠化工程有限公司	10 October 2007	RMB 500,000	100%	Environmental protection
Tongliao Country Garden Property Development Co., Ltd. 通遼碧桂園房地產開發有限公司	15 October 2007	RMB 500,000,000	100%	Property development
Tongliao Country Garden Hotel Co., Ltd. 通遼碧桂園酒店有限公司	15 October 2007	RMB 30,000,000	100%	Hotel operation
Wuhu Country Garden Property Development Co., Ltd. 蕪湖晉智房地產開發有限公司	5 November 2007	RMB 800,000,000	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
Wuhu Country Garden Maritim Hotel Co., Ltd. 蕪湖碧桂園瑪麗蒂姆酒店有限公司	5 November 2007	RMB 60,000,000	100%	Hotel operation
Guangzhou Country Garden Shuttle Bus Services Co., Ltd. 廣州碧桂園樓巴服務有限公司	19 November 2007	RMB 5,000,000	100%	Transportation
Tianjin Deyu Investment Development Co., Ltd. 天津德域投資發展有限公司	28 November 2007	RMB 10,000,000	100%	Investment holding
Liuyang Country Garden Property Development Co., Ltd. 瀏陽碧桂園房地產開發有限公司	4 December 2007	RMB 150,000,000	100%	Property development
Zhaoqing Deye Construction Co., Ltd. 肇慶市德業建築工程有限公司	6 December 2007	RMB 2,999,172	100%	Construction
Zhaoqing Country Garden Furniture Co., Ltd. 肇慶市碧桂園現代家居有限公司	12 December 2007	RMB 178,421,223	100%	Manufacturing of furniture
Shenyang Bifeng Greenery Co., Ltd. 瀋陽市碧豐綠化工程有限公司	25 December 2007	RMB 500,000	100%	Environmental protection
Sichuan Hongyu Real Estate Co., Ltd. 四川弘毓實業發展有限公司	11 January 2008	RMB 15,110,000	85%	Property development
Huidong Country Garden Property Development Co., Ltd. 惠東碧桂園房地產開發有限公司	23 January 2008	RMB 450,000,000	100%	Property development
Taizhou Country Garden Phoenix Hotel Co., Ltd. 泰州市碧桂園鳳凰酒店有限公司	19 February 2008	RMB 50,000,000	100%	Hotel operation
Guangdong Guosheng Project Management Co., Ltd. 廣東國晟建設監理有限公司	6 March 2008	RMB 3,000,000	100%	Construction
Yangchun Country Garden Property Development Co., Ltd. 陽春碧桂園房地產開發有限公司	13 March 2008	RMB 40,623	100%	Property development
Guangdong Guoliang Construction Co., Ltd. 廣東國良建築工程有限公司	13 March 2008	RMB 10,000,000	100%	Construction
Yangshan Country Garden Phoenix Hotel Co., Ltd. 陽山碧桂園鳳凰酒店有限公司	30 April 2008	RMB 130,750,624	100%	Hotel operation
Foshan Shunde Biri Safeguard Monitor Engineeing Co., Ltd. 佛山市順德區碧日安防工程有限公司	8 July 2008	RMB 8,000,000	100%	Safegaurd Monitor

