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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

2010

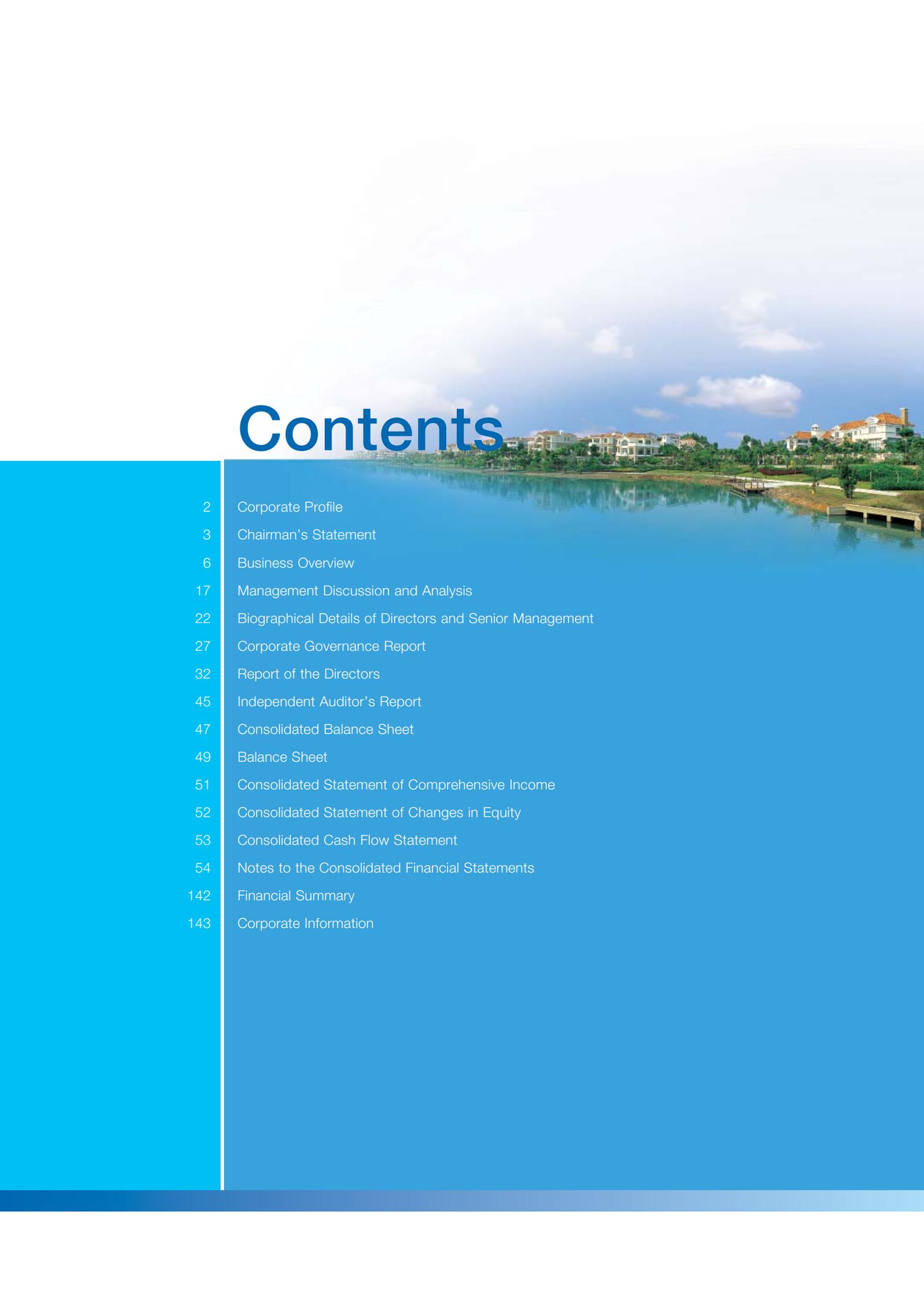
年報 Annual Report





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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.

Since its inception in 1997, Country Garden has been benefiting from the flourishing economy of the PRC, particularly in Guangdong Province. As at 31 December 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

HIGHLIGHTS

- Total revenue for the year ended 31 December 2010 amounted to approximately RMB25.80 billion, representing an increase of approximately 46.7% compared with the year 2009; recognised GFA reached approximately 4.93 million sq.m., representing an increase of approximately 41.3% compared with the year 2009.
- Profit attributable to equity owners amounted to approximately RMB4.29 billion (including the approximately RMB55 million fair value gain on equity swap and approximately RMB62 million gain on the repurchase of convertible bond), representing an increase of approximately 95.9% compared with the year 2009.
- Earnings per share amounted to approximately RMB25.89 cents, increased by approximately 93.1% compared with the year 2009.
- Proposed final dividend per share is RMB9.61 cents, increased by approximately 113.6% compared with the year 2009.

Dear Shareholders,

I am pleased to present the annual results of Country Garden Holdings Company Limited ("Country Garden" or the "Company", together with its subsidiaries, the "Group") for year ended 31 December 2010.

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

The Group's contracted sales in 2010 exceeded its full-year target of RMB30 billion, amounting to approximately RMB32.91 billion and contracted gross floor area ("GFA") totalled approximately 6.00 million sq.m., posting an annual growth of about 41.8% and 26.1%, respectively. The Group also exceeded its full-year delivery target of 4.4 million sq.m., with total delivery for 2010 reaching approximately 4.93 million sq.m., an increase of approximately 41.3% compared with 2009. The Group's total revenue and gross profit reached approximately RMB25,804.1 million



Chairman's Statement

and RMB8,351.2 million, respectively, representing a year-on-year increase of approximately 46.7% and 80.8%, respectively. Profit attributable to equity owners rose to a record high of approximately RMB4,290.6 million (inclusive of the fair value gain on the equity swap of approximately RMB55.2 million and gain on the repurchase of the convertible bond of approximately RMB61.9 million), posting a year-on-year increase of approximately 95.9%. The Board recommends the payment of a final dividend of RMB9.61 cents per share for the year ended 31 December 2010.

