

2010

中期報告 Interim Report



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碧桂園控股有限公司

COUNTRY GARDEN HOLDINGS COMPANY LIMITED

(於開曼群島註冊成立的有限公司)

(Incorporated in the Cayman Islands with limited liability)

股份代號 Stock Code: 2007

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Corporate Profile

Country Garden Holdings Company Limited (“Country Garden” or the “Company”) together with its subsidiaries, (collectively, the “Group”) (stock code: 2007.HK) is one of China’s leading integrated property developers. The Group runs a centralized and standardized business model that comprises construction, decoration, project development, property management, as well as hotel development and management. Country Garden offers a broad range of products to cater for diverse market demands. Its various products include large-scale residential projects such as townhouses, apartment buildings, as well as car-parks and retail shops. The Group also develops and manages hotels within some of its projects to enhance the potential for property value appreciation. It also develops hotels which are independent of property developments. The Group’s brand was named by the People’s Republic of China (the “PRC”) State Administration for Industry and Commerce in 2006 as “China’s Well-known Trademarks”.

Country Garden was listed on the Main Board of the Hong Kong Stock Exchange on 20 April 2007. The listing not only provided the Group with additional funding to sustain healthy growth in the future, but it also assisted the Group to establish its foothold in the international capital market. Country Garden was well recognized by the market post listing. It was included in the MSCI Global Standard Index on 1 September 2007. It also became a constituent stock of the Hang Seng Composite Index, Hang Seng Mainland Composite Index and Hang Seng Mainland Freefloat Index on 10 September 2007. All these symbolized the capital market’s recognition of Country Garden as a major component of the Hong Kong stock market and also strengthened the Group’s benchmarking position in the international capital markets.

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Since its inception in 1997, Country Garden has been benefiting from the flourishing economy of the PRC, particularly in Guangdong Province. As at 30 June 2010, Country Garden had operations in a number of strategically selected locations beyond Guangdong Province, including Hunan Province, Jiangsu Province, Hubei Province, Liaoning Province, Anhui Province, Inner Mongolia Autonomous Region, Heilongjiang Province, Chongqing Municipality, Tianjin Municipality as well as Guangxi Zhuang Autonomous Region. The associated strategic acquisitions further reinforced the Group’s leading position in Guangdong Province and strengthened its developments in other provinces across the nation, demonstrating the excellent execution ability and the strong replication potential of the Group’s successful business model.

Looking ahead, Country Garden will continue to focus on developing high quality property projects in the suburban areas of first tier cities as well as second and third tier cities with promising economic growth potential. Leveraging on its unique competitive strengths, and under the direction and guidance of government’s macro policies, Country Garden will further replicate its successful business model into new high growth regions through strategic selection of project locations, a short project development schedule characterized by fast asset turnover and excellent execution ability, as well as innovative product offering closely in line with market demand, all with a view to developing the Group into a leading large-scale residential property developer with a national presence and a well recognized brand name.



Chairman's Statement

Dear Shareholders,

I am pleased to present the interim results of Country Garden Holdings Company Limited ("Country Garden" or the "Company", together with its subsidiaries, the "Group") for the six months ended 30 June 2010.

During the period under review, the Group's total revenue and gross profit reached approximately RMB11,766 million and RMB3,989 million respectively. Profit attributable to equity owners amounted to approximately RMB1,763 million (if excluding the fair value loss on equity swap of approximately RMB191 million and gain on repurchase of the convertible bond of approximately RMB35 million, the profit attributable to equity owners would have been approximately RMB1,919 million). The board of directors (the "Board") did not recommend the payment of an interim dividend for the six months ended 30 June 2010.

The Group's property development and sales progress during the first half of 2010 have been in line with the target set at the beginning of the year. For the six months ended 30 June 2010, the Group achieved contracted sales of approximately RMB13.2 billion, contract sales gross floor area ("GFA") of approximately 2.42 million sq.m., representing an increase of about 50% and 26%, respectively, as compared with those of the same period last year. The Group had 5 new projects launched for pre-sales over the first half of this year, which recorded total contracted sales of approximately RMB1.6 billion. These new projects received extensive recognition from buyers of 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 completely sold out in the first two days at a transaction amount of approximately RMB560 million. Cumulative contracted sales amount of this project up to July 2010 has exceeded RMB1 billion. In addition, Tianjin Country Garden was launched for pre-sales in July this year, which received overwhelming response from local buyers. In less than one month after two batches of initial launch, this project recorded transaction amount of approximately RMB700 million.

The Group continued to achieve strong results in Guangdong Province, its core market, during the first half, which accounted for around 72% of the Group's total contracted sales. Moreover, with the delivery phases gradually reached for the new projects outside Guangdong, and the improvement in these new projects' surrounding environment and ancillary facilities over the past two years, the recognition of Country Garden's brand name has been further enhanced across these new regions outside Guangdong. This will not only be able to boost the revenue growth of these new projects, but will also lay a solid foundation for the long term development of the Group.

The encouraging and gradually growing of contract sales during the period under review further evaluates and proves the strong replication capability and sustainability of Country Garden's business model, which is to provide large quantities of quality residential properties to the society and 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.

As at 30 June 2010, the Group has 78 projects under different stages of development, including 48 in Guangdong. Attributable GFA with land use right certificates was approximately 42.85 million sq.m. (46% in Guangdong), among which attributable GFA with construction permits was around 14.15 million sq.m.

Alongside the continuous expansion in property development and sales, the Group's hotel business broadens its recurring income stream from non-residential developments, diversifying the Group's property income portfolio. Hotel revenue in the first half of 2010 amounted to approximately RMB204 million, representing a year-on-year growth of about 52%. As at 30 June 2010, the Group operates 4 five-star hotels, 7 five-star standard hotels, as well as 1 four-star hotel, with a total of 3,654 guest rooms. Most of the Group's hotels are located within the Group's property projects. The development of five-star standard hotels in the property projects will assist in sales promotion and enhance the ancillary value of the projects. The Group has signed hotel management contract or memorandum with a few high caliber international hotel management firms aiming at further unlocking the long-term value potential of the hotel business segment.



Chairman's Statement

Overall, the Group is seeing encouraging improvements in many aspects of the operation as a result of over a year of continuous reform measures, especially reforms in evaluating the changing demand of customers, adopting more stringent quality control of its products as well as encouraging product design innovations has resulted in growing demand of the Group's new high value-for-money residential products, which further accelerated the Group's cash inflow. Moreover, the corporate initiatives on project management on the basis of strengthening execution and the establishment of an effective incentive mechanism has also shown positive effects, resulting in further enhancement of development efficiency for new projects. At the same time, the Group continues to adopt stringent cost control measures over development and operation. With regard to financial management, the Group actively explored various funding channels in the capital market 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 tenure in an aggregate amount of USD550 million, to refinance the USD600 million due 2013 convertible bond ("CB"). As of today, the Group has repurchased in aggregate about 54.15% of the CB principal. Furthermore, the Group re-entered the capital market in August 2010 with another new issue of USD400 million 5-year tenure senior notes at a lower coupon than the April issuance, to refinance the outstanding CB. The successful issue of the senior notes, with both senior notes well oversubscribed, reflected investors' confidence in the Group's business model and financial strength, and the repurchase of CB demonstrated the Group's proactive and prudent financial management.

The Group had a change in president in July 2010. Mr. CUI Jianbo has resigned as the president of the Group and remains as an executive director of the Group. The Board would like to take this opportunity to recognise the efforts and contributions made by Mr. CUI for the development of the Group during his tenure as the president. The Board would like to express its sincere gratitude to Mr. CUI and believes that Mr. CUI will continue to assist the Group to achieve better results. Mr. MO Bin has been appointed as the president and an executive director of the Group. Mr. MO is primarily responsible for the management of daily operation 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 vast experience in a number of areas including property development, construction business, construction management, marketing, cost control and corporate management. Mr. MO is going to 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 strongly confident in 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 macro economic environment. We are committed to offering value-for-money property products, creating value for the society and generating satisfactory returns for our shareholders.

APPRECIATION

On behalf of the Board, I would like to extend my sincere gratitude as always to the entire management team and every staff member of Country Garden. The growth of Country Garden would not have been possible without your dedication and contribution. The Group would also like to thank the local governments for their continued support in making possible the smooth progress of our various projects. We would also like to express our appreciation to our shareholders, investors, customers and business partners for their strong support and confidence in the Group. The management and staff of Country Garden will continue to dedicate their professional knowledge with excellent team spirit to create lucrative returns for our shareholders.

YEUNG Kwok Keung

Chairman

Hong Kong, 24 August 2010



Project Overview

The following map shows the location of the cities where the 78 projects are located.



Guangdong

1. Country Garden East Court
2. Shawan Country Garden
3. Huanan Country Garden — Phases One to Five and Phase Seven
4. Huanan Country Garden — Phase Six
5. Licheng Country Garden
6. Country Garden Phoenix City
7. Nansha Country Garden
8. Holiday Islands — Huadu
9. Shunde Country Garden (including Country Garden West Court)
10. Jun'an Country Garden
11. Peninsula Country Garden
12. Gaoming Country Garden
13. Nanhai Country Garden
14. Heshan Country Garden
15. Wuyi Country Garden
16. Xinhui Country Garden
17. Taishan Country Garden
18. Yangdong Country Garden
19. Zhaoqing Country Garden
20. Zhaoqing Lanling Residence
21. Shaoguan Country Garden
22. Lechang Country Garden
23. Shaoguan Country Garden — Sun Palace
24. Huiyang Country Garden
25. Enping Country Garden
26. Shanwei Country Garden
27. Maoming Country Garden
28. Yangshan Country Garden
29. Zhaoqing Country Garden — Hill Lake Palace
30. Country Garden — Park Prime
31. Sihui Country Garden
32. Country Garden — Lychee Park
33. Country Garden — Grand Garden
34. Country Garden — Sunshine Coast
35. Holiday Islands — Qingyuan
36. Country Garden Wonderland
37. Dalang Country Garden
38. Country Garden — Grand Palace
39. Huaiji Country Garden
40. Country Garden City Garden
41. Country Garden Grand Palace
42. Deqing Country Garden
43. Yunfu Country Garden
44. Jianghai Country Garden
45. Xinhui Country Garden — Phase Four
46. Country Garden — Ten Miles Coast
47. Country Garden — Springs City
48. Country Garden Grand Lake
49. Beiliu Country Garden

Guangxi

49. Beiliu Country Garden

Hunan

50. Changsha Country Garden
51. Country Garden — Hill Lake Palace
52. Yiyang Country Garden
53. Liuyang Country Garden

Chongqing

54. Changshou Country Garden

Hubei

55. Wuhan Country Garden
56. Xianning Country Garden

57. Suizhou Country Garden
58. Country Garden — Hot Spring City
59. Jingmen Country Garden

Jiangsu

60. Taizhou Country Garden

Anhui

61. Country Garden Lakeside City
62. Chizhou Country Garden
63. Huangshan Country Garden
64. Wuhu Country Garden
65. Country Garden — Hill Lake City
66. Chaohu Country Garden
67. Anqing Country Garden

Tianjin

68. Tianjin Country Garden
69. Tianjin Tanggu District Office Building

Liaoning

70. Shenyang Country Garden
71. Country Garden — Phoenix City
72. Country Garden — Sun Palace
73. Country Garden — Galaxy Palace
74. Haicheng Country Garden

Inner Mongolia

75. Manzhouli Country Garden
76. Xing'anmeng Country Garden
77. Tongliao Country Garden

Heilongjiang

78. Suihua Country Garden

Business Review

As of 30 June 2010, the Group had seventy-eight projects at various stages of development. Forty-eight of the projects are located in Guangdong Province including eleven in Guangzhou city, eight in Foshan city, nine in Jiangmen city, one in Yangjiang city, three in Shaoguan city, six in Zhaoqing city, two in Huizhou city, one in Shanwei city, one in Maoming city, three in Qingyuan city, one in Yunfu city, one in Dongguan city, and one in Zhongshan city. Another thirty projects are located in other provinces and regions including three in Changsha city and one in Yiyang city in Hunan Province, one in each of Wuhan city, Suizhou city, Jingmen city and two in Xianning city in Hubei Province, one in Taizhou city in Jiangsu Province, three in Chaochu city, one in each of Anqing city, Chizhou city, Huangshan city and Wuhu city in Anhui Province, four in Shenyang city and one in Anshan city in Liaoning Province, one in each of Hulunbeier city, Xing'anmeng and Tongliao city in Inner Mongolia, one in Suihua city in Heilongjiang Province, one in Chongqing Municipality, two in Tianjin Municipality, and one in Yulin city in Guangxi Zhuang Autonomous Region.

As of 30 June 2010, the Group's seventy-eight projects had an aggregate completed GFA of 18,183,525 sq.m., and aggregate GFA under development of 14,789,770 sq.m., and aggregate GFA of 26,779,370 sq.m. relating to properties held for future development.

PROPERTY MANAGEMENT

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Through a wholly-owned property management subsidiary of the Company, Guangdong Country Garden Property Management Co. Ltd. ("Guangdong Management Co."), the Group provides post sales property management and services to the residents of each of the projects developed.

As at 30 June 2010, the Group had approximately 13,077 staff working for its 63 property management branches. The Group aims to continue to provide property management and services, including public security and assisting the management of public order, maintenance of public facilities, cleaning of public areas, domestic assistance, gardening and landscaping, intra-community shuttle bus operations and other customer services. The Group has established a market reputation for the quality of these services. For example, Guangdong Management Co. has been certified by the Ministry of Construction as a class-one property management company, the highest level a PRC property management company can achieve.

HOTEL OPERATION

The Group has developed and currently 4 five-star hotels and 1 four-star hotel, as well as 7 hotels which have been developed to the five-star rating standard under the "Star-Rating Standard for Tourist Hotels". In addition, the Group has 15 hotels that are under construction in accordance with the five-star rating standard of the "Star-Rating Standard for Tourist Hotels".