Name	Date of incorporation/ establishment	Nominal value of issued and fully paid share capital/ paid-in capital	Percentage of attributable equity interest	Principal activities
Suihua Country Garden Property Development Co., Ltd. 綏化碧桂園房地產開發有限公司	17 July 2008	RMB 100,000,000	100%	Property development
Chaohu Zhongmiao Country Garden Water Services Co., Ltd. 巢湖市中廟碧桂園水務有限公司	19 August 2008	RMB 500,000	100%	Water Service
Jingmen Country Garden Property Development Co., Ltd. 荊門碧桂園房地產開發有限公司	10 September 2008	RMB 130,000,000	100%	Property development
Jingmen Country Garden Phoenix Hotel Co., Ltd. 荊門碧桂園鳳凰酒店有限公司	10 September 2008	RMB 5,000,000	100%	Hotel operation
Tianjin Balizhou Country Garden Hotel Co., Ltd. 天津八里洲碧桂園酒店有限公司	22 September 2008	RMB 5,000,000	100%	Hotel operation
Tianjin Balizhou Country Garden Property Development Co., Ltd. 天津八里洲碧桂園房地產開發有限公司	25 September 2008	RMB 183,000,000	100%	Property development
Hexian Country Garden Water Services Co., Ltd. 和縣碧桂園水務有限公司	9 October 2008	RMB 500,000	100%	Water Service
Foshan Shunde Bijing Electronic Technologic Co., Ltd. 佛山市順德區碧晶電子科技有限公司	19 November 2008	RMB 2,000,000	100%	Technologic development for household appliance
Dongguan Country Garden Property Development Co., Ltd. 東莞市碧桂園房地產開發有限公司	25 September 2010	RMB 600,000,000	100%	Property development
Foshan Chancheng Country Garden Property Development Co., Ltd. 佛山市禪城區碧桂園房地產開發有限公司	13 November 2010	RMB 1,000,000,000	90%	Property development
Shenyang Qipanshan Country Garden Property Development Co., Ltd. 瀋陽市棋盤山碧桂園房地產開發有限公司	28 September 2010	RMB 176,134,163	100%	Property development
Wuhan Eco-city Country Garden Investment Co., Ltd. 武漢生態城碧桂園投資有限公司	4 December 2010	RMB 100,000,000	55%	Property development
Kaiping Xinzhihe Property Development Co., Ltd. 開平市新智合房地產開發有限公司	6 November 2006	RMB 40,000,000	100%	Property development
Foshan Nanhai Wonderland Property Development Co., Ltd. 佛山市南海山水桃園房地產有限公司	22 March 2004	RMB 60,000,000	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
Huaiji Country Garden Property Development Co., Ltd. 懷集碧桂園房地產開發有限公司	2 November 2009	RMB 30,000,000	100%	Property development
Zhongshan Country Garden Property Development Co., Ltd. 中山市碧桂園房地產開發有限公司	28 October 2009	RMB 20,000,000	100%	Property development
Deqing Country Garden Property Development Co., Ltd. 德慶碧桂園房地產開發有限公司	24 November 2009	RMB 30,000,000	100%	Property development
Beiliu Country Garden Property Development Co., Ltd. 北流市房地產開發有限公司	01 December 2009	RMB 50,000,000	100%	Property development
Yunfu Country Garden Property Development Co., Ltd. 雲浮市碧桂園房地產開發有限公司	18 December 2009	RMB 50,000,000	100%	Property development
Foshan Shunde Xinbi Trading Co., Ltd. 佛山市順德區新碧貿易有限公司	16 January 2009	RMB 40,000,000	100%	Trading
Shenyang Qipanshan Country Garden Hotel Co., Ltd. 瀋陽市棋盤山碧桂園酒店有限公司	27 November 2009	RMB 1,000,000	100%	Hotel operation
Foshan Shunde Longjiang Country Garden Phoenix Hotel Co., Ltd. 佛山市順德區龍江鎮碧桂園鳳凰酒店有限公司	11 November 2009	RMB 30,000,000	100%	Hotel operation
Fogang Huaxin Real Estate Co., Ltd. 佛岡華欣置業有限公司	26 October 2009	RMB 52,818,000	100%	Decoration Afforestation Land consolidation
Qingyuan Holiday Islands Country Garden Real Estate Development Co., Ltd. 清遠假日半島碧桂園置業發展有限公司	12 June 2009	RMB 120,000,000	100%	Property development
Jurong Country Garden Property Development Co., Ltd. 句容碧桂園房地產開發有限公司	12 August 2010	RMB 250,000,000	100%	Property development
Chuzhou Country Garden Property Development Co., Ltd. 滁州碧桂園房地產開發有限公司	17 August 2010	RMB 250,000,000	100%	Property development
Fengkai Country Garden Property Development Co., Ltd. 封開碧桂園房地產開發有限公司	14 October 2010	RMB 10,000,000	100%	Property development
Haifeng Country Garden Property Development Co., Ltd. 海豐碧桂園房地產開發有限公司	26 October 2010	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	Principal activities
Heshan Zhishan Country Garden Property Development Co., Ltd. 鶴山市址山碧桂園房地產開發有限公司	13 November 2010	RMB 150,000,000	80%	Property development
Heyuan Country Garden Property Development Co., Ltd. 河源市碧桂園房地產開發有限公司	7 December 2010	RMB 50,000,000	100%	Property development
Beiliu Country Garden Phoenix Hotel Co., Ltd. 北流市碧桂園鳳凰酒店有限公司	1 December 2009	RMB 5,000,000	100%	Hotel operation
Yunfu Country Garden Phoenix Hotel Co., Ltd. 雲浮市碧桂園鳳凰酒店有限公司	4 January 2010	RMB 10,000,000	100%	Hotel operation
Fogang Country Garden Property Development Co., Ltd. 佛岡碧桂園房地產開發有限公司	26 October 2009	—	100%	Property development
Qingyuan Zhuoyue Hongjiang Real Estate Investment Co., Ltd. 清遠市卓越弘建置業投資有限公司	27 October 2009	RMB 50,000,000	100%	Property development
Jiangmen Xinhui Country Garden Property Development Co., Ltd. 江門市新會區碧桂園房地產開發有限公司	12 January 2010	RMB 180,000,000	100%	Property development
Maoming Shuidongwan Country Garden Property Development Co., Ltd. 茂名市水東灣碧桂園房地產開發有限公司	20 January 2010	RMB 100,000,000	100%	Property development
Jiangmen Jianghai Country Garden Property Development Co., Ltd. 江門市江海區碧桂園房地產開發有限公司	13 January 2010	RMB 120,000,000	100%	Property development
Guangzhou Country Garden Anhua Real Estate Co., Ltd. 廣州碧桂園安華置業有限公司	4 June 2010	RMB 5,000,000	80%	Property development
Wuhan Country Garden Lianfa Investment Co., Ltd. 武漢碧桂園聯發投資有限公司	21 January 2010	RMB 120,000,000	52%	Property development
Dongguan Shuntang Country Garden Property Development Co., Ltd. 東莞市順塘碧桂園房地產開發有限公司	24 December 2010	RMB 10,000,000	51%	Property development
Huidong Country Garden Hotel Co., Ltd. 惠東碧桂園酒店有限公司	22 January 2008	—	100%	Hotel operation
Fogang Country Garden Hotel Co., Ltd. 佛岡碧桂園酒店有限公司	26 October 2009	—	100%	Hotel operation