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

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

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

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

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

With regards to financial management, the Group actively explored various funding channels in the capital markets in addition to its strong bank financing capabilities with major commercial banks. In April 2010, the Group successfully issued senior notes with a 7-year tenor in an aggregate amount of USD550 million to refinance the USD600 million convertible bond due 2013 ("CB") pursuant to a tender offer and holders' put option. The Group re-entered the international capital market in August 2010 with another new issue of USD400 million 5-year senior notes to refinance



Chairman's Statement

the outstanding CB, pursuant to the holders' put option and to finance the Group's property developments. By the end of 2010, the Group had repurchased in aggregate about 69.78% of the outstanding principal amount of the CB. The Directors believe that the successful issue of the senior notes, with both senior notes well oversubscribed, reflected investors' confidence in the Group's business model and financial strengths. The repurchase of the CB demonstrated the Group's proactive and prudent financial management.

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



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

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

Foshan, Guangdong Province, PRC, 1 February 2011



Business Overview



PROPERTY DEVELOPMENT

As of 31 December 2010, the Group had eighty-four projects at various stages of development. Fifty-one of the projects are located in Guangdong Province including eleven in Guangzhou city, eight in Foshan city, ten in Jiangmen city, one in Yangjiang city, three in Shaoguan city, seven 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, one in Zhongshan city and one in Heyuan city. Another thirty-three 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 each of Taizhou city and Zhenjiang city in Jiangsu Province, three in Chaohu city, one in each of Anqing city, Chizhou city, Huangshan city, Wuhu city and Chuzhou city in Anhui Province, five 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 31 December 2010, the Group's eighty-four projects had an aggregate completed GFA of 21,994,377 sq.m., and aggregate GFA under development of 14,376,748 sq.m., and aggregate GFA of 32,004,068 sq.m. relating to properties held for future development.

PROPERTY MANAGEMENT

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 31 December 2010, the Group had approximately 13,964 staffs working for its 72 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 10 hotels which have been developed to the five-star rating standard under the "Star-Rating Standard for Tourist Hotels". In addition, the Group has 21 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 31 December 2010 is as follow:

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	Feb-00	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	Nov-03	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	Dec-04	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	Jul-05	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-07	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	Dec-05	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	Oct-07	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	Nov-07	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	Feb-09	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	Mar-09	374	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	Nov-09	337	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	Nov-09	335	According to five-star rating standard (in operation)
Chongqing Country Garden Phoenix Hotel (重慶碧桂園鳳凰酒店)	Chongqing Country Garden, Chongqing, Chongqing Municipality	Sep-10	336	According to five-star rating standard (in operation)
Jingmen Country Garden Phoenix Hotel (荊門碧桂園鳳凰酒店)	Jingmen Country Garden, Jingmen, Hubei Province	Oct-10	138	According to five-star rating standard (in operation)



Business Overview

Name of Hotel	Location	Actual/ *Estimated Opening Date	Number of Rooms	Star-rating ⁽¹⁾
Wuhu Country Garden Maritim Hotel (蕪湖碧桂園瑪麗蒂姆酒店)	Wuhu Country Garden, Wuhu, Anhui Province	Dec-10	602	According to five-star rating standard (in operation)
Anqing Country Garden Phoenix Hotel (安慶碧桂園鳳凰酒店) ⁽²⁾	Anqing Country Garden, Anqing, Anhui Province	2011*	334	According to five-star rating standard (trial operation)
Suizhou Country Garden Phoenix Hotel (隨州碧桂園鳳凰酒店) ⁽³⁾	Suizhou Country Garden, Suizhou, Hubei Province	2011*	378	According to five-star rating standard (trial operation)
Wuhan Country Garden Phoenix Hotel (武漢碧桂園鳳凰酒店) ⁽⁴⁾	Wuhan Country Garden, Wuhan, Hubei Province	2011*	334	According to five-star rating standard (trial operation)
Chaohu Country Garden La Phoenix Hotel (巢湖碧桂園鳳城酒店)	Country Garden Lakeside City, Chaohu, Anhui Province	2011*	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	2011*	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	2011*	376	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	2011*	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)



Business Overview

Name of Hotel	Location	Actual/ *Estimated Opening Date	Number of Rooms	Star-rating ⁽¹⁾
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)
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)
Shenyang Yuhong Country Garden Phoenix Hotel (瀋陽于洪碧桂園鳳凰酒店)	Country Garden — Galaxy Palace, Shenyang, Liaoning Province	2011*	631	According to five-star rating standard (under construction)
Shenyang Huashan Country Garden Phoenix Hotel (瀋陽花山碧桂園鳳凰酒店)	Shenyang Country Garden, Shenyang, Liaoning Province	2011*	50	According to five-star rating standard (under construction)
Tianjin Phoenix Hotel (天津鳳凰酒店)	Independent Hotel, Tanggu, Tianjin Municipality	2012*	1,229	According to five-star rating standard (under construction)
Zhangjiajie Phoenix International Resort Hotel (張家界鳳凰國際度假酒店)	Independent Hotel, Zhangjiajie, Hunan Province	2012*	1,121	According to five-star rating standard (under construction)
Tongliao Country Garden Phoenix Hotel (通遼碧桂園鳳凰酒店)	Tongliao Country Garden, Tongliao, Inner Mongolia	2012*	134	According to five-star rating standard (under construction)
Fogang Hot Spring Hotel (佛岡溫泉酒店)	Country Garden — Spring City, Qingyuan, Guangdong Province	2011*	11	According to five-star rating standard (under construction)
Huiyang Phoenix Hotel (惠陽鳳凰酒店)	Huiyang Country Garden, Huizhou, Guangdong Province	2012*	133	According to five-star rating standard (under construction)
Tianjin Balizhou Country Garden Hotel (天津八里洲碧桂園酒店)	Tianjin Country Garden, Balizhou, Tianjin Municipality	2011*	134	According to five-star rating standard (under construction)
Taizhou Country Garden Phoenix Hotel (泰州碧桂園鳳凰酒店)	Taizhou Country Garden, Taizhou, Jiangsu Province	2011*	330	According to five-star rating standard (under construction)
Chuzhou Country Garden Phoenix Hotel (滁州碧桂園鳳凰酒店)	Chuzhou Country Garden, Chuzhou, Anhui Province	2011*	336	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) Anqing Country Garden Phoenix Hotel commenced partial trial operation on 29 October 2009.
- (3) Suizhou Country Garden Phoenix Hotel commenced partial trial operation on 20 May 2009.
- (4) Wuhan Country Garden Phoenix Hotel commenced partial trial operation on 30 October 2010.