The development status of the Group's hotel properties as at 30 June 2010 is as follows:

Name of Hotel	Location	Actual/ Estimated Opening Date	Number of Rooms	Star-rating ⁽¹⁾
Shunde Country Garden Holiday Resort (順德碧桂園度假村)	Shunde Country Garden, Foshan, Guangdong Province	February 2000	152	Four-Star (in operation)
Guangzhou Country Garden Phoenix City Hotel (廣州碧桂園鳳凰城酒店)	Country Garden Phoenix City, Guangzhou, Guangdong Province	November 2003	573	Five-Star (in operation)
Qingyuan Country Garden Holiday Islands Hotel (清遠市碧桂園假日半島酒店)	Qingyuan Holiday Islands Country Garden, Qingyuan, Guangdong Province	December 2004	201	Five-Star (in operation)
Heshan Country Garden Phoenix Hotel (鶴山碧桂園鳳凰酒店)	Heshan Country Garden, Jiangmen, Guangdong Province	July 2005	280	Five-Star (in operation)
Yangjiang Country Garden Phoenix Hotel (陽江碧桂園鳳凰酒店)	Yangdong Country Garden, Yangjiang, Guangdong Province	May 2007	342	Five-Star (in operation)
Wuyi Country Garden Phoenix Hotel (五邑碧桂園鳳凰酒店)	Wuyi Country Garden, Jiangmen, Guangdong Province	December 2005	95	According to five-star rating standard (in operation)
Changsha Venice Palace Hotel (長沙威尼斯酒店)	Changsha Country Garden, Changsha, Hunan Province	October 2007	343	According to five-star rating standard (in operation)
Taishan Country Garden Phoenix Hotel (台山碧桂園鳳凰酒店)	Taishan Country Garden, Jiangmen, Guangdong Province	November 2007	337	According to five-star rating standard (in operation)
Zhaoqing Country Garden Phoenix Hotel (肇慶碧桂園鳳凰酒店)	Zhaoqing Country Garden, Zhaoqing, Guangdong Province	February 2009	285	According to five-star rating standard (in operation)
Xinhui Country Garden Phoenix Hotel (新會碧桂園鳳凰酒店)	Xinhui Country Garden, Jiangmen, Guangdong Province	March 2009	374	According to five-star rating standard (in operation)
Country Garden Phoenix Hot Spring Hotel (碧桂園鳳凰溫泉酒店)	Country Garden — Hot Spring City, Xianning, Hubei Province	November 2009	335	According to five-star rating standard (in operation)
Gaoming Country Garden Phoenix Hotel (高明碧桂園鳳凰酒店)	Gaoming Country Garden, Foshan, Guangdong Province	November 2009	337	According to five-star rating standard (in operation)
Suizhou Country Garden Phoenix Hotel (隨州碧桂園鳳凰酒店) ⁽²⁾	Suizhou Country Garden, Suizhou, Hubei Province	2010*	378	According to five-star rating standard (under construction)
Anqing Country Garden Phoenix Hotel (安慶碧桂園鳳凰酒店) ⁽³⁾	Anqing Country Garden, Anqing, Anhui Province	2010*	334	According to five-star rating standard (under construction)
Chongqing Country Garden Phoenix Hotel (重慶碧桂園鳳凰酒店)	Chongqing Country Garden, Chongqing, Chongqing Municipality	2010*	336	According to five-star rating standard (under construction)



Business Review

Name of Hotel	Location	Actual/ Estimated Opening Date	Number of Rooms	Star-rating ⁽¹⁾
Wuhan Country Garden Phoenix Hotel (武漢碧桂園鳳凰酒店)	Wuhan Country Garden, Wuhan, Hubei Province	2010*	334	According to five-star rating standard (under construction)
Chaohu Country Garden La Phoenix Hotel (巢湖碧桂園鳳城酒店)	Country Garden Lakeside City, Chaohu, Anhui Province	2010*	337	According to five-star rating standard (under construction)
Chaohu Country Garden Le Phoenix Hotel (巢湖碧桂園鳳城酒店)	Chaohu Country Garden, Chaohu, Anhui Province	2010*	336	According to five-star rating standard (under construction)
Huangshan Country Garden Phoenix Hotel (黃山碧桂園鳳凰酒店)	Huangshan Country Garden, Huangshan, Anhui Province	2010*	376	According to five-star rating standard (under construction)
Wuhu Country Garden Maritim Hotel (蕪湖碧桂園瑪麗蒂姆酒店) ⁽⁴⁾	Wuhu Country Garden, Wuhu, Anhui Province	2010*	602	According to five-star rating standard (under construction)
Chizhou Country Garden Phoenix Hotel (池州市碧桂園鳳凰酒店)	Chizhou Country Garden, Chizhou, Anhui Province	2011*	338	According to five-star rating standard (under construction)
Shaoguan Country Garden Phoenix Hotel (韶關碧桂園鳳凰酒店)	Shaoguan Country Garden, Shaoguan, Guangdong Province	2010*	335	According to five-star rating standard (under construction)
Ningxiang Country Garden Phoenix Hotel (寧鄉碧桂園鳳凰酒店)	Country Garden — Hill Lake Palace, Changsha, Hunan Province	2011*	137	According to five-star rating standard (under construction)
Yunfu Phoenix Hotel (雲浮鳳凰酒店)	Yunfu Country Garden, Yunfu, Guangdong Province	2011*	133	According to five-star rating standard (under construction)
Shenyang Yuhong Country Garden Phoenix Hotel (provisional name) (瀋陽于洪碧桂園鳳凰酒店 (暫定名))	Country Garden — Galaxy Palace, Shenyang, Liaoning Province	2011*	631	According to five-star rating standard (under construction)
Shenyang Huashan Country Garden Phoenix Hotel (provisional name) (瀋陽花山碧桂園鳳凰酒店 (暫定名))	Shenyang Country Garden, Shenyang, Liaoning Province	2010*	50	According to five-star rating standard (under construction)
Lechang Country Garden Phoenix Hotel (樂昌碧桂園鳳凰酒店)	Lechang Country Garden, Shaoguan, Guangdong Province	2011*	129	According to five-star rating standard (under construction)

Notes:

- (1) Hotels are only allowed to apply for star hotel certification after one year of operation.
- (2) Suizhou Country Garden Phoenix Hotel commenced partial trial operation on 20 May 2009.
- (3) Anqing Country Garden Phoenix Hotel commenced partial trial operation on 29 October 2009.
- (4) Wuhu Country Garden Maritim Hotel commenced partial trial operation on 6 February 2010.



Business Review

Completed property developments

Project	City (District)	Aggregate GFA for entire project sq.m.	Interest attributable to the Company (%)	Completed GFA ⁽¹⁾ sq.m.	Total completed saleable GFA ⁽¹⁾ sq.m.	Total saleable GFA sold and delivered ⁽¹⁾ sq.m.	Total saleable GFA pending delivery ⁽¹⁾ sq.m.	Completion Date
Country Garden East Court (碧桂園東苑)	Guangzhou (Panyu)	269,222	100%	240,550	238,860	234,746	0	29/Jun/2002
Shawan Country Garden (沙灣碧桂園)	Guangzhou (Panyu)	278,834	100%	278,834	273,702	273,032	187	31/Dec/2009
Huanan Country Garden — Phases One to Five and Phase Seven (華南碧桂園 — 一至五期及 七期)	Guangzhou (Panyu)	1,074,450	100%	977,972	884,588	884,235	0	25/Jun/2010
Huanan Country Garden — Phase Six (華南碧桂園 — 六期)	Guangzhou (Panyu)	423,467	50%	408,391	407,612	407,552	0	20/Dec/2007
Licheng Country Garden (荔城碧桂園)	Guangzhou (Zengcheng)	568,281	100%	568,281	550,317	531,888	477	30/Jun/2010
Country Garden Phoenix City (碧桂園鳳凰城)	Guangzhou (Zengcheng)	4,678,454	100%	2,916,624	2,786,485	2,725,218	17,442	28/Jun/2010
Nansha Country Garden (南沙碧桂園)	Guangzhou (Nansha)	509,181	100%	509,181	484,646	481,751	1,292	28/Jun/2010
Holiday Islands — Huadu (假日半島 — 花都)	Guangzhou (Huadu)	444,359	100%	304,486	302,486	222,465	0	30/Jun/2010
Shunde Country Garden — including Country Garden West Court (順德碧桂園(含碧桂園西苑))	Foshan (Shunde)	2,415,372	100%	2,124,092	1,981,731	1,913,907	3,627	17/Nov/2009
Jun'an Country Garden (均安碧桂園)	Foshan (Shunde)	254,509	90%	223,593	213,246	213,246	0	16/Oct/2008
Peninsula Country Garden (半島碧桂園)	Foshan (Shunde)	294,330	100%	294,330	287,323	286,021	0	16/Apr/2008
Gaoming Country Garden (高明碧桂園)	Foshan (Gaoming)	1,007,840	100%	700,929	691,614	637,424	1,788	30/Jun/2010
Nanhai Country Garden (南海碧桂園)	Foshan (Nanhai)	569,473	100%	488,764	477,954	474,901	0	01/Jun/2010
Heshan Country Garden (鶴山碧桂園)	Jiangmen (Heshan)	2,038,037	100%	840,041	824,049	804,793	9,054	30/Jun/2010
Wuyi Country Garden (五邑碧桂園)	Jiangmen (Pengjiang)	936,031	100%	688,755	652,976	649,069	0	29/Sep/2009
Xinhui Country Garden (新會碧桂園)	Jiangmen (Xinhui)	588,876	100%	202,841	200,578	194,623	0	30/Apr/2010
Taishan Country Garden (台山碧桂園)	Jiangmen (Taishan)	2,631,949	100%	366,101	347,626	305,719	3,186	30/Jun/2010
Yangdong Country Garden (陽東碧桂園)	Yangjiang (Yangdong)	391,670	100%	385,905	365,976	353,412	1,022	20/Aug/2009



Business Review

Project	City (District)	Aggregate GFA for entire project sq.m.	Interest attributable to the Company (%)	Completed GFA ⁽¹⁾ sq.m.	Total completed saleable GFA ⁽¹⁾ sq.m.	Total saleable GFA sold and delivered ⁽¹⁾ sq.m.	Total saleable GFA pre-delivery ⁽¹⁾ sq.m.	Completion Date
Changsha Country Garden (長沙碧桂園)	Changsha (Changsha)	922,029	100%	656,072	603,995	499,512	4,951	03/Sep/2009
Zhaoqing Lanling Residence (肇慶藍領公寓)	Zhaoqing (Gaoxin)	186,145	100%	186,145	109,234	1,670	0	26/Jun/2009
Zhaoqing Country Garden (肇慶碧桂園)	Zhaoqing (Gaoyao)	368,153	51%	325,967	313,818	298,305	3,220	30/Apr/2010
Shaoguan Country Garden (韶關碧桂園)	Shaoguan (Zhenjiang)	1,944,443	100%	490,994	478,891	456,750	226	30/Jun/2010
Taizhou Country Garden (泰州碧桂園)	Taizhou (Hailing)	786,950	100%	274,536	266,042	179,689	283	15/Apr/2010
Huiyang Country Garden (惠陽碧桂園)	Huizhou (Huiyang)	1,251,540	90%	105,609	104,725	88,885	0	30/Jun/2010
Manzhouli Country Garden (滿洲里碧桂園)	Hulunbeier (Manzhouli)	1,589,264	100%	83,864	83,569	28,056	1,162	30/Nov/2009
Lechang Country Garden (樂昌碧桂園)	Shaoguan (Lechang)	493,245	100%	58,484	58,484	21,646	10,688	28/Jun/2010
Country Garden – Sun Palace (碧桂園•太陽城)	Shenyang (Daoyi)	1,079,765	100%	107,228	104,330	82,883	700	05/Jun/2010
Shenyang Country Garden (瀋陽碧桂園)	Shenyang (Huashan)	1,457,427	100%	197,751	197,751	128,277	6,535	30/Jun/2010
Country Garden – Galaxy Palace (碧桂園•銀河城)	Shenyang (Yuhong)	1,703,469	100%	111,748	108,438	91,137	1,046	29/Jun/2010
Country Garden – Phoenix City (碧桂園•鳳凰城)	Shenyang (Suijiatun)	1,168,560	100%	228,719	225,611	151,777	3,994	24/Jun/2010
Enping Country Garden (恩平碧桂園)	Jiangmen (Enping)	317,430	100%	192,241	186,176	106,372	5,179	28/May/2010
Country Garden – Hill Lake Palace (碧桂園•山湖城)	Changsha (Ningxiang)	640,702	100%	223,442	222,252	87,067	5,370	29/Jun/2010
Country Garden Lakeside City (碧桂園濱湖城)	Chaohu (Zhongmiao)	776,116	100%	164,112	161,353	140,937	504	09/Nov/2009
Shanwei Country Garden (汕尾碧桂園)	Shanwei (Shanwei)	436,258	100%	35,598	35,357	29,816	5,145	30/Jun/2010
Wuhan Country Garden (武漢碧桂園)	Wuhan (Hannan)	729,144	100%	159,495	158,345	113,154	9,860	25/Jun/2010
Shaoguan Country Garden – Sun Palace (韶關碧桂園•太陽城)	Shaoguan (Xilian)	3,531,728	100%	87,945	83,916	40,062	33,868	30/Jun/2010
Haicheng Country Garden (海城碧桂園)	Anshan (Haicheng)	602,524	100%	20,681	18,615	0	5,869	30/Jun/2010