Name	Date of incorporation/ establishment	Nominal value of issued and fully paid share capital/ paid-in capital	Percentage of attributable equity interest	Principal activities
Suihua Dehui Development Co., Ltd. 綏化德匯實業發展有限公司	7 December 2007	—	100%	Property development
Guangzhou Greenday Energy and Technology Co., Ltd. 廣州市碧日能源科技有限公司	29 December 2008	RMB 5,000,000	100%	Technologic development for household appliance
Chaohu Bifeng Greenery Co., Ltd. 巢湖市碧豐綠化工程有限公司	23 June 2009	RMB 500,000	100%	Decoration afforestation land consolidation
Wuhan Bifeng Greenery Co., Ltd. 武漢市碧豐綠化工程有限公司	12 July 2009	RMB 500,000	100%	Decoration afforestation land consolidation
Shenyang Giant Leap Construction Co., Ltd. 瀋陽騰越建築工程有限公司	10 December 2009	RMB 3,000,000	100%	Construction
Foshan Shunde Teng'an Fire Design Engineering Co., Ltd. 佛山市順德區騰安消防設計工程有限公司	6 January 2010	RMB 5,000,000	100%	Construction
Laian Country Garden Property Development Co., Ltd. 來安碧桂園房地產開發有限公司	15 December 2010	RMB 50,000,000	100%	Property development

[1] The Directors are of the opinion that the Group has the power to govern the financial and operating policies of Huanan Property Development, therefore, it is regarded as a subsidiary of the Group.

The English names of the PRC companies referred to above in this note represent management's best efforts in translating the Chinese names of those companies as no English names haven been registered or available.

FINANCIAL REVIEW

Revenue

Revenue of the Group was primarily comprised of the proceeds from the sale of properties and provision of services after the elimination of transactions among subsidiaries of the Company. The revenue was primarily generated from its four business segments: property development, construction and decoration, property management and hotel operation. The revenue increased by 46.7% to approximately RMB25,804.1 million in 2010 from approximately RMB17,585.7 million in 2009, primarily attributable to the increase in sales of properties. The revenues generated from property development, construction and decoration, property management and hotel operation are RMB24,637.8 million, RMB288.7 million, RMB405.4 million and RMB472.2 million, respectively.