Business Overview

The following map shows the location of the cities where the 84 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 — Spring City
 48. Country Garden Grand Lake
 49. Fengkai Country Garden
 50. Country Garden — Hill Lake Grand Palace
 51. Heyuan Country Garden
- Guangxi**
52. Beiliu Country Garden
- Hunan**
53. Changsha Country Garden
 54. Country Garden — Hill Lake Palace
 55. Yiyang Country Garden
 56. Liuyang Country Garden
- Chongqing**
57. Changshou Country Garden
- Hubei**
58. Wuhan Country Garden
 59. Xianning Country Garden
 60. Suizhou Country Garden
 61. Country Garden — Hot Spring City
 62. Jingmen Country Garden

- Jiangsu**
63. Taizhou Country Garden
 64. Country Garden — Phoenix City
- Anhui**
65. Country Garden Lakeside City
 66. Chizhou Country Garden
 67. Huangshan Country Garden
 68. Wuhu Country Garden
 69. Country Garden — Hill Lake City
 70. Chaohu Country Garden
 71. Anqing Country Garden
 72. Chuzhou Country Garden (provisional name)
- Tianjin**
73. Tianjin Country Garden
 74. Tianjin Tanggu District Office Building
- Liaoning**
75. Shenyang Country Garden
 76. Country Garden — Phoenix City
 77. Country Garden — Sun Palace
 78. Country Garden — Galaxy Palace
 79. Haicheng Country Garden
 80. Shenyang Country Garden
- Inner Mongolia**
81. Manzhouli Country Garden
 82. Xing'anmeng Country Garden
 83. Tongliao Country Garden
- Heilongjiang**
84. Suihua Country Garden



Business Overview

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 pre-sold pending delivered ⁽¹⁾ sq.m.	Completion Date
Country Garden East Court (碧桂園東苑)	Guangzhou (Panyu)	269,222	100%	240,550	238,860	234,999	79	29/Jun/02
Shawan Country Garden (沙灣碧桂園)	Guangzhou (Panyu)	278,834	100%	278,834	273,702	273,702	0	31/Dec/09
Huanan Country Garden – Phases One to Five and Phase Seven (華南碧桂園 – 一至五期及七期)	Guangzhou (Panyu)	1,073,825	100%	977,972	884,588	884,235	0	25/Jun/10
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/07
Licheng Country Garden (荔城碧桂園)	Guangzhou (Zengcheng)	568,729	100%	568,729	550,765	537,689	0	30/Jun/10
Country Garden Phoenix City (碧桂園鳳凰城)	Guangzhou (Zengcheng)	4,688,212	100%	3,052,344	2,910,553	2,874,428	1,363	13/Oct/10
Nansha Country Garden (南沙碧桂園)	Guangzhou (Nansha)	515,889	100%	515,889	491,002	486,594	0	28/Jun/10
Holiday Islands – Huadu (假日半島 – 花都)	Guangzhou (Huadu)	444,596	100%	328,533	326,533	234,545	3,021	20/Dec/10
Shunde Country Garden – including Country Garden West Court (順德碧桂園 (含碧桂園西苑))	Foshan (Shunde)	2,414,783	100%	2,164,645	2,021,731	1,957,011	1,579	14/Oct/10
Jun'an Country Garden (均安碧桂園)	Foshan (Shunde)	254,509	90%	223,593	213,246	213,246	0	16/Oct/08
Peninsula Country Garden (半島碧桂園)	Foshan (Shunde)	294,330	100%	294,330	287,323	286,021	0	16/Apr/08
Gaoming Country Garden (高明碧桂園)	Foshan (Gaoming)	1,007,953	100%	717,325	707,889	677,029	383	30/Oct/10
Nanhai Country Garden (南海碧桂園)	Foshan (Nanhai)	569,446	100%	488,748	477,954	475,956	0	1/Jun/10
Heshan Country Garden (鶴山碧桂園)	Jiangmen (Heshan)	2,056,266	100%	1,302,614	1,236,965	931,830	294,952	30/Dec/10
Wuyi Country Garden (五邑碧桂園)	Jiangmen (Pengjiang)	945,002	100%	688,755	652,976	649,069	0	29/Sep/09
Xinhui Country Garden (新會碧桂園)	Jiangmen (Xinhui)	588,759	100%	302,684	300,959	295,857	0	30/Aug/10
Taishan Country Garden (台山碧桂園)	Jiangmen (Taishan)	2,629,915	100%	488,494	469,551	372,299	19,979	24/Dec/10
Yangdong Country Garden (陽東碧桂園)	Yangjiang (Yangdong)	390,847	100%	390,847	370,202	361,415	36	21/Dec/10
Changsha Country Garden (長沙碧桂園)	Changsha (Changsha)	943,028	100%	687,310	641,638	531,475	8,872	2/Nov/10
Zhaoqing Lanling Residence (肇慶藍領公寓)	Zhaoqing (Gaoxin)	186,145	100%	186,145	109,234	4,061	0	26/Jun/09
Zhaoqing Country Garden (肇慶碧桂園)	Zhaoqing (Gaoyao)	468,826	51%	329,743	313,818	312,784	0	22/Dec/10
Shaoguan Country Garden (韶關碧桂園)	Shaoguan (Zhenjiang)	1,962,202	100%	963,836	950,471	754,649	94,273	30/Dec/10
Taizhou Country Garden (泰州碧桂園)	Taizhou (Hailing)	774,855	100%	399,793	385,472	234,553	27,498	3/Dec/10
Huiyang Country Garden (惠陽碧桂園)	Huizhou (Huiyang)	1,233,544	90%	187,644	186,760	162,774	4,525	31/Dec/10
Manzhouli Country Garden (滿洲里碧桂園)	Hulunbeier (Manzhouli)	1,589,271	100%	83,864	83,569	43,338	3,592	30/Nov/09
Lechang Country Garden (樂昌碧桂園)	Shaoguan (Lechang)	496,640	100%	89,516	89,158	47,066	10,507	27/Aug/10
Country Garden – Sun Palace (碧桂園 • 太陽城)	Shenyang (Daoyi)	1,060,264	100%	217,773	214,784	160,041	3,684	26/Oct/10
Shenyang Country Garden (瀋陽碧桂園)	Shenyang (Huashan)	1,457,428	100%	232,843	232,812	148,969	1,514	27/Oct/10
Country Garden – Galaxy Palace (碧桂園 • 銀河城)	Shenyang (Yuhong)	1,703,469	100%	334,420	318,530	278,330	3,493	29/Nov/10
Country Garden – Phoenix City (碧桂園 • 鳳凰城)	Shenyang (Suijiatun)	1,171,482	100%	232,334	229,226	173,465	1,644	26/Aug/10
Enping Country Garden (恩平碧桂園)	Jiangmen (Enping)	319,289	100%	212,677	206,068	149,403	5,697	2/Dec/10
Country Garden – Hill Lake Palace (碧桂園 • 山湖城)	Changsha (Ningxiang)	640,702	100%	230,307	229,117	103,721	8,144	25/Oct/10
Country Garden Lakeside City (碧桂園濱湖城)	Chaohu (Zhongmiao)	765,053	100%	377,001	374,242	250,715	72,223	30/Dec/10
Shanwei Country Garden (汕尾碧桂園)	Shanwei (Shanwei)	442,545	100%	144,422	138,384	132,352	352	30/Dec/10
Wuhan Country Garden (武漢碧桂園)	Wuhan (Hannan)	783,282	100%	208,159	206,102	155,085	6,844	3/Nov/10
Shaoguan Country Garden – Sun Palace (韶關碧桂園 • 太陽城)	Shaoguan (Xilian)	3,531,899	100%	149,323	145,123	138,115	949	30/Dec/10