Business Review

Project	City (District)	Aggregate GFA for entire project sq.m.	Interest attributable to the Company (%)	Completed GFA ⁽¹⁾ sq.m.	Total completed saleable GFA ⁽¹⁾ sq.m.	Total saleable GFA sold and delivered ⁽¹⁾ sq.m.	Total saleable GFA pre-delivery ⁽¹⁾ sq.m.	Completion Date
Xing'anmeng Country Garden (興安盟碧桂園)	Xing'anmeng (Keyouqianqi)	941,645	100%	79,049	71,901	21,176	1,307	10/Oct/2009
Chizhou Country Garden (池州碧桂園)	Chizhou (Chizhou)	333,720	100%	87,032	85,467	62,354	1,092	30/Jun/2010
Country Garden – Hill Lake City (碧桂園 • 如山湖城)	Chaohu (Hexian)	1,000,756	100%	99,751	99,751	39,689	3,542	28/Jun/2010
Sihui Country Garden (四會碧桂園)	Zhaoqing (Sihui)	47,105	100%	47,105	45,497	40,332	906	30/Jun/2010
Xianning Country Garden (咸寧碧桂園)	Xianning (Xian'an)	456,146	100%	163,407	160,988	73,066	15,922	25/Jun/2010
Suizhou Country Garden (隨州碧桂園)	Suizhou (Chengnan)	1,422,115	100%	154,858	150,690	87,639	7,732	29/Jun/2010
Changshou Country Garden (長壽碧桂園)	Chongqing (Changshou)	463,544	100%	190,660	182,272	140,735	1,520	28/May/2010
Tongliao Country Garden (通遼碧桂園)	Tongliao (Keerqin)	1,663,414	100%	105,083	105,083	69,828	3,738	30/Jun/2010
Huangshan Country Garden (黃山碧桂園)	Huangshan (Huangshan)	334,324	100%	170,039	164,159	118,017	22,979	28/May/2010
Anqing Country Garden (安慶碧桂園)	Anqing (Anqing)	1,952,599	100%	150,238	149,758	127,359	159	29/Jun/2010
Wuhu Country Garden (蕪湖碧桂園)	Wuhu (Sanshanqu)	2,539,137	100%	180,512	180,512	93,733	1,002	30/Dec/2009
Yiyang Country Garden (益陽碧桂園)	Yiyang (Yiyang)	348,591	100%	67,020	66,691	20,722	20,686	25/Jun/2010
Chaohu Country Garden (巢湖碧桂園)	Chaohu (Nan'an)	500,707	100%	76,786	76,786	55,237	17,127	30/May/2010
Liuyang Country Garden (瀏陽碧桂園)	Changsha (Liuyang)	372,425	100%	50,376	46,471	30,865	6,160	31/May/2010
Yangshan Country Garden (陽山碧桂園)	Qingyuan (Yangshan)	494,308	100%	26,343	24,135	20,258	244	30/Mar/2010
Suihua Country Garden (綏化碧桂園)	Suihua (Beilin)	254,436	100%	79,074	79,074	17,375	12,175	24/Jun/2010
Jingmen Country Garden (荊門碧桂園)	Jingmen (Duodao)	257,097	100%	69,179	69,179	34,128	31,058	24/Jun/2010
Country Garden – Lychee Park (碧桂園 • 荔園)	Guangzhou (Zengcheng)	86,069	100%	86,069	84,882	69,269	52	26/May/2010
Zhaoqing Country Garden – Hill Lake Palace (肇慶碧桂園 • 山湖城)	Zhaoqing (Gaoyao)	206,276	51%	70,643	65,273	44,025	2,427	31/May/2010
Total:		53,033,641		18,183,525	17,401,240	15,305,804	286,503	

Note:

(1) "Completed GFA", "Total completed saleable GFA" and "Total saleable GFA sold" for completed property developments are based on the surveying reports relevant government departments.



Business Review

Properties under development

Project	City (District)	Aggregate	Interest	Total saleable		Actual commencement date	Total saleable GFA pre-sold ⁽²⁾	Actual/Estimated	Estimated Completion Date
		GFA for entire project	attributable to the Company	GFA under development ⁽¹⁾	GFA under development ⁽²⁾			pre-sale commencement date	
		sq.m.	(%)	sq.m.	sq.m.		sq.m.		
Huanan Country Garden – Phases One to Five and Phase Seven (華南碧桂園 – 一至五期及七期)	Guangzhou (Panyu)	1,074,450	100%	63,773	58,432	07/Dec/2009	0	3rd Quarter, 2010	4th Quarter, 2011
Huanan Country Garden - Phase Six (華南碧桂園 – 六期)	Guangzhou (Panyu)	423,467	50%	1,076	0	15/Oct/2004	0	–	4th Quarter, 2010
Country Garden Phoenix City (碧桂園鳳凰城)	Guangzhou (Zengcheng)	4,678,454	100%	626,918	605,630	29/Apr/2007	315,621	30/Apr/2008	4th Quarter, 2011
Holiday Islands – Huadu (假日半島 – 花都)	Guangzhou (Huadu)	444,359	100%	107,373	101,128	11/May/2006	14,255	31/Dec/2008	2nd Quarter, 2011
Shunde Country Garden – including Country Garden West Court (順德碧桂園(含碧桂園西苑))	Foshan (Shunde)	2,415,372	100%	285,153	152,148	26/Mar/2008	30,067	23/Apr/2009	3rd Quarter, 2011
Jun'an Country Garden (均安碧桂園)	Foshan (Shunde)	254,509	90%	864	864	06/Jan/2010	0	4th Quarter, 2010	4th Quarter, 2010
Gaoming Country Garden (高明碧桂園)	Foshan (Gaoming)	1,007,840	100%	293,911	291,266	31/May/2006	12,072	09/Mar/2009	4th Quarter, 2011
Nanhai Country Garden (南海碧桂園)	Foshan (Nanhai)	569,473	100%	64,837	64,837	31/May/2006	57,005	07/Nov/2009	4th Quarter, 2010
Heshan Country Garden (鶴山碧桂園)	Jiangmen (Heshan)	2,038,037	100%	930,737	877,584	04/Jun/2008	333,704	21/Jan/2009	2nd Quarter, 2011
Wuyi Country Garden (五邑碧桂園)	Jiangmen (Pengjiang)	936,031	100%	104,878	100,830	16/Apr/2010	0	3rd Quarter, 2010	4th Quarter, 2011
Xinhui Country Garden (新會碧桂園)	Jiangmen (Xinhui)	588,876	100%	379,141	377,492	18/Oct/2007	181,755	15/Apr/2009	4th Quarter, 2011
Taishan Country Garden (台山碧桂園)	Jiangmen (Taishan)	2,631,949	100%	512,631	509,634	31/Mar/2006	72,291	01/Feb/2008	3rd Quarter, 2012
Yangdong Country Garden (陽東碧桂園)	Yangjiang (Yangdong)	391,670	100%	2,885	2,885	31/May/2006	0	3rd Quarter, 2010	4th Quarter, 2010
Changsha Country Garden (長沙碧桂園)	Changsha (Changsha)	922,029	100%	129,757	123,884	22/Oct/2009	4,189	25/Nov/2009	1st Quarter, 2012
Zhaoqing Country Garden (肇慶碧桂園)	Zhaoqing (Gaoyao)	368,153	51%	11,861	8,085	08/Oct/2006	0	4th Quarter, 2010	4th Quarter, 2010
Shaoguan Country Garden (韶關碧桂園)	Shaoguan (Zhenjiang)	1,944,443	100%	731,254	722,062	17/Jan/2007	251,075	29/Sep/2007	4th Quarter, 2012
Taizhou Country Garden (泰州碧桂園)	Taizhou (Hailing)	786,950	100%	261,918	247,600	27/Jun/2007	42,956	01/Dec/2008	4th Quarter, 2010
Huiyang Country Garden (惠陽碧桂園)	Huizhou (Huiyang)	1,251,540	90%	495,930	491,055	22/Aug/2007	66,184	27/Nov/2009	2nd Quarter, 2012
Manzhouli Country Garden (滿洲里碧桂園)	Hulunbeier (Manzhouli)	1,589,264	100%	292,180	286,242	23/Jul/2007	0	3rd Quarter, 2010	4th Quarter, 2011
Lechang Country Garden (樂昌碧桂園)	Shaoguan (Lechang)	493,245	100%	120,990	119,506	11/Apr/2008	15,006	21/Oct/2008	4th Quarter, 2012
Country Garden – Sun Palace (碧桂園 • 太陽城)	Shenyang (Daoyi)	1,079,765	100%	530,326	522,301	06/Nov/2007	55,027	12/Nov/2008	4th Quarter, 2012
Shenyang Country Garden (瀋陽碧桂園)	Shenyang (Huashan)	1,457,427	100%	132,563	129,262	21/Jul/2007	14,946	03/Jun/2008	2nd Quarter, 2011



Business Review

Project	City (District)	Aggregate GFA for entire project sq.m.	Interest attributable to the Company (%)	GFA under development ⁽¹⁾ sq.m.	Total saleable GFA under development ⁽²⁾ sq.m.	Actual commencement date	Total saleable GFA pre-sold ⁽²⁾ sq.m.	Actual/Estimated	
								pre-sale commencement date	Estimated Completion Date
Country Garden – Galaxy Palace (碧桂園•銀河城)	Shenyang (Yuhong)	1,703,469	100%	546,174	532,578	19/Mar/2008	137,716	25/Sep/2008	4th Quarter, 2012
Country Garden – Phoenix City (碧桂園•鳳凰城)	Shenyang (Sujiatun)	1,168,560	100%	894,924	889,453	24/Sep/2007	2,642	04/Nov/2008	2nd Quarter, 2013
Enping Country Garden (恩平碧桂園)	Jiangmen (Enping)	317,430	100%	21,959	21,215	13/Dec/2007	0	23/Apr/2008	4th Quarter, 2010
Country Garden – Hill Lake Palace (碧桂園•山湖城)	Changsha (Ningxiang)	640,702	100%	45,395	19,999	12/Dec/2007	0	4th Quarter, 2011	4th Quarter, 2010
Country Garden Lakeside City (碧桂園濱湖城)	Chaohu (Zhongmiao)	776,116	100%	494,761	491,484	29/Jan/2008	196,797	19/Dec/2008	4th Quarter, 2011
Shanwei Country Garden (汕尾碧桂園)	Shanwei (Shanwei)	436,258	100%	198,162	192,365	29/Jun/2009	169,923	10/Nov/2009	2nd Quarter, 2011
Wuhan Country Garden (武漢碧桂園)	Wuhan (Hannan)	729,144	100%	403,833	371,058	30/Jan/2008	21,744	29/Sep/2008	4th Quarter, 2013
Shaoguan Country Garden – Sun Palace (韶關碧桂園•太陽城)	Shaoguan (Xilian)	3,531,728	100%	223,381	222,617	28/Dec/2009	50,374	28/Dec/2009	4th Quarter, 2011
Haicheng Country Garden (海城碧桂園)	Anshan (Haicheng)	602,524	100%	366,607	366,524	25/Oct/2007	4,554	05/Aug/2009	4th Quarter, 2012
Xing'anmeng Country Garden (興安盟碧桂園)	Xing'anmeng (Keyouqianq)	941,645	100%	226,694	226,694	20/Sep/2007	9,268	23/Jul/2008	2nd Quarter, 2012
Chizhou Country Garden (池州碧桂園)	Chizhou (Chizhou)	333,720	100%	119,372	119,372	27/Jan/2008	11,381	28/Sep/2008	2nd Quarter, 2011
Country Garden – Hill Lake City (碧桂園•如山湖城)	Chaohu (Hexian)	1,000,756	100%	547,118	522,479	09/May/2008	223,595	21/Sep/2009	1st Quarter, 2012
Xianning Country Garden (咸寧碧桂園)	Xianning (Xian'an)	456,146	100%	80,070	80,070	23/May/2008	2,464	08/Dec/2009	3rd Quarter, 2011
Country Garden – Hot Spring City (碧桂園•溫泉城)	Xianning (Xian'an)	459,357	100%	121,241	121,241	07/Feb/2010	66,401	10/Feb/2010	2nd Quarter, 2011
Suizhou Country Garden (隨州碧桂園)	Suizhou (Chengnan)	1,422,115	100%	202,235	201,453	21/May/2008	13,564	23/Jun/2008	3rd Quarter, 2011
Changshou Country Garden (長壽碧桂園)	Chongqing (Changshou)	463,544	100%	196,639	184,058	05/Nov/2007	84,393	25/Apr/2008	4th Quarter, 2011
Tongliao Country Garden (通遼碧桂園)	Tongliao (Keerqin)	1,663,414	100%	459,170	456,266	03/Nov/2007	4,438	20/Aug/2008	4th Quarter, 2013
Huangshan Country Garden (黃山碧桂園)	Huangshan (Huangshan)	334,324	100%	67,329	67,329	24/Jul/2008	35,507	28/Sep/2009	2nd Quarter, 2011
Anqing Country Garden (安慶碧桂園)	Anqing (Anqing)	1,952,599	100%	207,982	158,793	19/Jun/2008	130,581	31/Oct/2008	2nd Quarter, 2011
Wuhu Country Garden (蕪湖碧桂園)	Wuhu (Sanshanqu)	2,539,137	100%	416,740	414,608	25/Jun/2008	183,970	18/Sep/2008	4th Quarter, 2011
Yiyang Country Garden (益陽碧桂園)	Yiyang (Yiyang)	348,591	100%	63,637	63,450	02/Apr/2009	6,781	05/Feb/2010	2nd Quarter, 2011
Chaohu Country Garden (巢湖碧桂園)	Chaohu (Nan'an)	500,707	100%	137,691	134,209	23/Apr/2008	48,710	11/Nov/2008	4th Quarter, 2011
Liuyang Country Garden (瀏陽碧桂園)	Changsha (Liuyang)	372,425	100%	69,836	69,836	09/Dec/2008	20,012	30/Sep/2009	2nd Quarter, 2011