Property development

Revenue generated from property development increased by 48.9% to approximately RMB24,637.8 million in 2010 from approximately RMB16,544.9 million in 2009; primarily attributable to a 41.3% increase in total gross floor area ("GFA") sold to 4,928,607 sq.m. in 2010 from 3,488,784 sq.m. in 2009. The recognized average selling price of property increased to RMB4,999 per sq.m. in 2010 from RMB4,742 per sq.m. in 2009, which indicated a 5.4% increase.

Construction and decoration

Revenue generated from construction and decoration decreased by 23.5% to approximately RMB288.7 million in 2010 from approximately RMB377.2 million in 2009, primarily attributable to a decrease in the volume of construction and decoration services rendered to Qingyuan Country Garden Property Development Co., Ltd., a related party of the Group.

Property management

Revenue generated from property management increased by 16.1% to approximately RMB405.4 million in 2010 from approximately RMB349.3 million in 2009, primarily attributable to an increase in the cumulative GFA under management resulting from the construction completion and delivery of properties such as Country Garden Phoenix City, Gaoming Country Garden, Heshan Country Garden, Shaoguan Country Garden in 2009 and 2010.

Hotel operation

Revenue generated from hotel operation increased by 50.3% to approximately RMB472.2 million in 2010 from approximately RMB314.3 million in 2009, primarily attributable to further maturity of the hotel segment and the opening of Chongqing Country Garden Phoenix Hotel in September 2010, Jingmen Country Garden Phoenix Hotel in October 2010 and Wuhu Country Garden Maritim Hotel in December 2010.

Cost of sales

Cost of sales of the Group represented primarily the costs incurred directly by the property development activities which included construction, decoration and design costs, land use rights cost and business taxes.

Cost of sales increased by 34.6% to approximately RMB17,452.9 million in 2010 from approximately RMB12,967.6 million (Restated) in 2009. The increase in construction, decoration and design costs was in line with the increase in total sales of property.

Gross profit

Gross profit (before land appreciation tax provision) of the Group increased by 80.8% to approximately RMB8,351.2 million in 2010 from approximately RMB4,618.1 million (Restated) in 2009. The gross margin in 2010 increased to 32.4% from 26.3% (Restated) in 2009.

Other gains — net

Other gains — net of the Group decreased by 78.3% to approximately RMB40.9 million of gain in 2010 from approximately RMB188.7 million of gain in 2009. The relatively large other gains — net in 2009 was mainly due to the gain of RMB114.0 million from the disposal of the Group's 29,999,000 shares of The Rural Credit Cooperatives Union of Shunde at a consideration of RMB4.8 per share in 2009.

Selling and marketing costs

Selling and marketing costs of the Group increased by 91.5% to approximately RMB621.5 million in 2010 from approximately RMB324.6 million in 2009, which was primarily attributable to a 141.9% increase in advertisement expense from approximately RMB97.1 million in 2009 to approximately RMB234.8 million in 2010. As the property market recovered, the Group launched heavy promotions to maintain its market share in 2010.

Administrative expenses

Administrative expenses of the Group increased by 19.7% to approximately RMB833.2 million in 2010 from approximately RMB695.8 million (Restated) in 2009, primarily attributable to a 36% increase of salary expenses in 2010, from approximately RMB213.9 million in 2009 to approximately RMB291.0 million in 2010. In addition, the Group's donation increased by 22.7% to approximately RMB92.0 million in 2010 from approximately RMB75.0 million in 2009.

Finance costs — net

Finance costs — net of the Group decreased by 65.5% to approximately RMB224.8 million in 2010 from approximately RMB651.9 million in 2009. A gain of approximately RMB61.9 million was incurred from the repurchase of convertible bond with carrying value of RMB3,068.2 million in 2010. The interest expense increased by 31.5% to approximately RMB1,479.5 million in 2010 from approximately RMB1,124.7 million in 2009. The capitalized interest cost increased by 149.4% to approximately RMB1,006.1 million in 2010 from approximately RMB403.4 million in 2009. In addition, due to the appreciation of Renminbi, the exchange gain of the Group was approximately RMB110.1 million in 2010 compared with the exchange loss of approximately RMB1.1 million in 2009.