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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-sold pending delivered ⁽¹⁾ sq.m.	Completion Date
Haicheng Country Garden (海城碧桂園)	Anshan (Haicheng)	602,308	100%	35,582	33,433	16,529	542	29/Sep/10
Xing'anmeng Country Garden (興安盟碧桂園)	Xing'anmeng (Keyouqianqi)	941,301	100%	108,535	101,388	61,433	2,042	13/Oct/10
Chizhou Country Garden (池州碧桂園)	Chizhou (Chizhou)	345,091	100%	98,897	97,332	84,126	788	29/Jul/10
Country Garden – Hill Lake City (碧桂園 • 如山湖城)	Chaohu (Hexian)	1,000,756	100%	99,751	99,751	0	46,120	28/Jun/10
Sihui Country Garden (四會碧桂園)	Zhaoqing (Sihui)	47,102	100%	47,102	45,492	43,170	873	30/Jun/10
Xianning Country Garden (咸寧碧桂園)	Xianning (Xian'an)	440,243	100%	164,365	160,988	95,919	2,965	25/Jun/10
Suizhou Country Garden (隨州碧桂園)	Suizhou (Chengnan)	1,422,114	100%	212,657	208,260	126,416	23,716	15/Nov/10
Changshou Country Garden (長壽碧桂園)	Chongqing (Changshou)	463,355	100%	387,110	366,541	284,522	45,049	22/Oct/10
Tongliao Country Garden (通遼碧桂園)	Tongliao (Keerqin)	1,664,109	100%	159,418	158,723	120,595	1,948	22/Nov/10
Huangshan Country Garden (黃山碧桂園)	Huangshan (Huangshan)	333,319	100%	238,311	231,211	159,001	49,425	30/Oct/10
Anqing Country Garden (安慶碧桂園)	Anqing (Anqing)	1,733,346	100%	290,173	288,199	257,427	2,442	10/Dec/10
Wuhu Country Garden (蕪湖碧桂園)	Wuhu (Sanshanqu)	2,569,041	100%	359,383	351,354	213,940	62,862	15/Dec/10
Yiyang Country Garden (益陽碧桂園)	Yiyang (Yiyang)	549,035	100%	97,410	96,894	39,600	22,673	9/Dec/10
Chaohu Country Garden (巢湖碧桂園)	Chaohu (Nan'an)	685,317	100%	132,882	132,882	104,741	17,156	30/Dec/10
Liujiang Country Garden (瀏陽碧桂園)	Changsha (Liujiang)	372,574	100%	95,142	91,238	61,556	9,236	30/Sep/10
Maoming Country Garden (茂名碧桂園)	Maoming (Maonan)	390,201	100%	139,559	133,432	70,282	31,442	24/Dec/10
Yangshan Country Garden (陽山碧桂園)	Qingyuan (Yangshan)	773,145	100%	59,686	57,477	43,940	7,525	29/Oct/10
Suihua Country Garden (綏化碧桂園)	Suihua (Beilin)	254,383	100%	89,974	89,551	43,634	1,059	29/Jul/10
Jingmen Country Garden (荊門碧桂園)	Jingmen (Duodao)	250,432	100%	95,351	94,828	91,009	940	29/Dec/10
Country Garden – Lychee Park (碧桂園 • 荔園)	Guangzhou (Zengcheng)	88,837	100%	88,837	87,590	83,508	703	26/May/10
Zhaoqing Country Garden – Hill Lake Palace (肇慶碧桂園 • 山湖城)	Zhaoqing (Gaoyao)	240,422	51%	101,517	96,148	82,721	4,303	29/Oct/10
Country Garden – Park Prime (碧桂園 • 公園1號)	Jiangmen (Heshan)	217,183	100%	58,270	56,482	34,590	14,973	30/Dec/10
Country Garden – Grand Garden (碧桂園 • 豪園)	Guangzhou (Zengcheng)	402,713	100%	116,643	106,643	82,597	12,481	8/Nov/10
Country Garden – Sunshine Coast (碧桂園 • 陽光水岸)	Jiangmen (Kaiping)	48,816	100%	17,435	17,435	0	14,757	15/Dec/10
Total:		54,779,651		21,994,377	21,080,191	18,135,629	951,223	

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.