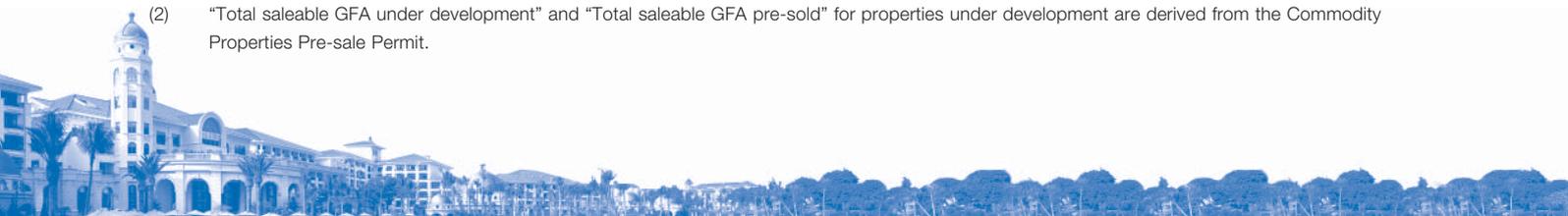


Business Review

Project	City (District)	Aggregate	Interest	Total saleable		Actual	Total	Actual/Estimated	Estimated Completion Date
		GFA for entire project sq.m.	attributable to the Company (%)	GFA under development ⁽¹⁾ sq.m.	GFA under development ⁽²⁾ sq.m.	commencement date	saleable GFA pre-sold ⁽²⁾ sq.m.	pre-sale commencement date	
Maoming Country Garden (茂名碧桂園)	Maoming (Maonan)	302,703	100%	243,214	236,591	04/Mar/2009	82,747	25/Aug/2009	4th Quarter, 2011
Yangshan Country Garden (陽山碧桂園)	Qingyuan (Yangshan)	494,308	100%	64,812	64,629	13/Sep/2009	24,910	20/Oct/2009	4th Quarter, 2010
Suihua Country Garden (綏化碧桂園)	Suihua (Beilin)	254,436	100%	10,899	10,477	25/Sep/2008	1,335	03/Sep/2009	3rd Quarter, 2010
Tianjin Country Garden (天津碧桂園)	Tianjin (Balitai)	599,727	100%	80,083	80,083	12/Jun/2010	0	3rd Quarter, 2010	4th Quarter, 2011
Jingmen Country Garden (荊門碧桂園)	Jingmen (Duodao)	257,097	100%	130,683	130,599	15/Jan/2009	66,999	20/Apr/2009	2nd Quarter, 2011
Zhaoqing Country Garden – Hill Lake Palace (肇慶碧桂園 • 山湖城)	Zhaoqing (Gaoyao)	206,276	51%	128,350	128,094	01/Jun/2009	23,084	13/Nov/2009	4th Quarter, 2011
Country Garden – Park Prime (碧桂園 • 公園1號)	Jiangmen (Heshan)	212,110	100%	160,087	158,298	09/Jul/2009	27,071	29/Sep/2009	4th Quarter, 2012
Country Garden – Grand Garden (碧桂園 • 豪園)	Guangzhou (Zengcheng)	282,646	100%	186,329	176,420	29/Sep/2009	136,499	04/Feb/2010	4th Quarter, 2011
Country Garden – Sunshine Coast (碧桂園 • 陽光水岸)	Jiangmen (Kaiping)	48,816	100%	48,816	48,446	04/Nov/2009	17,086	16/Apr/2010	4th Quarter, 2010
Holiday Islands – Qingyuan (假日半島 – 清遠)	Qingyuan (Qingcheng)	436,037	100%	436,037	434,297	11/Nov/2009	187,112	18/Nov/2009	2nd Quarter, 2011
Country Garden Wonderland (碧桂園山水桃園)	Foshan (Nanhai)	143,996	100%	143,996	143,394	22/Dec/2009	0	4th Quarter, 2010	4th Quarter, 2011
Dalang Country Garden (大朗碧桂園)	Dongguan (Dalang)	341,523	100%	111,331	107,588	27/Apr/2010	0	3rd Quarter, 2010	2nd Quarter, 2011
Country Garden – Grand Palace (碧桂園 • 豪庭)	Guangzhou (Nansha)	161,159	100%	161,159	150,270	22/Apr/2010	0	4th Quarter, 2010	4th Quarter, 2011
Huaiji Country Garden (懷集碧桂園)	Zhaoqing (Huaji)	127,030	100%	127,030	125,682	29/Oct/2009	38,040	17/Apr/2010	4th Quarter, 2011
Country Garden Grand Palace (碧桂園豪庭)	Foshan (Shunde)	357,053	100%	230,642	227,184	03/Feb/2010	0	3rd Quarter, 2010	4th Quarter, 2011
Deqing Country Garden (德慶碧桂園)	Zhaoqing (Deqing)	243,285	100%	55,978	55,978	17/May/2010	10,515	28/May/2010	4th Quarter, 2010
Yunfu Country Garden (雲浮碧桂園)	Yunfu (Jinshan)	144,365	100%	59,831	59,569	07/May/2010	0	4th Quarter, 2010	3rd Quarter, 2011
Beiliu Country Garden (北流碧桂園)	Yulin (Beiliu)	272,733	100%	59,743	54,010	02/Feb/2010	0	3rd Quarter, 2010	4th Quarter, 2010
Jianghai Country Garden (江海碧桂園)	Jiangmen (Jianghai)	467,601	100%	55,431	53,829	31/Mar/2010	0	4th Quarter, 2010	2nd Quarter, 2011
Xinhui Country Garden – Phase Four (新會碧桂園 – 四期)	Jiangmen (Xinhui)	395,908	100%	63,561	63,124	24/Mar/2010	0	4th Quarter, 2010	2nd Quarter, 2011
Country Garden – Springs City (碧桂園 • 清東城)	Qingyuan (Fogang)	485,229	100%	39,852	34,667	02/Apr/2010	0	4th Quarter, 2010	1st Quarter, 2011
Total:		56,275,752		14,789,770	14,263,107		3,506,366		

Note:

- (1) "GFA under development" is based on the actual measurements by the housing management department of the Group.
- (2) "Total saleable GFA under development" and "Total saleable GFA pre-sold" for properties under development are derived from the Commodity Properties Pre-sale Permit.



Business Review

Properties for future development — with land use rights certificates

Project	City (District)	Aggregate GFA for entire project sq.m.	Interest attributable to the Company (%)	GFA for future development ⁽¹⁾ sq.m.	Estimated commencement date	Estimated pre-sale commencement date	Estimated Completed Date
Country Garden East Court (碧桂園東苑)	Guangzhou (Panyu)	269,222	100%	28,672	1st Quarter, 2011	3rd Quarter, 2011	2nd Quarter, 2012
Huanan Country Garden — Phases One to Five and Phase Seven (華南碧桂園 — 一至五期及七期)	Guangzhou (Panyu)	1,074,450	100%	32,705	3rd Quarter, 2010	4th Quarter, 2010	4th Quarter, 2011
Huanan Country Garden — Phase Six (華南碧桂園 — 六期)	Guangzhou (Panyu)	423,467	50%	14,000	1st Quarter, 2011	—	4th Quarter, 2011
Country Garden Phoenix City (碧桂園鳳凰城)	Guangzhou (Zengcheng)	4,678,454	100%	1,134,912	3rd Quarter, 2010	4th Quarter, 2010	4th Quarter, 2013
Holiday Islands — Huadu (假日半島 — 花都)	Guangzhou (Huadu)	444,359	100%	32,500	3rd Quarter, 2010	1st Quarter, 2011	4th Quarter, 2011
Shunde Country Garden — including Country Garden West Court (順德碧桂園(含碧桂園西苑))	Foshan (Shunde)	2,415,372	100%	6,127	1st Quarter, 2011	—	4th Quarter, 2011
Jun'an Country Garden (均安碧桂園)	Foshan (Shunde)	254,509	90%	30,052	1st Quarter, 2011	3rd Quarter, 2011	4th Quarter, 2011
Gaoming Country Garden (高明碧桂園)	Foshan (Gaoming)	1,007,840	100%	13,000	1st Quarter, 2011	—	4th Quarter, 2011
Nanhai Country Garden (南海碧桂園)	Foshan (Nanhai)	569,473	100%	15,872	1st Quarter, 2011	2nd Quarter, 2011	4th Quarter, 2011
Heshan Country Garden (鶴山碧桂園)	Jiangmen (Heshan)	2,038,037	100%	267,259	3rd Quarter, 2010	4th Quarter, 2010	2nd Quarter, 2012
Wuyi Country Garden (五邑碧桂園)	Jiangmen (Pengjiang)	936,031	100%	142,398	3rd Quarter, 2010	4th Quarter, 2010	4th Quarter, 2012
Xinhui Country Garden (新會碧桂園)	Jiangmen (Xinhui)	588,876	100%	6,894	3rd Quarter, 2010	—	4th Quarter, 2011
Taishan Country Garden (台山碧桂園)	Jiangmen (Taishan)	2,631,949	100%	1,753,217	4th Quarter, 2010	2nd Quarter, 2011	1st Quarter, 2015
Yangdong Country Garden (陽東碧桂園)	Yangjiang (Yangdong)	391,670	100%	2,880	3rd Quarter, 2010	3rd Quarter, 2010	4th Quarter, 2010
Changsha Country Garden (長沙碧桂園)	Changsha (Changsha)	922,029	100%	136,200	3rd Quarter, 2010	2nd Quarter, 2011	2nd Quarter, 2012
Zhaoqing Country Garden (肇慶碧桂園)	Zhaoqing (Gaoyao)	368,153	51%	30,325	3rd Quarter, 2010	1st Quarter, 2011	4th Quarter, 2011
Shaoguan Country Garden (韶關碧桂園)	Shaoguan (Zhenjiang)	1,944,443	100%	722,195	3rd Quarter, 2010	4th Quarter, 2010	4th Quarter, 2015
Taizhou Country Garden (泰州碧桂園)	Taizhou (Hailing)	786,950	100%	250,496	3rd Quarter, 2010	4th Quarter, 2010	1st Quarter, 2013
Huiyang Country Garden (惠陽碧桂園)	Huizhou (Huiyang)	1,251,540	90%	650,001	3rd Quarter, 2010	1st Quarter, 2011	1st Quarter, 2013
Manzhouli Country Garden (滿洲里碧桂園)	Hulunbeier (Manzhouli)	1,589,264	100%	1,213,220	1st Quarter, 2011	2nd Quarter, 2012	4th Quarter, 2024
Lechang Country Garden (樂昌碧桂園)	Shaoguan (Lechang)	493,245	100%	313,771	4th Quarter, 2010	1st Quarter, 2011	4th Quarter, 2014



Business Review

Project	City (District)	Aggregate GFA for entire project sq.m.	Interest attributable to the Company (%)	GFA for future development ⁽¹⁾ sq.m.	Estimated commencement date	Estimated pre-sale commencement date	Estimated Completed Date
Country Garden – Sun Palace (碧桂園•太陽城)	Shenyang (Daoyi)	1,079,765	100%	442,211	3rd Quarter, 2010	2nd Quarter, 2011	4th Quarter, 2013
Shenyang Country Garden (瀋陽碧桂園)	Shenyang (Huashan)	1,457,427	100%	1,127,113	3rd Quarter, 2010	4th Quarter, 2010	4th Quarter, 2013
Country Garden – Galaxy Palace (碧桂園•銀河城)	Shenyang (Yuhong)	1,703,469	100%	1,045,547	3rd Quarter, 2010	4th Quarter, 2010	4th Quarter, 2015
Country Garden – Phoenix City (碧桂園•鳳凰城)	Shenyang (Sujiatun)	1,168,560	100%	44,917	1st Quarter, 2011	3rd Quarter, 2011	2nd Quarter, 2013
Enping Country Garden (恩平碧桂園)	Jiangmen (Enping)	317,430	100%	103,230	3rd Quarter, 2010	2nd Quarter, 2011	4th Quarter, 2012
Country Garden – Hill Lake Palace (碧桂園•山湖城)	Changsha (Ningxiang)	640,702	100%	371,865	3rd Quarter, 2010	2nd Quarter, 2011	4th Quarter, 2013
Country Garden Lakeside City (碧桂園濱湖城)	Chaohu (Zhongmiao)	776,116	100%	117,243	3rd Quarter, 2010	3rd Quarter, 2010	4th Quarter, 2012
Shanwei Country Garden (汕尾碧桂園)	Shanwei (Shanwei)	436,258	100%	202,498	3rd Quarter, 2010	3rd Quarter, 2010	4th Quarter, 2012
Wuhan Country Garden (武漢碧桂園)	Wuhan (Hannan)	729,144	100%	165,816	3rd Quarter, 2010	2nd Quarter, 2011	4th Quarter, 2013
Shaoguan Country Garden – Sun Palace (韶關碧桂園•太陽城)	Shaoguan (Xilian)	3,531,728	100%	3,220,402	3rd Quarter, 2010	4th Quarter, 2010	4th Quarter, 2024
Haicheng Country Garden (海城碧桂園)	Anshan (Haicheng)	602,524	100%	215,236	3rd Quarter, 2010	3rd Quarter, 2011	4th Quarter, 2013
Xing'anmeng Country Garden (興安盟碧桂園)	Xing'anmeng (Keyouqianqi)	941,645	100%	635,902	1st Quarter, 2011	2nd Quarter, 2011	4th Quarter, 2016
Chizhou Country Garden (池州碧桂園)	Chizhou (Chizhou)	333,720	100%	127,316	3rd Quarter, 2010	4th Quarter, 2010	2nd Quarter, 2012
Country Garden – Hill Lake City (碧桂園•如山湖城)	Chaohu (Hexian)	1,000,756	100%	353,887	3rd Quarter, 2010	1st Quarter, 2011	4th Quarter, 2013
Xianning Country Garden (咸寧碧桂園)	Xianning (Xian'an)	456,146	100%	212,669	3rd Quarter, 2010	4th Quarter, 2010	4th Quarter, 2012
Country Garden – Hot Spring City (碧桂園•溫泉城)	Xianning (Xian'an)	459,357	100%	338,116	3rd Quarter, 2010	4th Quarter, 2010	3rd Quarter, 2014
Suizhou Country Garden (隨州碧桂園)	Suizhou (Chengnan)	1,422,115	100%	1,065,022	3rd Quarter, 2010	4th Quarter, 2010	4th Quarter, 2018
Changshou Country Garden (長壽碧桂園)	Chongqing (Changshou)	463,544	100%	76,245	3rd Quarter, 2010	1st Quarter, 2011	4th Quarter, 2011
Tongliao Country Garden (通遼碧桂園)	Tongliao (Keerqin)	1,663,414	100%	1,099,161	1st Quarter, 2011	3rd Quarter, 2011	4th Quarter, 2016
Huangshan Country Garden (黃山碧桂園)	Huangshan (Huangshan)	334,324	100%	96,956	3rd Quarter, 2010	4th Quarter, 2010	2nd Quarter, 2012
Anqing Country Garden (安慶碧桂園)	Anqing (Anqing)	1,952,599	100%	1,594,379	3rd Quarter, 2010	3rd Quarter, 2010	4th Quarter, 2014
Wuhu Country Garden (蕪湖碧桂園)	Wuhu (Sanshanqu)	2,539,137	100%	1,941,885	3rd Quarter, 2010	4th Quarter, 2010	4th Quarter, 2024
Yiyang Country Garden (益陽碧桂園)	Yiyang (Yiyang)	348,591	100%	217,934	3rd Quarter, 2010	1st Quarter, 2011	2nd Quarter, 2012
Chaohu Country Garden (巢湖碧桂園)	Chaohu (Nan'an)	500,707	100%	286,230	3rd Quarter, 2010	4th Quarter, 2010	4th Quarter, 2012