Fair value changes on derivative financial instruments

On 15 February 2008, the Company entered into a cash settled equity swap transaction (the "Equity Swap") with Merrill Lynch International for the Company's shares up to a value of US$250 million (equivalent to approximately HK$1,950 million). Under the Equity Swap, the Company receives a payment if the Final Price (as defined in the announcement of the Company dated 17 February 2008 (the "Announcement")) is higher than the Initial Price (as defined in the Announcement) and the Equity Swap Counterparty (as defined in the Announcement) receives a payment if the Final Price is lower than the Initial Price. The Initial Price will be determined in accordance with the formula sets out in the Equity Swap and the Final Price will be determined with reference to the arithmetic mean of the relevant prices of the Company's shares on specified averaging dates. Measured by the market price on 31 December 2010, the gain from the fair value change on the equity swap was approximately RMB55.2 million.

Profit attributable to the equity owners

Profit attributable to the equity owners (after adjustments for gain from the fair value change of the Equity Swap and gain from partial repurchase of convertible bond) in 2010 of the Group increased by 115.3% to approximately RMB4,173.5 million from approximately RMB1,938.8 million (Restated) in 2009. The net earning margin increased from 11.0% in 2009 to 16.2% in 2010.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

Cash position

The Group's cash and bank deposits (including the restricted cash) amounted to approximately RMB9,853.1 million as at 31 December 2010 (2009: approximately RMB8,424.0 million). As at 31 December 2010, 68.3% and 31.7% of the Group's cash and bank deposits were denominated in Renminbi, and other currencies (mainly US dollars and HK dollars), respectively.

As at 31 December 2010, the carrying amount of the restricted cash was approximately RMB4,758.8 million (2009: approximately RMB3,815.3 million). Pursuant to relevant regulations, certain of the project companies were required to deposit a portion of proceeds from pre-sales of properties into special bank accounts. Before the completion of the pre-sold properties, the proceeds deposited in the escrow accounts could only be used for the restricted purposes of purchasing construction materials, equipments, making interim construction payments and paying tax, with the prior approval of the relevant local authorities. Additionally, the Group had approximately US$250.0 million (equivalent to approximately RMB1,658.5 million) deposit as collateral for the Equity Swap with Merrill Lynch International.

Net current assets and current ratio

The Group had net current assets of approximately RMB14,330.2 million as at 31 December 2010 (2009: approximately RMB16,278.0 million (Restated)). The current ratio being current assets over current liabilities decreased from approximately 1.6 as at 31 December 2009 to approximately 1.3 as at 31 December 2010 due to a 54.8% increase of advanced proceeds received from customers from approximately RMB14,039.7 million as at 31 December 2009 to approximately RMB21,729.6 million as at 31 December 2010.

Debt and charges on group assets

The Group had an aggregated debt as at 31 December 2010 of approximately RMB20,118.2 million, including borrowings of approximately RMB9,864.9 million, convertible bond of approximately RMB1,381.0 million, and Senior Notes of approximately RMB8,872.3 million.

For borrowings, approximately RMB5,184.5 million will be repayable within 1 year, approximately RMB4,280.4 million will be repayable between 2 and 5 years and the remaining RMB400.0 million to be repayable within the future 5 to 10 years. As at 31 December 2010, the substantial part of the bank borrowings are secured by land use rights and properties of the Group and guaranteed by Group companies.

Gearing ratio

The gearing ratio is measured by the net debt (total debt net of disposable cash and cash equivalent) over the total capital and reserves attributable to equity owners. As at 31 December 2010, the gearing ratio was 48.4%, i.e. the Group was in a net borrowing position (2009: 52.7% (Restated)).

Interest rate risk

The weighted average interest rate of the Group's borrowing decreased to 5.52% in 2010 from 6.73% in 31 December 2009. In addition, the Group issued a Senior Notes in the first half of 2010, whose interest rate is calculated by effective rate method. The effective annual interest rate is 11.81%. The Group issued another Senior Notes in the second half of 2010, whose interest rate is calculated by effective rate method. The effective annual interest rate is 11.23%.The Group has implemented certain interest rate management which includes, among the others, close monitoring of interest rate movements and replacing and entering into new banking facilities when good pricing opportunities arise.