Properties under development

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
Huanan Country Garden – Phases One to Five and Phase Seven (華南碧桂園 – 一至五期及七期)	Guangzhou (Panyu)	1,073,825	100%	95,853	75,156	7/Dec/09	65,177	17/Aug/10	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/04	0	–	4th Quarter 2011
Country Garden Phoenix City (碧桂園鳳凰城)	Guangzhou (Zengcheng)	4,688,212	100%	953,256	916,129	29/Apr/07	360,377	30/Apr/08	3rd Quarter 2012
Holiday Islands – Huadu (假日半島 – 花都)	Guangzhou (Huadu)	444,596	100%	95,102	77,318	11/May/06	15,534	29/Apr/10	3rd Quarter 2011



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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
Shunde Country Garden – including Country Garden West Court (順德碧桂園 (含碧桂園西苑))	Foshan (Shunde)	2,414,783	100%	244,011	111,615	26/Mar/08	21,320	16/Sep/10	3rd Quarter 2012
Jun'an Country Garden (均安碧桂園)	Foshan (Shunde)	254,509	90%	864	864	6/Jan/10	0	2nd Quarter 2011	3rd Quarter 2011
Gaoming Country Garden (高明碧桂園)	Foshan (Gaoming)	1,007,953	100%	277,628	275,103	31/May/06	112,479	30/Apr/10	3rd Quarter 2012
Nanhai Country Garden (南海碧桂園)	Foshan (Nanhai)	569,446	100%	64,826	64,826	31/May/06	64,826	7/Nov/09	1st Quarter 2011
Heshan Country Garden (鶴山碧桂園)	Jiangmen (Heshan)	2,056,266	100%	499,156	495,144	5/Aug/09	76,731	8/Feb/10	4th Quarter 2012
Wuyi Country Garden (五邑碧桂園)	Jiangmen (Pengjiang)	945,002	100%	174,049	169,318	16/Apr/10	70,588	14/Jul/10	2nd Quarter 2012
Xinhui Country Garden (新會碧桂園)	Jiangmen (Xinhui)	588,759	100%	279,181	277,533	16/Apr/08	215,296	29/Sep/09	1st Quarter 2012
Taishan Country Garden (台山碧桂園)	Jiangmen (Taishan)	2,629,915	100%	394,757	386,893	24/May/06	87,385	10/Jul/08	4th Quarter 2012
Changsha Country Garden (長沙碧桂園)	Changsha (Changsha)	943,028	100%	175,024	174,344	25/Nov/09	11,813	5/Jul/10	2nd Quarter 2012
Zhaoqing Country Garden (肇慶碧桂園)	Zhaoqing (Gaoyao)	468,826	51%	3,183	3,183	8/Oct/06	341	20/Sep/10	3rd Quarter 2011
Shaoguan Country Garden (韶關碧桂園)	Shaoguan (Zhenjiang)	1,962,202	100%	276,171	269,068	17/Jan/07	31,882	29/Sep/07	2nd Quarter 2012
Taizhou Country Garden (泰州碧桂園)	Taizhou (Hailing)	774,855	100%	222,773	214,271	27/Jun/07	36,317	1/Dec/08	2nd Quarter 2012
Huiyang Country Garden (惠陽碧桂園)	Huizhou (Huiyang)	1,233,544	90%	331,589	312,743	22/Aug/07	52,895	30/Apr/10	4th Quarter 2012
Manzhouli Country Garden (滿洲里碧桂園)	Hulunbeier (Manzhouli)	1,589,271	100%	292,187	286,253	23/Jul/07	0	2nd Quarter 2011	3rd Quarter 2012
Lechang Country Garden (樂昌碧桂園)	Shaoguan (Lechang)	496,640	100%	94,697	90,176	11/Apr/08	21,268	21/Oct/08	4th Quarter 2011
Country Garden – Sun Palace (碧桂園•太陽城)	Shenyang (Daoyi)	1,060,264	100%	284,232	278,032	6/Nov/07	915	11/Sep/09	4th Quarter 2012
Shenyang Country Garden (瀋陽碧桂園)	Shenyang (Huashan)	1,457,428	100%	162,847	159,577	21/Jul/07	3,698	3/Jun/08	4th Quarter 2012
Country Garden – Galaxy Palace (碧桂園•銀河城)	Shenyang (Yuhong)	1,703,469	100%	394,801	393,790	19/Mar/08	52,418	25/Sep/08	4th Quarter 2012
Country Garden – Phoenix City (碧桂園•鳳凰城)	Shenyang (Suijiatun)	1,171,482	100%	891,309	885,838	24/Sep/07	27,328	4/Nov/08	2nd Quarter 2013
Enping Country Garden (恩平碧桂園)	Jiangmen (Enping)	319,289	100%	9,288	9,088	13/Dec/07	0	28/Aug/08	2nd Quarter 2011
Country Garden – Hill Lake Palace (碧桂園•山湖城)	Changsha (Ningxiang)	640,702	100%	38,530	13,134	12/Dec/07	0	4th Quarter 2011	4th Quarter 2011
Country Garden Lakeside City (碧桂園濱湖城)	Chaohu (Zhongmiao)	765,053	100%	280,961	277,685	29/Jan/08	83,589	19/Jun/09	4th Quarter 2011
Shanwei Country Garden (汕尾碧桂園)	Shanwei (Shanwei)	442,545	100%	137,444	135,517	11/Nov/09	131,944	13/Nov/09	3rd Quarter 2011
Wuhan Country Garden (武漢碧桂園)	Wuhan (Hannan)	783,282	100%	447,531	414,318	30/Jan/08	30,908	28/Sep/09	4th Quarter 2013
Shaoguan Country Garden – Sun Palace (韶關碧桂園•太陽城)	Shaoguan (Xilian)	3,531,899	100%	161,321	160,557	28/Dec/09	75,611	9/Feb/10	4th Quarter 2011
Haicheng Country Garden (海城碧桂園)	Anshan (Haicheng)	602,308	100%	351,490	351,490	25/Oct/07	2,425	2/Jul/10	4th Quarter 2012
Xing'anmeng Country Garden (興安盟碧桂園)	Xing'anmeng (Keyouqianqi)	941,301	100%	196,864	196,864	20/Sep/07	24,721	11/Aug/10	4th Quarter 2012
Chizhou Country Garden (池州碧桂園)	Chizhou (Chizhou)	345,091	100%	131,304	131,304	27/Jan/08	59,654	28/Sep/08	4th Quarter 2011
Country Garden – Hill Lake City (碧桂園•如山湖城)	Chaohu (Hexian)	1,000,756	100%	547,118	522,479	9/May/08	239,623	21/Sep/09	4th Quarter 2011