Business Review

Project	City (District)	Aggregate GFA for entire project sq.m.	Interest attributable to the Company (%)	GFA for future development ⁽¹⁾ sq.m.	Estimated commencement date	Estimated pre-sale commencement date	Estimated Completed Date
Liuyang Country Garden (瀏陽碧桂園)	Changsha (Liuyang)	372,425	100%	252,213	3rd Quarter, 2010	4th Quarter, 2010	1st Quarter, 2013
Maoming Country Garden (茂名碧桂園)	Maoming (Maonan)	302,703	100%	59,489	3rd Quarter, 2010	4th Quarter, 2010	4th Quarter, 2012
Yangshan Country Garden (陽山碧桂園)	Qingyuan (Yangshan)	494,308	100%	403,153	3rd Quarter, 2010	4th Quarter, 2010	2nd Quarter, 2012
Suihua Country Garden (綏化碧桂園)	Suihua (Beilin)	254,436	100%	164,463	3rd Quarter, 2010	3rd Quarter, 2011	4th Quarter, 2012
Tianjin Tanggu District Office Building (天津塘沽區寫字樓)	Tianjin (Tanggu)	116,164	100%	116,164	3rd Quarter, 2010	—	4th Quarter, 2011
Tianjin Country Garden (天津碧桂園)	Tianjin (Balitai)	599,727	100%	519,644	3rd Quarter, 2010	4th Quarter, 2010	3rd Quarter, 2014
Jingmen Country Garden (荊門碧桂園)	Jingmen (Duodao)	257,097	100%	57,235	3rd Quarter, 2010	4th Quarter, 2010	3rd Quarter, 2011
Zhaoqing Country Garden – Hill Lake Palace (肇慶碧桂園 • 山湖城)	Zhaoqing (Gaoyao)	206,276	51%	7,283	3rd Quarter, 2010	4th Quarter, 2010	4th Quarter, 2011
Country Garden – Park Prime (碧桂園 • 公園1號)	Jiangmen (Heshan)	212,110	100%	52,023	3rd Quarter, 2010	4th Quarter, 2010	4th Quarter, 2012
Country Garden – Grand Garden (碧桂園 • 豪園)	Guangzhou (Zengcheng)	282,646	100%	96,317	3rd Quarter, 2010	3rd Quarter, 2010	4th Quarter, 2011
Dalang Country Garden (大朗碧桂園)	Dongguan (Dalang)	341,523	100%	230,192	3rd Quarter, 2010	4th Quarter, 2010	2nd Quarter, 2012
Country Garden City Garden (碧桂園城市花園)	Foshan (Chancheng)	580,752	90%	580,752	3rd Quarter, 2010	4th Quarter, 2010	4th Quarter, 2012
Country Garden Grand Palace (碧桂園豪庭)	Foshan (Shunde)	357,053	100%	126,411	3rd Quarter, 2010	1st Quarter, 2011	2nd Quarter, 2012
Deqing Country Garden (德慶碧桂園)	Zhaoqing (Deqing)	243,285	100%	187,307	3rd Quarter, 2010	3rd Quarter, 2010	2nd Quarter, 2012
Yunfu Country Garden (雲浮碧桂園)	Yunfu (Jinshan)	144,365	100%	84,534	3rd Quarter, 2010	1st Quarter, 2011	4th Quarter, 2012
Beiliu Country Garden (北流碧桂園)	Yulin (Beiliu)	272,733	100%	212,990	1st Quarter, 2011	2nd Quarter, 2011	4th Quarter, 2013
Jianghai Country Garden (江海碧桂園)	Jiangmen (Jianghai)	467,601	100%	412,170	3rd Quarter, 2010	4th Quarter, 2010	2nd Quarter, 2014
Xinhui Country Garden – Phase Four (新會碧桂園 — 四期)	Jiangmen (Xinhui)	395,908	100%	332,347	3rd Quarter, 2010	2nd Quarter, 2011	4th Quarter, 2013
Country Garden – Ten Miles Coast (碧桂園 • 十里銀灘)	Huizhou (Huidong)	473,930	100%	473,930	3rd Quarter, 2010	2nd Quarter, 2011	4th Quarter, 2012
Country Garden – Springs City (碧桂園 • 清泉城)	Qingyuan (Fogang)	485,229	100%	445,377	3rd Quarter, 2010	4th Quarter, 2010	3rd Quarter, 2012
Country Garden Grand Lake (碧桂園秀麗湖)	Zhongshan (Wuguishan)	66,900	100%	66,900	3rd Quarter, 2010	1st Quarter, 2011	4th Quarter, 2011
Total:		56,865,682		26,779,370			

Note:

(1) “GFA held for future development” for each project is the GFA expected to be built.



Management Discussion and Analysis

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, fitting and decoration, property management and hotel operation. The revenue increased by 27.8% to approximately RMB11,765.7 million in the first half of 2010 from approximately RMB9,202.8 million for the corresponding period in 2009, primarily attributable to the increase in sales of property. The revenues generated from property development, construction, fitting and decoration, property management and hotel operation are RMB11,179.1 million, RMB186.1 million, RMB196.8 million and RMB203.7 million, respectively.

Property development

Revenue generated from property development increased by 29.3% to approximately RMB11,179.1 million for the six months ended 30 June 2010 from approximately RMB8,648.3 million for the corresponding period in 2009; primarily attributable to a 20.5% increase in total gross floor area ("GFA") sold to 2,095,233 sq.m in the first half of 2010 from 1,738,758 sq.m for the corresponding period in 2009. The recognized average selling price of property increased to RMB5,336 per sq.m in the first half of 2010 from RMB4,973 per sq.m for the corresponding period in 2009, which indicated a 7.3% increase.

Construction, fitting and decoration

Revenue generated from construction and decoration decreased by 27.9% to approximately RMB186.1 million for the six months ended 30 June 2010 from approximately RMB258.2 million for the corresponding period in 2009, primarily attributable to a decrease in the volume of construction, fitting 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 21.5% to approximately RMB196.8 million for the six months ended 30 June 2010 from approximately RMB162.0 million for the corresponding period 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, Changsha Country Garden, Shaoguan Country Garden in the second half year of 2009 and the first half year of 2010.

Hotel operation

Revenue generated from hotel operation increased by 51.7% to approximately RMB203.7 million for the six months ended 30 June 2010 from approximately RMB134.3 million for the corresponding period in 2009, primarily attributable to the opening of the five-star rating standard Gaoming Country Garden Phoenix Hotel in October 2009 and Country Garden Phoenix Hot Spring Hotel in November 2009.

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 23.4% to approximately RMB7,776.5 million for the six months ended 30 June 2010 from approximately RMB6,304.2 million for the corresponding period 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 37.6% to approximately RMB3,989.2 million for the six months ended 30 June 2010 from approximately RMB2,898.7 million for the corresponding period in 2009. The gross margin for the six months ended 30 June 2010 increased to 33.9% from 31.5% for the corresponding period in 2009.

Other gains – net

Other gains – net of the Group increased by 204.0% to approximately RMB38.0 million of gain for the six months ended 30 June 2010 from approximately RMB12.5 million of gain for the corresponding period in 2009. It was mainly due to the gain of RMB35.2 million from the repurchase of convertible bond with carrying value of RMB2,339.0 million.

Selling and marketing costs

Selling and marketing costs of the Group increased by 158.9% to approximately RMB276.2 million for the six months ended 30 June 2010 from approximately RMB106.7 million for the corresponding period in 2009, which was primarily attributable to a 370.9% increase in advertisement expense from RMB23.7 million in the first half of 2009 to RMB111.6 million for the corresponding period in 2010. As the property market recovered since the second half of 2009, the Group launched heavy promotions to maintain its market share in the first half of 2010.

Administrative expenses

Administrative expenses of the Group increased by 13.1% to approximately RMB361.6 million for the six months ended 30 June 2010 from approximately RMB319.8 million for the corresponding period in 2009, primarily attributable to the expenses incurred for the issue of Senior Notes due 2017 and the amendment of terms of Senior Notes due 2014, amounting to RMB14.6 million. In addition, the Group's donation increased by 482.6% to approximately RMB13.4 million for the six months ended 30 June 2010 from approximately RMB2.3 million for the corresponding period in 2009.

Finance costs – net

Finance costs – net of the Group decreased by 71.6% to approximately RMB110.9 million for the six months ended 30 June 2010 from approximately RMB390.0 million for the corresponding period in 2009. The total interest expenses increased by 36.4% to approximately RMB652.5 million for the six months ended 30 June 2010 from approximately RMB478.4 million for the corresponding period in 2009. The capitalized interest cost increased by 593.4% to approximately RMB479.8 million for the six months ended 30 June 2010 from approximately RMB69.2 million for the corresponding period 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 30 June 2010, the loss from the fair value change on the Equity Swap was approximately RMB190.6 million.



Management Discussion and Analysis

Profit attributable to the equity owners

Profit attributable to the equity owners (after adjustments for the fair value change of the Equity Swap and gain from partial repurchase of convertible bond) for the six months ended 30 June 2010 of the Group increased by 35.1% to approximately RMB1,918.9 million from approximately RMB1,420.2 million for the corresponding period in 2009. The net earning margin increased from 15.4% for the first half of 2009 to 16.3% for the corresponding period in 2010.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

Cash position

The Group's cash and bank deposits (including the restricted cash) amounted to approximately RMB10,145.9 million as at 30 June 2010 (31 December 2009: approximately RMB8,424.0 million). As at 30 June 2010, 71.7% and 28.3% of the Group's cash and bank deposits were denominated in Renminbi and other currencies (mainly US dollars and HK dollars), respectively.

As at 30 June 2010, the carrying amount of the restricted cash was approximately RMB3,737.8 million (31 December 2009: approximately RMB3,815.3 million). Pursuant to relevant regulations, certain 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 RMB1,697.7 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 RMB17,908.5 million as at 30 June 2010 (31 December 2009: approximately RMB16,278.0 million). The current ratio being current assets over current liabilities kept relatively stable as approximately 1.6 as at both 31 December 2009 and 30 June 2010.

Debt and charges on Group assets

The Group had an aggregated debt as at 30 June 2010 of approximately RMB18,998.3 million, including bank borrowings of approximately RMB10,633.9 million, convertible bond of approximately RMB2,062.2 million, and Senior Notes of approximately RMB6,302.2 million.

For borrowings, approximately RMB2,631.4 million will be repayable within 1 year, approximately RMB7,577.5 million will be repayable between 2 and 5 years and the remaining RMB425.0 million to be repayable within the future 5 to 10 years. As at 30 June 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 equivalents) over the total capital and reserves attributable to equity owners. As at 30 June 2010, the gearing ratio was 48.1% (31 December 2009: 52.7%).



Management Discussion and Analysis

Interest rate risk

The weighted average interest rate of the Group's borrowing decreased to 5.65% in 2010 from 6.73% as at 31 December 2009. In addition, the Group issued a Senior Notes in the second half of 2009, whose interest rate is calculated by effective rate method. The effective annual interest rate is 12.11%. The Group issued another 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 has implemented certain measures to manage interest rate risk which includes, among 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 the first half of 2010, the exchange rates of Renminbi to Hong Kong dollars and US dollars kept stable. For the six months ended 30 June 2010, there was an exchange gain of RMB14.0 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 six months ended 30 June 2010, the Group had LAT expenses of approximately RMB491.2 million. As by 30 June 2010, the Group had LAT provision balance of RMB1,540.0 million.

Contingent liability

As at 30 June 2010, the Group had some contingent liabilities relating to guarantees in respect of mortgage facilities for certain purchasers and borrowings amounting to approximately RMB15,866.3 million (31 December 2009: approximately RMB13,540.3 million).

Of the contingent liability as at 30 June 2010, RMB15,106.3 million 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 30 June 2010, approximately RMB232.7 million (31 December 2009: approximately RMB256.4 million) was to be discharged two years from the day the mortgaged loans become due; and approximately RMB14,873.6 million (31 December 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 loans by the purchasers of properties.

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.

In addition, of the contingent liability as at 30 June 2010, RMB760.0 million represented the guarantee provided to Guangzhou Li He Property Development Company Limited for its bank borrowings.



Management Discussion and Analysis

Capital and property development commitments

As at 30 June 2010, the capital commitments in connection with the property development activities amounted to approximately RMB10,809.4 million (31 December 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 30 June 2010, the Group had approximately 30,342 full-time employees, which had increased by 828 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.

SUBSEQUENT EVENT

In 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 10.5% per annum, payable semi-annually on 11 February and 11 August in arrears, and will mature on 11 August 2015, unless redeemed earlier.



Disclosure of Interests

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

The Directors of the Company who held office at 30 June 2010 had the following interests in the shares of the Company and its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) at the balance sheet date as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") of the Listing Rules:

(a) Long positions in the shares and debentures of the Company

Name of Director	Capacity	Number of ordinary shares held	Percentage to the issued share capital as at 30.6.2010	Amount of debentures held
Mr. YEUNG Kwok Keung	Interest of controlled corporation	—	—	US\$6,000,000 (Note 1)
Mr. CUI Jianbo	Interest of spouse	7,993,396 (Note 2)	0.05%	US\$1,200,000 (Note 3)
Ms. YANG Huiyan	Interest of controlled corporation	9,760,945,999 (Note 4)	59.33%	—
Mr. YANG Erzhu	Interest of controlled corporation	972,000,000 (Note 4)	5.91%	—
Mr. SU Rubo	Interest of controlled corporation	716,000,000 (Note 4)	4.35%	—
Mr. ZHANG Yaoyuan	Interest of controlled corporation	816,000,000 (Note 4)	4.96%	—
Mr. OU Xueming	Interest of controlled corporation	736,000,000 (Note 4)	4.47%	—
Mr. YANG Yongchao	Interest of spouse	3,310,000 (Note 5)	0.02%	—

Notes:

- These debentures represent the US\$550 million 11.25% senior notes due 2017 held by Joy House Enterprises Limited in which Mr. YEUNG Kwok Keung beneficially owns 99% of the issued share capital.
- These shares represent shares held by Ms. HE Jianxun being the spouse of Mr. CUI Jianbo.
- These debentures represent the US\$550 million 11.25% senior notes due 2017 held by Ms. HE Jianxun being the spouse of Mr. CUI Jianbo.
- These shares represent shares held by Concrete Win Limited, Automic Group Limited, Easy Hope Holdings Limited, Acura International Global Limited and Highlander Group Limited in which Ms. YANG Huiyan, Mr. YANG Erzhu, Mr. SU Rubo, Mr. ZHANG Yaoyuan and Mr. OU Xueming beneficially owns the entire issued share capital respectively.
- These shares represent shares held by Ms. SU Yuming being the spouse of Mr. YANG Yongchao.