Risk of exchange rate fluctuation

The Group mainly operates in the PRC, so most of its revenue and expenses are measured in Renminbi. In 2010, the exchange rates of Renminbi to Hong Kong dollars and US dollars kept increasing steadily. For the year ended 31 December 2010, there was an exchange gain of approximately RMB110.1 million. The Directors expect that any fluctuation of Renminbi's exchange rate will not have material adverse effect on the operation of the Group.

Land appreciation tax

According to relevant regulations and laws of the State Administration of Taxation ("SAT"), in the past, the Group has made full provision of land appreciation tax ("LAT") but paid provisional LAT calculated according to certain rates (varying from 0.5% to 3%) over sales amounts assessed by local tax bureau. For the year ended 31 December 2010, the Group had LAT expenses of approximately RMB873.4 million.

Contingent liability

As at 31 December 2010, the Group had some contingent liabilities relating to guarantees in respect of mortgage facilities for certain purchasers amounting to approximately RMB18,664.1 million (2009: approximately RMB13,540.3 million).

This represented the guarantees in respect of mortgage facilities granted by certain banks relating to the mortgage loans arranged for certain purchasers of the Group's 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. Of the amounts as at 31 December 2010, approximately RMB751.6 million (2009: approximately RMB256.4 million) was to be discharged two years from the day the mortgaged loans become due; and approximately RMB17,912.5 million (2009: approximately RMB13,283.9 million) was to be discharged upon earlier of (i) issuance of the real estate ownership certificate which are generally be available within three months after the purchasers take possession of the relevant properties; and (ii) the satisfaction of mortgaged loan by the purchasers of properties.

In addition, of the amounts as at 31 December 2010, RMB1,024.6 million represented the guarantee provided to Guangzhou Li He Property Development Company Limited for its bank borrowings.

The Directors consider that in case of default in payments, the net realizable value of the related properties can cover the repayment of the outstanding mortgage principals together with the accrued interest and penalty and therefore no provision has been made in the financial statements for the guarantees.

Capital and property development commitments

As at 31 December 2010, the capital commitments in connection with the property development activities amounted to approximately RMB12,281.9 million (2009: approximately RMB16,304.9 million). This amount is primarily arising from contracted construction fees or other capital commitments for future property developments. The Group expects to fund these commitments principally from pre-sale proceeds of the properties and partly from bank borrowings.

Employees and remuneration policy

As at 31 December 2010, the Group had approximately 32,943 full-time employees, which had increased by 3,429 from 29,514 as at 31 December 2009.

The remuneration package of the employees includes salary, bonus and other cash subsidies. The Company has designed an annual review system to assess the performance of the employees, which forms the basis of the determination on salary increase, bonus and promotion. The Group is subject to social insurance contribution plans organized by the PRC local governments. In accordance with the relevant national and local labor and social welfare laws and regulations, the Group is required to pay on behalf of the employees a monthly social insurance premium covering pension insurance, medical insurance, unemployment insurance and housing reserve fund. The Group believes the salaries and benefits that the employees receive are competitive in comparison with market rates. The employees do not negotiate their terms of employment through any labor union or by way of collective bargaining agreements. The Group believes its relationship with the employees is good. As at the date of this report, there were no significant labor disputes which adversely affect or likely to have an adverse effect on the operations of the business occurred.

Scope of work of PricewaterhouseCoopers

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2010 have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on the preliminary announcement.

AUDIT COMMITTEE

The Audit Committee assists the Board in providing an independent review of the effectiveness of the financial reporting process, internal control and risk management systems of the Group, overseeing the audit process and performing other duties and responsibilities as may be assigned by the Board from time to time. The members of the Audit Committee are all of the independent non-executive Directors, namely Mr. LAI Ming, Joseph, Mr. SHEK Lai Him, Abraham and Mr. TONG Wui Tong, Ronald. Mr. LAI Ming, Joseph is the chairman of the Audit Committee.

The annual results have been reviewed by the Audit Committee of the Company.

REMENURATION COMMMITTEE

The Remuneration Committee consists of five members, of whom two are Executive Directors being Mr. YEUNG Kwok Keung and Mr. MO Bin, and three are independent non-executive Directors being Mr. LAI Ming, Joseph, Mr. SHEK Lai Him, Abraham and Mr. TONG Wui Tung, Ronald; and is being chaired by Mr. YEUNG Kwok Keung.

The primary responsibility is to review and formulate policies in respect of remuneration structure for all Directors and senior management of the Company and make recommendations to the Board for its consideration.