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Xianning Country Garden (咸寧碧桂園)	Xianning (Xian'an)	440,243	100%	71,743	71,286	23/May/08	13,506	8/Dec/09	3rd Quarter 2011
Country Garden – Hot Spring City (碧桂園·溫泉城)	Xianning (Xian'an)	531,278	100%	192,593	191,959	7/Feb/10	121,597	10/Feb/10	3rd Quarter 2011
Suizhou Country Garden (隨州碧桂園)	Suizhou (Chengnan)	1,422,114	100%	143,902	143,350	21/May/08	28,869	23/Jun/08	3rd Quarter 2011
Tongliao Country Garden (遼遼碧桂園)	Tongliao (Keerqin)	1,664,109	100%	300,896	297,992	3/Nov/07	0	2/Sep/08	4th Quarter 2012
Huangshan Country Garden (黃山碧桂園)	Huangshan (Huangshan)	333,319	100%	50,559	46,206	2/Feb/10	4,471	28/Oct/10	4th Quarter 2011
Anqing Country Garden (安慶碧桂園)	Anqing (Anqing)	1,733,346	100%	251,868	200,278	19/Jun/08	39,076	30/Apr/10	4th Quarter 2012
Wuhu Country Garden (無湖碧桂園)	Wuhu (Sanshanqu)	2,569,041	100%	452,192	428,185	25/Jun/08	102,926	18/Sep/08	2nd Quarter 2012
Yiyang Country Garden (益陽碧桂園)	Yiyang (Yiyang)	549,035	100%	33,314	33,314	28/Apr/10	27,172	30/Apr/10	2nd Quarter 2011
Chaohu Country Garden (巢湖碧桂園)	Chaohu (Nan'an)	685,317	100%	173,153	169,691	16/May/08	80,760	11/Nov/08	4th Quarter 2012
Liuyang Country Garden (瀏陽碧桂園)	Changsha (Liuyang)	372,574	100%	60,366	60,216	10/Apr/10	11,077	15/Jul/10	3rd Quarter 2011
Maoming Country Garden (茂名碧桂園)	Maoming (Maonan)	390,201	100%	160,876	160,472	8/Apr/10	26,475	7/May/10	4th Quarter 2012
Yangshan Country Garden (陽山碧桂園)	Qingyuan (Yangshan)	773,145	100%	47,140	46,958	1/Apr/10	28,266	8/Jun/10	3rd Quarter 2011
Suihua Country Garden (綏化碧桂園)	Suihua (Beilin)	254,383	100%	30,535	30,535	25/Sep/08	235	20/Sep/10	2nd Quarter 2012
Tianjin Country Garden (天津碧桂園)	Tianjin (Balitai)	974,316	100%	270,756	241,867	12/Jun/10	136,017	9/Jul/10	3rd Quarter 2012
Jingmen Country Garden (荊門碧桂園)	Jingmen (Duodao)	250,432	100%	104,583	104,209	28/Sep/09	91,640	20/Nov/09	2nd Quarter 2011
Zhaoqing Country Garden – Hill Lake Palace (肇慶碧桂園·山湖城)	Zhaoqing (Gaoyao)	240,422	51%	97,534	97,279	1/Jun/09	26,084	13/Nov/09	2nd Quarter 2012
Country Garden – Park Prime (碧桂園·公園1號)	Jiangmen (Heshan)	217,183	100%	101,952	101,952	22/Apr/10	0	1st Quarter 2011	2nd Quarter 2012
Country Garden – Grand Garden (碧桂園·豪園)	Guangzhou (Zengcheng)	402,713	100%	284,415	282,031	10/Feb/10	113,774	23/Apr/10	4th Quarter 2011
Country Garden – Sunshine Coast (碧桂園·陽光水岸)	Jiangmen (Kaiping)	48,816	100%	31,381	31,011	4/Nov/09	26,891	16/Apr/10	1st Quarter 2011
Holiday Islands – Qingyuan (假日半島 – 清遠)	Qingyuan (Qingcheng)	436,048	100%	436,048	434,308	11/Nov/09	262,015	18/Nov/09	4th Quarter 2011
Country Garden Wonderland (碧桂園山水樂園)	Foshan (Nanhai)	144,110	100%	144,110	143,301	22/Dec/09	24,739	30/Sep/10	4th Quarter 2011
Dalang Country Garden (大朗碧桂園)	Dongguan (Dalang)	383,020	100%	383,020	373,293	27/Apr/10	69,726	20/Nov/10	3rd Quarter 2012
Country Garden Grand Palace (碧桂園豪庭)	Guangzhou (Nansha)	165,342	100%	165,342	153,987	22/Apr/10	17,687	8/Oct/10	3rd Quarter 2012
Huaji Country Garden (懷集碧桂園)	Zhaoqing (Huaji)	126,838	100%	126,838	125,490	29/Oct/09	81,690	17/Apr/10	3rd Quarter 2011
Country Garden City Garden (碧桂園城市花園)	Foshan (Chancheng)	586,291	90%	244,959	239,420	30/Jul/10	0	1st Quarter 2011	4th Quarter 2012
Country Garden Grand Palace (碧桂園豪庭)	Foshan (Shunde)	370,340	100%	370,340	366,025	3/Feb/10	67,296	23/Aug/10	4th Quarter 2012
Deqing Country Garden (德慶碧桂園)	Zhaoqing (Deqing)	203,094	100%	98,313	98,014	17/May/10	57,261	28/May/10	2nd Quarter 2011
Yunfu Country Garden (雲浮碧桂園)	Yunfu (Jinshan)	125,371	100%	59,829	59,550	7/May/10	43,229	30/Oct/10	1st Quarter 2012
Beiliu Country Garden (北流碧桂園)	Yulin (Beiliu)	330,918	100%	116,881	110,684	2/Feb/10	48,615	9/Sep/10	4th Quarter 2011
Jianghai Country Garden (江海碧桂園)	Jiangmen (Jianghai)	456,659	100%	54,447	52,842	31/Mar/10	32,020	29/Sep/10	2nd Quarter 2011