Disclosure of Interests

(b) Long positions in the shares of Concrete Win Limited, an associated corporation of the Company

Name of Director	Capacity	Number of ordinary shares held	Percentage to the issued share capital as at 30.6.2010
Ms. YANG Huiyan	Beneficial owner	2	100%

Save as disclosed above, at the balance sheet date, none of the Company's Directors, chief executives or their respective associates had any other personal, family, corporate and other interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS DISCLOSEABLE UNDER THE SFO

At the balance sheet date, according to the register kept by the Company under Section 336 of the SFO, the following companies and persons, other than the Directors or chief executives of the Company, had long positions of 5% or more in the shares of the Company which fell to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO:

Long positions in the shares of the Company

Name of shareholder	Capacity	Number of ordinary shares held	Percentage to the issued share capital as at 30.6.2010
Concrete Win Limited	Beneficial owner	9,760,945,999 (Note 1)	59.33%
Automic Group Limited	Beneficial owner	972,000,000 (Note 2)	5.91%

Notes:

- These shares are held by Concrete Win Limited, the entire issued share capital of which is beneficially owned by Ms. YANG Huiyan.
- These shares are held by Automic Group Limited, the entire issued share capital of which is beneficially owned by Mr. YANG Erzhu.

Save as disclosed above, at the balance sheet date, the Company has not been notified of any other person (other than the Directors and chief executives of the Company) who had an interest or short position of 5% or more in the shares and underlying shares of the Company which fell to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO.



Corporate Governance and Other Information

AUDIT COMMITTEE

The Audit Committee was established with terms of reference in compliance with Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) and 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 Tung, Ronald. Mr. LAI Ming, Joseph is the chairman of the Audit Committee.

The Audit Committee has reviewed with management the accounting policies and practices adopted by the Group and discussed, among other things, internal controls and financial reporting matters including a review of the unaudited interim results for the six months ended 30 June 2010. In addition, the independent auditor of the Company, PricewaterhouseCoopers, has reviewed the unaudited interim results for the six months ended 30 June 2010 in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code as the code for dealing in securities of the Company by the Directors. After specific enquiry, all Directors confirmed that they have complied with the required standard of dealings set out therein for six months ended 30 June 2010. No incident of non-compliance was noted by the Company to date in 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 for six months ended 30 June 2010.

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COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES

The Board and management are committed to principles of corporate governance consistent with prudent management and enhancement of shareholder value. These principles emphasize transparency, accountability and independence.

During the six months ended 30 June 2010, the Company has complied with the code provisions of the Code on Corporate Governance Practices as set out in the Appendix 14 to the Listing Rules (the “Code”), 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.

SHARE OPTION SCHEME

On 20 March 2007, a share option scheme (the “Scheme”) was adopted and approved by their 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 any share options have been granted since adoption.



Corporate Governance and Other Information

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. The Company did not purchase any shares during the period for the purpose of the Employee Incentive Scheme. As at 30 June 2010, the cumulative total number of the shares purchased under the Employee Incentive Scheme were 82,092,000 shares.

PURCHASE, SALE OR REDEMPTION OF LISTING SECURITIES

During the six months ended 30 June 2010, the Company had not redeemed, and neither the Company nor any of its subsidiaries had purchased or sold any of the shares of the Company subject to those referred to under the section “Employee Incentive Scheme” in this report.

INTERIM DIVIDEND

The Board resolved not to recommend the payment of an interim dividend for the six months ended 30 June 2010 (2009: Nil).

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CHANGE IN THE INFORMATION OF A DIRECTOR PURSUANT TO RULE 13.51B(1) OF THE LISTING RULES

Pursuant to rule 13.51B(1) of the Listing Rules, change in the information of a director of the Company since the date of the Annual Report 2009 of the Company required to be disclosed in this report is as follow:

- Mr. CUI Jianbo has resigned as the president of the Company with effect from 22 July 2010.



Consolidated Interim Balance Sheet

	Note	Unaudited 30 June 2010 RMB'000	Restated 31 December 2009 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	4	4,399,773	3,878,360
Investment property	4	137,443	141,231
Intangible assets	4	14,058	13,425
Land use rights	4	1,106,575	1,101,968
Properties under development	5	15,911,651	13,195,329
Investment in an associate	6	216,889	—
Deferred income tax assets		829,775	892,895
Other assets	6	—	2,040,000
		22,616,164	21,263,208
Current assets			
Properties under development	5	23,221,527	20,247,069
Completed properties held for sale		5,906,435	5,107,707
Inventories		251,038	329,356
Trade and other receivables	7	7,312,290	7,058,467
Prepaid taxes		1,710,504	1,509,939
Restricted cash	8	3,737,789	3,815,334
Cash and cash equivalents	9	6,408,087	4,608,708
		48,547,670	42,676,580
Total assets		71,163,834	63,939,788
EQUITY			
Equity attributable to the equity holders of the Company			
Share capital	10	14,925,651	14,925,651
Other reserves	11	818,272	1,093,181
Retained earnings			
— proposed final dividend		—	740,320
— others		6,174,407	4,410,912
		21,918,330	21,170,064
Non-controlling interests		563,477	370,858
Total equity		22,481,807	21,540,922

Consolidated Interim Balance Sheet

	Note	Unaudited 30 June 2010 RMB'000	Restated 31 December 2009 RMB'000
LIABILITIES			
Non-current liabilities			
Bank borrowings	12	8,002,498	7,638,003
Convertible bond	13	2,062,222	4,278,511
Senior notes	14	6,302,203	2,602,423
Deferred government grants		107,780	107,780
Derivative financial instruments	16	1,180,727	990,124
Deferred income tax liabilities		387,411	383,413
		18,042,841	16,000,254
Current liabilities			
Advanced proceeds received from customers		17,299,200	14,039,707
Trade and other payables	15	6,739,590	6,563,231
Dividend payable	22	740,320	—
Income tax payable		3,228,698	2,545,013
Bank borrowings	12	2,631,378	3,250,661
		30,639,186	26,398,612
Total liabilities		48,682,027	42,398,866
Total equity and liabilities		71,163,834	63,939,788
Net current assets		17,908,484	16,277,968
Total assets less current liabilities		40,524,648	37,541,176

Consolidated Interim Statement of Comprehensive Income

	Note	Unaudited Six months ended 30 June	
		2010 RMB'000	Restated 2009 RMB'000
Revenue	3	11,765,702	9,202,812
Cost of sales	18	(7,776,510)	(6,304,151)
Gross profit		3,989,192	2,898,661
Other gains — net	17	37,974	12,525
Selling and marketing costs	18	(276,216)	(106,699)
Administrative expenses	18	(361,589)	(319,842)
Operating profit		3,389,361	2,484,645
Finance income	19	47,814	19,889
Finance costs	19	(158,730)	(409,880)
Finance costs — net	19	(110,916)	(389,991)
Share of loss of an associate	6	(711)	—
Fair value changes on derivative financial instruments	16	(190,603)	431,838
Profit before income tax		3,087,131	2,526,492
Income tax expense	20	(1,278,617)	(649,211)
Profit and total comprehensive income for the period		1,808,514	1,877,281
Profit and total comprehensive income attributable to:			
— Equity holders of the Company		1,763,495	1,851,991
— Non-controlling interests		45,019	25,290
		1,808,514	1,877,281
Earnings per share attributable to the equity holders of the Company (RMB cents)			
Basic and diluted	21	10.72	11.36

The notes on pages 32 to 62 form an integral part of this interim financial information.

	Note	Six months ended 30 June	
		2010 RMB'000	2009 RMB'000
Dividends	22	—	—

Consolidated Interim Statement of Changes In Equity

	Unaudited					
	Attributable to equity holders of the Company				Non-controlling interests	Total equity
	Share capital	Other reserves	Retained earnings	Total		
	RMB'000 (note 10)	RMB'000 (note 11)	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2009	14,686,574	859,729	3,554,440	19,100,743	279,926	19,380,669
Effect of change in accounting policy on land use rights (note 2.2 (ii))	—	—	130,845	130,845	—	130,845
Balance at 1 January 2009, as restated	14,686,574	859,729	3,685,285	19,231,588	279,926	19,511,514
Total comprehensive income for the six months ended 30 June 2009	—	—	1,851,991	1,851,991	25,290	1,877,281
Transactions with owners in their capacity as owners:						
Purchase of treasury shares (note 10)	(1,850)	—	—	(1,850)	—	(1,850)
Dividend (note 22)	—	—	(490,800)	(490,800)	—	(490,800)
Total transactions with owners	(1,850)	—	(490,800)	(492,650)	—	(492,650)
Balance at 30 June 2009	14,684,724	859,729	5,046,476	20,590,929	305,216	20,896,145
Balance at 1 January 2010	14,925,651	1,093,181	4,909,984	20,928,816	370,858	21,299,674
Effect of change in accounting policy on land use rights (note 2.2 (ii))	—	—	241,248	241,248	—	241,248
Balance at 1 January 2010, as restated	14,925,651	1,093,181	5,151,232	21,170,064	370,858	21,540,922
Total comprehensive income for the six months ended 30 June 2010	—	—	1,763,495	1,763,495	45,019	1,808,514
Transactions with owners in their capacity as owners:						
Capital injection	—	—	—	—	157,600	157,600
Dividend (note 22)	—	—	(740,320)	(740,320)	(10,000)	(750,320)
Effects of repurchase of convertible bond	—	(274,909)	—	(274,909)	—	(274,909)
Total transactions with owners	—	(274,909)	(740,320)	(1,015,229)	147,600	(867,629)
Balance at 30 June 2010	14,925,651	818,272	6,174,407	21,918,330	563,477	22,481,807

Condensed Consolidated Interim Cash Flow Statement

	Unaudited	
	Six months ended 30 June	
	2010	2009
	RMB'000	RMB'000
Net cash flows from operating activities	1,086,431	592,924
Net cash used in investing activities	(258,299)	(174,148)
Net cash from financing activities	971,247	1,429,967
Net increase in cash and cash equivalents	1,799,379	1,848,743
Cash and cash equivalents at the beginning of the period	4,608,708	3,006,492
Cash and cash equivalents at the end of the period	6,408,087	4,855,235

Selected Notes to the Interim Financial Information

1 GENERAL INFORMATION

Country Garden Holdings Company Limited (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’s shares were listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 20 April 2007.

This interim financial information is presented in units of Renminbi (“RMB”) thousand Yuan, unless otherwise stated, and was approved by the Board for issue on 24 August 2010.

This interim financial information has not been audited.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

2.1 Basis of preparation

This interim financial information for the six months ended 30 June 2010 has been prepared in accordance with Hong Kong Accounting Standards (“HKAS”) 34, ‘Interim Financial Reporting’. The interim financial information should be read in conjunction with the audited financial statements for the year ended 31 December 2009, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

2.2 Accounting policies

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2009, as described in those annual financial statements.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

(i) 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. Interest 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 reserves is recognised in reserves. 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.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

2.2 Accounting policies (continued)

(i) Associates (continued)

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.

(ii) Changes in accounting policies

During the period, 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 period. 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 30 June 2010 RMB'000	As at 31 December 2009 RMB'000
Increase in completed properties held for sale	1,252,285	942,042
Increase in properties under development — current	6,583,922	5,222,742
Increase in properties under development — non-current	10,571,395	9,250,011
Decrease in land use right — current	(7,823,650)	(6,145,479)
Decrease in land use right — non-current	(10,181,710)	(8,956,706)
Decrease in deferred tax assets	(93,770)	(71,362)
Increase in retained earnings	(308,472)	(241,248)

Selected Notes to the Interim Financial Information

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

2.2 Accounting policies (continued)

(ii) Changes in accounting policies (continued)

	Six months ended 30 June	
	2010 RMB'000	2009 RMB'000
Increase in cost of sales	6,748	28,127
Decrease in administrative expenses	(96,380)	(73,903)
Increase in income tax expenses	22,408	10,131
Increase in net profit attributable to the equity holders of the Company	67,224	35,645
Increase in earnings per share (basic and diluted)	RMB0.41 cents	RMB0.22 cents

(iii) New and amended standards adopted by the Group

The following new standards and amendments 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 profit or loss. 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.

As the Group has adopted HKFRS 3 (revised), it is required to adopt HKAS 27 (revised), 'consolidated and separate financial statements', at the same time. 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.

Selected Notes to the Interim Financial Information

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

2.2 Accounting policies (continued)

(iii) *New and amended standards adopted by the Group (continued)*

- HKAS 1 (amendment), 'Current/non-current classification of convertible instruments', is effective and applied retrospectively for periods beginning on or after 1 January 2010. Regarding the liability component of convertible instruments, it clarifies that the holder's option which will result in the settlement by the issuance of equity instruments, 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 17 (amendment), Classification of leases of land and buildings (Consequential amendment to HK-Int 4, Leases — Determination of the length of lease term in respect of Hong Kong land leases) is effective and applied retrospectively for periods beginning on or after 1 January 2010. Specific guidance regarding classification of leases of land is deleted, 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 using the general principles of HKAS 17.

The adoption of the above standards and amendments did not have any material impact on the Group's financial statements.

(iv) *Standards, amendments and interpretations to existing standards effective in 2010 but not relevant to the Group*

- HK(IFRIC) — Int 17, 'Distributions of non-cash assets to owners' is effective for annual periods beginning on or after 1 July 2009. This is not currently applicable to the Group, as it has not made any non-cash distributions.
- 'Additional exemptions for first-time adopters' (Amendment to HKFRS 1) is effective for annual periods beginning on or after 1 January 2010. This is not relevant to the Group, as it is an existing HKFRSs preparer.
- HKAS 39 (Amendment), 'Eligible hedged items' is effective for annual period on or after 1 July 2009. That is not currently applicable to the Group, as it has no hedging.
- HKFRS 2 (Amendment), 'Group cash-settled share-based payment transaction' is effective for annual periods beginning on or after 1 January 2010. This is not currently applicable to the Group, as it has no such share-based payment transactions.
- First improvements to HKFRSs (2008) were issued in October 2008 by the HKICPA. The improvement related to HKFRS 5 "Non-current assets held for sale and discontinued operations" is effective for annual period on or after 1 July 2009.
- Second improvements to HKFRSs (2009) were issued in May 2009 by the HKICPA. All improvements except for HKAS 1 (amendment) and HKAS 17 (amendment) are not relevant to the Group.