CORPORATE GOVERNANCE

The Company has complied with the code provisions of the Code on Corporate Governance Practices (the "Code") as set out in the Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the year ended 31 December 2010, except for the deviation from the code provision E.1.2 of the Code. Under the first part of code provision E.1.2 of the Code, the chairman of the board should attend the annual general meeting. The chairman of the Board was unable to attend the annual general meeting of the Company held on 20 May 2010 (the "Meeting") due to another business engagement. Mr. CUI Jianbo, the then president and Executive Director of the Company, chaired the Meeting on behalf of the chairman of the Board and was available to answer questions.

COMPLIANCE WITH THE MODEL CODE OF THE LISTING RULES

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") of the Listing Rules as the code for dealing in securities of the Company by the Directors. After specific enquiry, all Directors of the Company confirmed that they have complied with the required standard of dealings set out therein throughout the year ended 31 December 2010. Relevant employees who are likely to be in possession of unpublished price-sensitive information of the Group are also subject to compliance with written guidelines on no less exacting terms than the Model Code.

SHARE OPTION SCHEME

On 20 March 2007, a share option scheme (the "Scheme") was adopted and approved by the then shareholders of the Company for a period of 10 years commencing on the adoption date. Since the adoption date, the Board may, at its discretion, grant share options to any eligible person to subscribe for the shares in the Company subject to the terms and conditions as stipulated in the Scheme. No share options were granted during the year since adoption.

EMPLOYEE INCENTIVE SCHEME

The Company proposed to set up an employee incentive scheme ("Employee Incentive Scheme") for the benefit of the senior management and employees of the Group which excludes any connected persons of the Company. The purpose of the Employee Incentive Scheme is to provide the participants with an opportunity to hold a personal stake in the Company so as to motivate such participants and to enhance performance and efficiency. During the year ended 31 December 2010, for the purpose of the Employee Incentive Scheme, the Company had through its subsidiary purchased from the market a total of 2,600,000 shares of the Company. The total amount paid to acquire these shares during the year was about RMB6,589,000. As of 31 December 2010, the cumulative total number of the shares acquired under the Employee Incentive Scheme were 87,176,819 shares, including the script dividend received during the year.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year ended 31 December 2010, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities subject to those referred to under the section Employee Incentive Scheme in this announcement.

FINAL DIVIDEND

The Company will review its dividend policy from time to time accordingly to its business development and the global economic situation. The Board recommends the payment of a final dividend of RMB9.61 cents (2009: RMB4.50 cents) per share for the year ended 31 December 2010 to the shareholders whose name appear on the register of members of the Company on 28 April 2011. The final dividend is expected to be paid on or about 27 May 2011.

The proposed final dividend shall be declared in RMB and paid in Hong Kong dollars. The final dividend payable in Hong Kong dollars will be converted from RMB at the average middle rate of RMB to Hong Kong dollars as announced by the People's Republic of China for the period from 20 April 2011 to 28 April 2011.

CLOSURE OF REGISTER OF MEMBERS

The register of members will be closed from Wednesday, 20 April 2011 to Thursday, 28 April 2011, both days inclusive, during which period no transfer of Shares will be registered. In order to qualify for the proposed final dividend and to determine the identity of the Shareholders who are entitled to attend and vote at the forthcoming annual general meeting of the Company, all duly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Tuesday, 19 April 2011.

PUBLICATION OF INFORMATION ON THE WEBSITES OF THE STOCK EXCHANGE AND OF THE COMPANY

The results announcement is published on the Company's website (http://www.countrygarden.com.cn) and the Stock Exchange's designated website (http://www.hkexnews.hk).

By Order of the Board
MO Bin
President and Executive Director

Hong Kong, 1 February 2011

As at the date of this announcement, the executive Directors of the Company are Mr. YEUNG Kwok Keung (Chairman), Mr. MO Bin, Ms. YANG Huiyan, Mr. YANG Erzhu, Mr. SU Rubo, Mr. ZHANG Yaoyuan, Mr. OU Xueming, Mr. YANG Zhicheng and Mr. YANG Yongchao. The independent non-executive Directors of the Company are Mr. LAI Ming, Joseph, Mr. SHEK Lai Him, Abraham and Mr. TONG Wui Tung, Ronald.