Business Overview

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
Xinhui Country Garden – Phase Four (新會碧桂園 – 四期)	Jiangmen (Xinhui)	407,998	100%	139,608	139,171	24/Mar/10	0	21/Sep/10	3rd Quarter 2012
Country Garden – Spring City (碧桂園 • 清泉城)	Qingyuan (Fogang)	480,044	100%	69,035	69,035	2/Apr/10	0	2nd Quarter 2011	3rd Quarter 2011
Country Garden Grand Lake (碧桂園秀麗湖)	Zhongshan (Wuguishan)	79,886	100%	79,886	74,477	29/Sep/10	0	2nd Quarter 2011	4th Quarter 2011
Chuzhou Country Garden (滁州碧桂園)	Chuzhou (Nanqiao)	1,439,426	100%	444,172	438,780	12/Oct/10	0	3rd Quarter 2011	4th Quarter 2012
Fengkai Country Garden (封開碧桂園)	Zhaoqing (Fengkai)	218,087	100%	73,739	70,547	14/Oct/10	0	2nd Quarter 2011	2nd Quarter 2012
Total:		59,135,427		14,376,748	13,817,325		3,560,177		

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.

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 2012	3rd Quarter 2012	2nd Quarter 2013
Huanan Country Garden – Phase Six (華南碧桂園 – 六期)	Guangzhou (Panyu)	423,467	50%	14,000	1st Quarter 2012	–	4th Quarter 2012
Country Garden Phoenix City (碧桂園鳳凰城)	Guangzhou (Zengcheng)	4,688,212	100%	682,612	1st Quarter 2011	2nd Quarter 2011	4th Quarter 2013
Holiday Islands – Huadu (假日半島 – 花都)	Guangzhou (Huadu)	444,596	100%	20,961	1st Quarter 2012	2nd Quarter 2012	2nd Quarter 2013
Shunde Country Garden – including Country Garden West Court (順德碧桂園 (含碧桂園西苑))	Foshan (Shunde)	2,414,783	100%	6,127	1st Quarter 2012	–	4th Quarter 2012
Jun'an Country Garden (均安碧桂園)	Foshan (Shunde)	254,509	90%	30,052	1st Quarter 2012	3rd Quarter 2012	4th Quarter 2012
Gaoming Country Garden (高明碧桂園)	Foshan (Gaoming)	1,007,953	100%	13,000	1st Quarter 2012	–	4th Quarter 2012
Nanhai Country Garden (南海碧桂園)	Foshan (Nanhai)	569,446	100%	15,872	1st Quarter 2012	2nd Quarter 2012	4th Quarter 2012
Heshan Country Garden (鶴山碧桂園)	Jiangmen (Heshan)	2,056,266	100%	254,496	1st Quarter 2011	3rd Quarter 2011	4th Quarter 2013
Wuyi Country Garden (五邑碧桂園)	Jiangmen (Pengjiang)	945,002	100%	82,198	1st Quarter 2011	3rd Quarter 2011	4th Quarter 2012
Xinhui Country Garden (新會碧桂園)	Jiangmen (Xinhui)	588,759	100%	6,894	1st Quarter 2011	–	1st Quarter 2012
Taishan Country Garden (台山碧桂園)	Jiangmen (Taishan)	2,629,915	100%	1,746,664	1st Quarter 2011	3rd Quarter 2011	1st Quarter 2015
Changsha Country Garden (長沙碧桂園)	Changsha (Changsha)	943,028	100%	80,694	1st Quarter 2011	3rd Quarter 2011	4th Quarter 2012
Zhaoqing Country Garden (肇慶碧桂園)	Zhaoqing (Gaoyao)	468,826	51%	135,900	1st Quarter 2011	2nd Quarter 2012	2nd Quarter 2013
Shaoguan Country Garden (韶關碧桂園)	Shaoguan (Zhenjiang)	1,962,202	100%	722,195	1st Quarter 2011	2nd Quarter 2011	4th Quarter 2015
Taizhou Country Garden (泰州碧桂園)	Taizhou (Hailing)	774,855	100%	152,289	1st Quarter 2011	2nd Quarter 2011	2nd Quarter 2013
Huiyang Country Garden (惠陽碧桂園)	Huizhou (Huiyang)	1,233,544	90%	714,311	1st Quarter 2011	2nd Quarter 2011	4th Quarter 2013
Manzhouli Country Garden (滿洲里碧桂園)	Hulunbeier (Manzhouli)	1,589,271	100%	1,213,220	1st Quarter 2012	2nd Quarter 2012	4th Quarter 2024
Lechang Country Garden (樂昌碧桂園)	Shaoguan (Lechang)	496,640	100%	312,427	1st Quarter 2011	2nd Quarter 2011	4th Quarter 2014
Country Garden – Sun Palace (碧桂園 • 太陽城)	Shenyang (Daoyi)	1,060,264	100%	558,259	2nd Quarter 2011	4th Quarter 2011	4th Quarter 2014
Shenyang Country Garden (瀋陽碧桂園)	Shenyang (Huashan)	1,457,428	100%	1,061,738	1st Quarter 2011	2nd Quarter 2011	4th Quarter 2015
Country Garden – Galaxy Palace (碧桂園 • 銀河城)	Shenyang (Yuhong)	1,703,469	100%	974,248	2nd Quarter 2011	3rd Quarter 2011	4th Quarter 2015
Country Garden – Phoenix City (碧桂園 • 鳳凰城)	Shenyang (Suijiatun)	1,171,482	100%	47,839	1st Quarter 2011	2nd Quarter 2011	2nd Quarter 2013
Enping Country Garden (恩平碧桂園)	Jiangmen (Enping)	319,289	100%	97,324	1st Quarter 2011	4th Quarter 2011	4th Quarter 2012
Country Garden – Hill Lake Palace (碧桂園 • 山湖城)	Changsha (Ningxiang)	640,702	100%	371,865	2nd Quarter 2011	3rd Quarter 2011	4th Quarter 2013