Selected Notes to the Interim Financial Information

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

2.2 Accounting policies (continued)

(v) *The following new standards, new interpretations and amendments to standards 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' addresses the classification and measurement of 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.
- HKAS 24 (Revised) 'Related party disclosures' supersedes HKAS 24 'Related party disclosures' issued in 2003. The revised HKAS 24 is required to be applied from 1 January 2011. Earlier application, for either the entire standard or the government-related entity, is permitted. This revised standard is not expected to have a material impact on the Group's financial statements.
- Under 'Classification of rights issues' (Amendment to HKAS 32), for rights issues offered for a fixed amount of foreign currency, current practice appears to require such issues to be accounted for as derivative liabilities. The amendment states that if such rights are issued pro rata to all the entity's existing shareholders in the same class for a fixed amount of currency, they should be classified as equity regardless of the currency in which the exercise price is denominated. The amendment should be applied for annual periods beginning on or after 1 February 2010. Earlier application is permitted. This new amendment is not expected to have a material impact on the Group's financial statements.
- HK(IFRIC) — Int 19, 'Extinguishing financial liabilities with equity instruments' clarifies the requirements of HKFRSs when an entity renegotiates the terms of a financial liability with its creditor and the creditor agrees to accept the entity's shares or other equity instruments to settle the financial liability fully or partially. The interpretation is effective for annual periods beginning on or after 1 July 2010. Earlier application is permitted. This new interpretation 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.

Selected Notes to the Interim Financial Information

3 SEGMENT INFORMATION

The executive directors of the Company (the “ED”) reviews the Group’s internal reporting in order to assess performance and allocate resources. The ED has determined the operating segments based on these reports.

The ED considers the business from product perspective. From a product perspective, management assesses the performance of:

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

The ED assesses 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 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.

Revenue consists of the following:

	Six months ended 30 June	
	2010 RMB'000	2009 RMB'000
Sales of properties	11,179,125	8,648,349
Rendering of construction and decoration services	186,099	258,233
Rendering of property management services	196,739	162,013
Rendering of hotel services	203,739	134,217
	11,765,702	9,202,812

Selected Notes to the Interim Financial Information

3 SEGMENT INFORMATION (continued)

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 exceeds 10% or more of the Group's revenue.

The segment information provided to the ED for the reportable segments for the six months ended 30 June 2010 is as follows:

	Property development RMB'000	Construction, fitting and decoration RMB'000	Property management RMB'000	Hotel RMB'000	Group RMB'000
Six months ended 30 June 2010					
Total revenue	11,179,125	3,016,798	196,992	203,739	14,596,654
Inter-segment revenue	–	(2,830,699)	(253)	–	(2,830,952)
Revenue (from external customers)	11,179,125	186,099	196,739	203,739	11,765,702
Operating profit	3,406,585	13,615	35,640	(66,479)	3,389,361
At 30 June 2010					
Total segment assets	61,803,908	1,950,322	254,131	4,627,973	68,636,334
Capital expenditure	91,447	9,977	2,027	576,780	680,231
Total segment liabilities	21,649,507	2,119,042	319,219	799,122	24,886,890

Selected Notes to the Interim Financial Information

3 SEGMENT INFORMATION (continued)

The segment information provided to the ED for the reportable segments for the six months ended 30 June 2009 is as follows:

	Property development RMB'000	Construction, fitting and decoration RMB'000	Property management RMB'000	Hotel RMB'000	Group RMB'000
Six months ended 30 June 2009					
Total revenue	8,648,349	1,576,827	165,275	134,291	10,524,742
Inter-segment revenue	—	(1,318,594)	(3,262)	(74)	(1,321,930)
Revenue (from external customers)	8,648,349	258,233	162,013	134,217	9,202,812
Operating profit	2,442,040	69,466	19,769	(46,630)	2,484,645
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 profit for the period as follows:

	Six months ended 30 June	
	2010 RMB'000	2009 RMB'000
Total operating profit	3,389,361	2,484,645
Financial costs — net	(110,916)	(389,991)
Share of loss of an associate	(711)	—
Fair value changes on derivative financial instruments	(190,603)	431,838
Profit before income tax	3,087,131	2,526,492
Income tax expense	(1,278,617)	(649,211)
Profit for the period	1,808,514	1,877,281

Selected Notes to the Interim Financial Information

3 SEGMENT INFORMATION (continued)

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

	30 June 2010 RMB'000	31 December 2009 RMB'000
Total segment assets	68,636,334	61,339,843
Deferred income tax assets	829,775	892,895
Collateral for equity swap	1,697,725	1,707,050
Total assets per balance sheet	71,163,834	63,939,788
Total segment liabilities	24,886,890	20,710,718
Deferred income tax liabilities	387,411	383,413
Income tax payable	3,228,698	2,545,013
Derivative financial instruments	1,180,727	990,124
Bank borrowings	10,633,876	10,888,664
Convertible bond	2,062,222	4,278,511
Senior notes	6,302,203	2,602,423
Total liabilities per balance sheet	48,682,027	42,398,866

4 PROPERTY, PLANT AND EQUIPMENT, LAND USE RIGHTS, INVESTMENT PROPERTY AND INTANGIBLE ASSETS

	Property, plant and equipment RMB'000	Land use rights RMB'000	Investment property RMB'000	Intangible assets RMB'000
Six months ended 30 June 2009				
Opening net book amount at 1 January 2009	2,841,970	13,639,240	148,865	13,342
Effect of change in accounting policy on land use rights (note 2.2 (ii))	—	(12,664,345)	—	—
Opening net book amount at 1 January 2009, as restated	2,841,970	974,895	148,865	13,342
Additions	265,259	—	—	2,128
Disposals	(3,843)	—	—	—
Depreciation and amortisation	(103,489)	(12,390)	(3,817)	(1,789)
Closing net book amount at 30 June 2009	2,999,897	962,505	145,048	13,681

Selected Notes to the Interim Financial Information

4 PROPERTY, PLANT AND EQUIPMENT, LAND USE RIGHTS, INVESTMENT PROPERTY AND INTANGIBLE ASSETS (continued)

	Property, plant and equipment RMB'000	Land use rights RMB'000	Investment property RMB'000	Intangible assets RMB'000
Six months ended 30 June 2010				
Opening net book amount at 1 January 2010	3,878,360	16,204,153	141,231	13,425
Effect of change in accounting policy on land use rights (note 2.2 (ii))	—	(15,102,185)	—	—
Opening net book amount at 1 January 2010, as restated	3,878,360	1,101,968	141,231	13,425
Additions	657,958	19,083	29	3,161
Disposals	(10,921)	—	—	—
Depreciation and amortisation	(125,624)	(14,476)	(3,817)	(2,528)
Closing net book amount at 30 June 2010	4,399,773	1,106,575	137,443	14,058

5 PROPERTIES UNDER DEVELOPMENT

	As at	
	30 June 2010 RMB'000	31 December 2009 RMB'000
Properties under development expected to be completed:		
Within normal operating cycle included under current assets	23,221,527	20,247,069
Beyond normal operating cycle included under non-current assets	15,911,651	13,195,329
	39,133,178	33,442,398
Amount comprises:		
Construction costs	21,122,269	18,462,483
Land use rights	17,155,317	14,576,556
Interest capitalised	855,592	403,359
	39,133,178	33,442,398

The capitalisation rate used to determine the amount of interest incurred eligible for capitalisation in 2010 was 9.82% (2009: 9.63%).

The properties under development are located in the PRC.

Selected Notes to the Interim Financial Information

6 INVESTMENT IN AN ASSOCIATE

	RMB'000
At 1 January 2010	—
Capital injection	217,600
Share of post-acquisition results	(711)
At 30 June 2010	216,889

In April 2010, the Group together with two PRC real estate developers jointly established 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 holds 33% equity interest in Li He and as at 30 June 2010, the Group has 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” (note 7).

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. As of the date of this report, the above transfer has not been completed.

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	Assets	Liabilities	Revenues	Loss	% interest held
			RMB'000	RMB'000	RMB'000	RMB'000	
Li He	PRC	Property Development	4,223,300	4,006,411	—	711	33%

Selected Notes to the Interim Financial Information

7 TRADE AND OTHER RECEIVABLES

	As at	
	30 June 2010 RMB'000	31 December 2009 RMB'000
Trade receivables (note (a))	324,747	383,470
Land auction deposits	717,463	1,144,818
Other receivables	531,725	589,329
Amount due from an associate (note 25(d))	1,582,400	—
Amounts due from customers for contract work (note (b))	341,377	236,203
Prepayments for land (note (c))	2,734,290	4,096,587
Other prepayments — third parties	1,083,245	611,017
Less: Provision for impairment of receivables	(2,957)	(2,957)
	7,312,290	7,058,467

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Amount due from an associate is unsecured, non-interest bearing and with no fixed repayment terms and repayable on demand.

As at 30 June 2010, the carrying amounts of trade and other receivables approximate their fair value.

Notes:

- (a) Trade receivables are mainly arisen from rendering of construction services, property management 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 and property management businesses. The ageing analysis of trade receivables was as follows:

	As at	
	30 June 2010 RMB'000	31 December 2009 RMB'000
Within 90 days	196,667	317,034
Over 90 days and within 180 days	74,470	33,800
Over 180 days and within 365 days	31,945	17,848
Over 365 days	21,665	14,788
	324,747	383,470

Selected Notes to the Interim Financial Information

7 TRADE AND OTHER RECEIVABLES (continued)

Notes: (continued)

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

	As at	
	30 June 2010 RMB'000	31 December 2009 RMB'000
Cost incurred	3,829,602	3,648,369
Recognised profits (less recognised losses)	1,652,667	1,647,801
	5,482,269	5,296,170
Less: progress billings	(5,140,892)	(5,059,967)
	341,377	236,203
Represented by:		
Amounts due from customers	341,377	236,203
Including: Related companies (note 25(d))	304,699	175,110
Third parties	36,678	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 30 June 2010.

Selected Notes to the Interim Financial Information

8 RESTRICTED CASH

	As at	
	30 June 2010 RMB'000	31 December 2009 RMB'000
Guarantee deposits for construction of pre-sale properties (note)	2,040,064	1,820,219
Collateral for equity swap (note 16)	1,697,725	1,707,050
Collateral for borrowings (note 12)	—	288,065
	3,737,789	3,815,334

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 payments of construction fee of the relevant property projects when approval from the 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.

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9 CASH AND CASH EQUIVALENTS

	As at	
	30 June 2010 RMB'000	31 December 2009 RMB'000
Cash at bank and in hand:		
Denominated in RMB	7,275,847	6,143,750
Denominated in HK dollar	378,447	359,469
Denominated in US dollar	2,491,582	1,920,823
	10,145,876	8,424,042
Less: restricted cash (note 8)	(3,737,789)	(3,815,334)
	6,408,087	4,608,708

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.

Selected Notes to the Interim Financial Information

10 SHARE CAPITAL

	Number of ordinary shares	Nominal value of ordinary shares HK\$'000	Equivalent nominal value of ordinary shares RMB'000	Share premium RMB'000	Treasury Shares RMB'000	Total RMB'000
Authorised ordinary share of HK\$0.10 each at 31 December 2009 and 30 Jun 2010	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	—	—	—	—	(1,850)	(1,850)
Closing balance at 30 June 2009	16,360,000,000	1,636,000	1,617,773	13,371,866	(304,915)	14,684,724
Balance at 1 January 2010 and 30 June 2010	16,451,419,578	1,645,142	1,625,831	13,663,559	(363,739)	14,925,651

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11 OTHER RESERVES

	Merger reserve (note) RMB'000	Statutory reserve RMB'000	Conversion option reserve (note 13) RMB'000	Total RMB'000
Six months ended 30 June 2009				
Balance at 1 January 2009 and 30 June 2009	(149,801)	584,709	424,821	859,729
Six months ended 30 June 2010				
Balance at 1 January 2010	(149,801)	818,161	424,821	1,093,181
Repurchase of convertible bond	—	—	(274,909)	(274,909)
Balance at 30 June 2010	(149,801)	818,161	149,912	818,272

Note:

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

Selected Notes to the Interim Financial Information

12 BANK BORROWINGS

	As at	
	30 June 2010 RMB'000	31 December 2009 RMB'000
Borrowings included in non-current liabilities:		
Bank borrowings		
— secured	7,379,252	7,819,753
— unsecured	2,980,146	2,604,750
Less: current portion of non-current borrowings	(2,356,900)	(2,786,500)
	8,002,498	7,638,003
Borrowings included in current liabilities:		
Bank borrowings		
— secured	85,578	288,065
— unsecured	188,900	176,096
Current portion of non-current borrowings	2,356,900	2,786,500
	2,631,378	3,250,661

Movements in borrowings are analysed as follows:

	RMB'000
Six months ended 30 June 2009	
Opening amount as at 1 January 2009	7,826,314
Additions of borrowings	4,937,310
Repayments of borrowings	(1,935,493)
Closing amount as at 30 June 2009	10,828,131
Six months ended 30 June 2010	
Opening amount as at 1 January 2010	10,888,664
Additions of borrowings	2,718,740
Repayments of borrowings	(2,973,528)
Closing amount as at 30 June 2010	10,633,876

Selected Notes to the Interim Financial Information

12 BANK BORROWINGS (continued)

The Group's borrowings of RMB6,734,830,000 as at 30 June 2010 (2009: RMB7,089,753,000), were jointly secured by certain properties and land use rights of the Group with total carrying values of RMB5,969,893,000 as at 30 June 2010 (2009: RMB4,210,869,000). The Group's borrowings of RMB730,000,000 as at 30 June 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 nil at 30 June 2010 (2009: 288,065,000) were secured by certain bank deposits of the Group.

The weighted average effective interest rates at balance sheet dates were as follows:

	As at	
	30 June 2010	31 December 2009
Bank borrowings	5.65%	6.73%

The carrying amounts of the Group's bank borrowings are denominated in RMB and approximate their fair value.

13 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 values 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 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 11).

As of 30 June 2010, the Company has repurchased the Bond totaling approximately RMB2,301 million out of the total principal amount of RMB4,314 million using the net proceeds from the issue of the 2017 Notes (note 14) (the "Repurchase").

Selected Notes to the Interim Financial Information

13 CONVERTIBLE BOND (continued)

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 RMB35,181,000 and a decrease of RMB274,909,000 in the conversion option reserve.

The Bond recognised in the balance sheet is calculated as follows:

	RMB'000
Face value of the convertible bond on issue	4,314,000
Equity component	(424,821)
Transaction costs	(107,850)
Liability component on initial recognition	3,781,329
Interest expenses	658,957
Coupon paid	(161,775)
Liability component at 31 December 2009	4,278,511
Interest expenses (note 19)	176,676
Coupon paid	(53,925)
Repurchase	(2,339,040)
Liability component at 30 June 2010	2,062,222

Interest expenses on the liability component of the Bond are calculated using the effective interest method, applying the effective interest rate of 9.24% p.a. to the liability component.

Up to 30 June 2010, there was no conversion of the Bond.

Selected Notes to the Interim Financial Information

14 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 and from time to 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 and from time to 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 and from time to 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.

Selected Notes to the Interim Financial Information

14 SENIOR NOTES *(continued)*

The 2014 Notes and 2017 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 and 11.81% per annum to the liability component of the 2014 Notes and 2017 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 30 June 2010.

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

	RMB'000
Carrying amount as at 1 January 2010	2,602,423
Addition	3,657,203
Exchange gains	(29,439)
Interest expenses (note 19)	222,463
Coupon paid	(150,447)
Carrying amount as at 30 June 2010	6,302,203

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15 TRADE AND OTHER PAYABLES

	As at	
	30 June 2010 RMB'000	31 December 2009 RMB'000
Trade payables (note)	5,078,172	4,170,017
Other payables — third parties	1,056,513	1,652,528
Other taxes payable	198,727	283,111
Staff welfare benefit payable	303,512	409,546
Accrued expenses	102,666	48,029
	6,739,590	6,563,231

Selected Notes to the Interim Financial Information

15 TRADE AND OTHER PAYABLES (continued)

Note:

The ageing analysis of trade payables at the balance sheet dates is as follows:

	As at	
	30 June 2010 RMB'000	31 December 2009 RMB'000
Within 90 days	4,862,812	3,948,097
Over 90 days and within 180 days	81,730	94,430
Over 180 days and within 365 days	78,274	57,531
Over 365 days	55,356	69,959
	5,078,172	4,170,017

16 DERIVATIVE FINANCIAL INSTRUMENTS

Upon the issue of the Bond as disclosed in note 13, 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 conditions as stipulated in the Equity Swap contract are fulfilled.

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.

Selected Notes to the Interim Financial Information

16 DERIVATIVE FINANCIAL INSTRUMENTS (continued)

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

	As at	
	30 June 2010 RMB'000	31 December 2009 RMB'000
Equity Swap	1,180,727	990,124

The derivative financial instruments are classified as a non-current liability according to the terms defined in the agreement with Merrill Lynch International.

During the effective period of the Equity Swap, the Company has put up collateral in the amount of US\$250 million (equivalent to approximately RMB1,698 million) (the "Collateral") to Merrill Lynch International. Prior 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, being US\$250 million (equivalent to approximately RMB1,698 million).

17 OTHER GAINS — NET

	Six months ended 30 June	
	2010 RMB'000	2009 RMB'000
Forfeiture income	6,429	4,484
Gains on disposals of property, plant and equipment	4,728	3,279
Gain on repurchase of the Bond (note 13)	35,181	—
Return from Equity Swap	12,918	8,586
Others	(21,282)	(3,824)
	37,974	12,525

Selected Notes to the Interim Financial Information

18 EXPENSES BY NATURE

	Six months ended 30 June	
	2010	2009
	RMB'000	Restated RMB'000
Advertising costs	111,570	23,742
Amortisation of intangible assets (note 4)	2,528	1,789
Business taxes and other levies (note)	709,351	511,316
Costs of completed properties sold	6,612,750	5,404,969
Costs of materials	297,022	206,586
Donations	13,353	2,308
Depreciation (note 4)	129,441	107,306
Employee benefit expenses	360,006	255,447
Land use rights amortisation (note 4)	14,476	12,390
Surveillance charges	10,765	5,660
Rental expenses	9,383	5,653
Others	143,670	193,526
Total cost of sales, selling and marketing costs and administrative expenses	8,414,315	6,730,692

Note:

Business tax

The PRC companies now comprising the Group are subject to business taxes on their revenues at the following rates:

Category	Rate
Sales of properties	5%
Property construction and decoration	3%
Property management	5%
Hotel services	5%

Selected Notes to the Interim Financial Information

19 FINANCE COSTS – NET

	Six months ended 30 June	
	2010 RMB'000	2009 RMB'000
Interest expense:		
– bank borrowings	253,385	296,324
– the Bond	176,676	182,081
– senior notes	222,463	—
– less: interest capitalised	(479,827)	(69,178)
	172,697	409,227
Net foreign exchange (gain)/loss on financing activities	(13,967)	653
Total finance costs	158,730	409,880
Less: Bank interest income from bank deposits	(47,814)	(19,889)
	110,916	389,991

20 INCOME TAX EXPENSE

	Six months ended 30 June	
	2010 RMB'000	2009 RMB'000
Current income tax		
– PRC enterprise income tax (note (a))	720,291	348,625
– Hong Kong profits tax (note (b))	—	—
– Land appreciation tax (note (c))	491,208	154,396
Deferred income tax	67,118	146,190
	1,278,617	649,211

- (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, Giant Leap Construction Co., 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 Giant Leap Construction Co., 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 2007, the Group estimated that the preferential tax rate adopted by Giant Leap Construction Co. will be expired at the shorter of the existing preferential tax period and the five-year transitional period.

Selected Notes to the Interim Financial Information

20 INCOME TAX EXPENSE (continued)

- (a) (continued)
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 2007 and effective 1 January 2008, 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 six months ended 30 June 2010 as the Group did not have any assessable profit (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.

21 EARNINGS PER SHARE

Earnings per share attributable to equity holders of the Company as follows:

(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 period, excluding ordinary shares purchased by the Company and held as treasury shares (note 10).

	Six months ended 30 June	
	2010	2009
Profit attributable to equity holders of the Company — Basic (RMB cents per share)	10.72	11.36
Weighted average number of ordinary shares in issue (thousands)	16,451,420	16,301,289

(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 share is the Bond. The 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 period ended 30 June 2010 and 2009, diluted earnings per share equaled to basic earnings per share.

Selected Notes to the Interim Financial Information

22 DIVIDENDS

	Six months ended 30 June	
	2010 RMB'000	2009 RMB'000
Proposed interim dividend (note a)	—	—

Note:

- (a) The Board did not recommend the payment of any interim dividend for the six months ended 30 June 2010.
- (b) A final dividend in respect of 2009 of RMB4.5 cents per share, amounting to total dividends of approximately RMB740,320,000 has been declared in the Annual General Meeting on 20 May 2010. According to a script dividend scheme issued on 4 June 2010, shareholders may elect to receive cash dividend of RMB4.5 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 a result of the above scheme.

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23 CONTINGENCIES

The Group had the following contingent liabilities:

	As at	
	30 June 2010 RMB'000	31 December 2009 RMB'000
Guarantees in respect of mortgage facilities for certain purchasers (note (a))	15,106,347	13,540,342
Guarantee in respect of borrowings (note (b))	760,000	—
	15,866,347	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 30 June 2010, RMB232,700,000 (31 December 2009: RMB256,375,000) was to be discharged two years from the day the mortgaged loans become due; and RMB14,873,647,000 (31 December 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.

Selected Notes to the Interim Financial Information

23 CONTINGENCIES (continued)

Note: (continued)

(a) (continued)

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.

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

24 COMMITMENTS

(a) Commitments for capital and property development expenditures

	As at	
	30 June 2010 RMB'000	31 December 2009 RMB'000
Contracted but not provided for		
Property, plant and equipment	30,027	35,384
Property development expenditure and land acquisition	10,779,348	16,269,548
	10,809,375	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	
	30 June 2010 RMB'000	31 December 2009 RMB'000
Not later than one year	7,026	3,361
Later than one year and not later than five years	19,961	29,442
Later than five years	12,003	8,503
	38,990	41,306

Selected Notes to the Interim Financial Information

24 COMMITMENTS (continued)

(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	
	30 June 2010 RMB'000	31 December 2009 RMB'000
Not later than one year	19,038	37,662
Later than one year and not later than five years	177,303	158,674
Later than five years	43,731	63,131
	240,072	259,467

25 RELATED PARTY TRANSACTIONS

(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 Property Development Co., Ltd.	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
Foshan Shunde Grand Cement Co., Ltd.	佛山市順德區鴻業水泥製品有限公司

Associate

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

Selected Notes to the Interim Financial Information

25 RELATED PARTY TRANSACTIONS (continued)**(b) Transactions with related parties:**

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

(i) Construction and decoration service income

	Six months ended 30 June	
	2010 RMB'000	2009 RMB'000
Controlled by Shareholders		
清遠碧桂園物業發展有限公司 Qingyuan Country Garden	151,627	255,545

(ii) Purchase of design service

	Six months ended 30 June	
	2010 RMB'000	2009 RMB'000
Controlled by Shareholders		
廣東博意建築設計院有限公司 Guangdong Elite Architectural Co., Ltd	93,939	51,863

(iii) Purchase of construction materials and water

	Six months ended 30 June	
	2010 RMB'000	2009 RMB'000
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.	1,864	1,397
增城市清源自來水廠有限公司 Zengcheng Crystal Water Plant Co., Ltd.	5,648	5,882
佛山市順德區鴻業水泥製品有限公司 Grand Cement Plant Co., Ltd.	73,639	23,759
	81,151	31,038

Selected Notes to the Interim Financial Information

25 RELATED PARTY TRANSACTIONS (continued)**(b) Transactions with related parties:** (continued)*(iv) Providing guarantee for borrowings*

	Six months ended 30 June	
	2010 RMB'000	2009 RMB'000
Associate		
利合		
Li He (note 23)	760,000	—

(c) Key management compensation:

	Six months ended 30 June	
	2010 RMB'000	2009 RMB'000
Salaries and other short-term employee benefits	5,766	9,788

(d) Balances with related parties

As at 30 June 2010, the Group had the following significant balances with related parties:

(i) Balances due from related parties

	As at	
	30 June 2010 RMB'000	31 December 2009 RMB'000
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	304,699	175,110
Included in other receivables:		
Controlled by Shareholders:		
廣東博意建築設計院有限公司		
Guangdong Elite Architectural Co., Ltd.	179	144,403

Selected Notes to the Interim Financial Information

25 RELATED PARTY TRANSACTIONS (continued)**(d) Balances with related parties** (continued)*(ii) Balance due from an associate*

	As at	
	30 June 2010 RMB'000	31 December 2009 RMB'000
利合 Li He	1,582,400	—

(iii) Balances due to related parties

	As at	
	30 June 2010 RMB'000	31 December 2009 RMB'000
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.	31,635	134,050
Controlled by Shareholders and their close family members		
佛山市順德區鴻業水泥製品有限公司 Grand Cement Plant Co., Ltd.	—	39,643
增城市清源自來水廠有限公司 Zengcheng Crystal Water Plant Co.,	2,032	—
	33,667	173,693

26 SUBSEQUENT EVENT

In 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 11 February and 11 August in arrears, and will mature on 11 August 2015, unless redeemed earlier.

Corporate Information

DIRECTORS

Executive Directors

Mr. YEUNG Kwok Keung (*Chairman*)
 Mr. MO Bin
 Mr. CUI Jianbo
 Ms. YANG Huiyan
 Mr. YANG Erzhu
 Mr. SU Rubo
 Mr. ZHANG Yaoyuan
 Mr. OU Xueming
 Mr. YANG Zhicheng
 Mr. YANG Yongchao

Independent Non-executive Directors

Mr. LAI Ming, Joseph
 Mr. SHEK Lai Him, Abraham
 Mr. TONG Wui Tung, Ronald

CHIEF FINANCIAL OFFICER

Ms. NG Yi Kum, Estella

COMPANY SECRETARY

Mr. HUEN Po Wah

AUTHORIZED REPRESENTATIVES

Ms. YANG Huiyan
 Mr. CUI Jianbo
 Ms. NG Yi Kum, Estella (*alternate to Ms. YANG Huiyan*)
 Ms. NG Chi Man (*alternate to Mr. CUI Jianbo*)

AUDIT COMMITTEE

Mr. LAI Ming, Joseph (*Chairman*)
 Mr. SHEK Lai Him, Abraham
 Mr. TONG Wui Tung, Ronald

REMUNERATION COMMITTEE

Mr. YEUNG Kwok Keung (*Chairman*)
 Mr. CUI Jianbo
 Mr. LAI Ming, Joseph
 Mr. SHEK Lai Him, Abraham
 Mr. TONG Wui Tung, Ronald

REGISTERED OFFICE

Cricket Square
 Hutchins Drive
 P.O. Box 2681
 Grand Cayman
 KY1-1111
 Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN THE PEOPLE'S REPUBLIC OF CHINA

Shunde Country Garden
 Beijiao Town
 Shunde District
 Foshan
 Guangdong 528312
 PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

9/F Manulife Provident Funds Place
 345 Nathan Road
 Kowloon
 Hong Kong



Corporate Information

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Butterfield Fund Services (Cayman) Limited
Butterfield House
68 Fort Street
George Town
Grand Cayman
KY1-1107
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
26/F, Tesbury Centre
28 Queen's Road East
Wanchai
Hong Kong

PRINCIPAL BANKERS

Agricultural Bank of China
Bank of China Limited
Industrial and Commercial Bank of China Limited
China Construction Bank Corporation
The Hongkong and Shanghai Banking Corporation Limited
The Bank of East Asia, Limited
UBS

AUDITOR

PricewaterhouseCoopers

LEGAL ADVISORS

As to Hong Kong law:

Woo Kwan Lee & Lo
lu, Lai & Li

As to PRC law:

Jingtian & Gongcheng

STOCK CODE

The Stock Exchange of Hong Kong Limited
Stock Code: 2007

WEBSITE

<http://www.countrygarden.com.cn>







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