Business Overview

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 Lakeside City (碧桂園濱湖城)	Chaohu (Zhongmiao)	765,053	100%	107,091	1st Quarter 2011	2nd Quarter 2011	4th Quarter 2012
Shanwei Country Garden (汕尾碧桂園)	Shanwei (Shanwei)	442,545	100%	160,679	1st Quarter 2011	3rd Quarter 2011	4th Quarter 2013
Wuhan Country Garden (武漢碧桂園)	Wuhan (Hannan)	783,282	100%	127,592	2nd Quarter 2011	1st Quarter 2012	4th Quarter 2013
Shaoguan Country Garden – Sun Palace (韶關碧桂園•太陽城)	Shaoguan (Xilian)	3,531,899	100%	3,221,255	1st Quarter 2011	2nd Quarter 2011	4th Quarter 2024
Haicheng Country Garden (海城碧桂園)	Anshan (Haicheng)	602,308	100%	215,236	2nd Quarter 2011	3rd Quarter 2011	4th Quarter 2013
Xing'anmeng Country Garden (興安盟碧桂園)	Xing'anmeng (Keyouqianqi)	941,301	100%	635,902	1st Quarter 2012	2nd Quarter 2012	4th Quarter 2016
Chizhou Country Garden (池州碧桂園)	Chizhou (Chizhou)	345,091	100%	114,890	1st Quarter 2011	2nd Quarter 2011	4th Quarter 2012
Country Garden – Hill Lake City (碧桂園•如山湖城)	Chaohu (Hexian)	1,000,756	100%	353,887	2nd Quarter 2011	4th Quarter 2011	4th Quarter 2013
Xianning Country Garden (咸寧碧桂園)	Xianning (Xian'an)	440,243	100%	204,135	1st Quarter 2011	3rd Quarter 2011	4th Quarter 2012
Country Garden – Hot Spring City (碧桂園•溫泉城)	Xianning (Xian'an)	531,278	100%	338,685	1st Quarter 2011	2nd Quarter 2011	2nd Quarter 2013
Suizhou Country Garden (隨州碧桂園)	Suizhou (Chengnan)	1,422,114	100%	1,065,555	2nd Quarter 2011	4th Quarter 2011	4th Quarter 2015
Changshou Country Garden (長壽碧桂園)	Chongqing (Changshou)	463,355	100%	76,245	1st Quarter 2011	2nd Quarter 2011	2nd Quarter 2012
Tongliao Country Garden (通遼碧桂園)	Tongliao (Keerqin)	1,664,109	100%	1,203,795	1st Quarter 2012	3rd Quarter 2012	4th Quarter 2016
Huangshan Country Garden (黃山碧桂園)	Huangshan (Huangshan)	333,319	100%	44,449	1st Quarter 2011	2nd Quarter 2011	2nd Quarter 2012
Anqing Country Garden (安慶碧桂園)	Anqing (Anqing)	1,733,346	100%	1,191,305	1st Quarter 2011	3rd Quarter 2011	4th Quarter 2014
Wuhu Country Garden (蕪湖碧桂園)	Wuhu (Sanshanqu)	2,569,041	100%	1,757,466	1st Quarter 2011	4th Quarter 2011	4th Quarter 2018
Yiyang Country Garden (益陽碧桂園)	Yiyang (Yiyang)	549,035	100%	418,311	1st Quarter 2011	2nd Quarter 2011	4th Quarter 2013
Chaohu Country Garden (巢湖碧桂園)	Chaohu (Nan'an)	685,317	100%	379,282	1st Quarter 2011	3rd Quarter 2011	4th Quarter 2014
LiuYang Country Garden (瀏陽碧桂園)	Changsha (LiuYang)	372,574	100%	217,066	1st Quarter 2011	3rd Quarter 2011	4th Quarter 2013
Maoming Country Garden (茂名碧桂園)	Maoming (Maonan)	390,201	100%	89,766	1st Quarter 2011	3rd Quarter 2011	4th Quarter 2013
Yangshan Country Garden (陽山碧桂園)	Qingyuan (Yangshan)	773,145	100%	666,319	1st Quarter 2011	2nd Quarter 2011	2nd Quarter 2013
Suihua Country Garden (綏化碧桂園)	Suihua (Beilin)	254,383	100%	133,874	2nd Quarter 2011	3rd Quarter 2011	4th Quarter 2013
Tianjin Tanggu District Office Building (天津塘沽區寫字樓)	Tianjin (Tanggu)	114,504	100%	114,504	2nd Quarter 2011	–	4th Quarter 2012
Tianjin Country Garden (天津碧桂園)	Tianjin (Balitai)	974,316	100%	703,560	1st Quarter 2011	3rd Quarter 2011	3rd Quarter 2014
Jingmen Country Garden (荊門碧桂園)	Jingmen (Duodao)	250,432	100%	50,498	1st Quarter 2011	2nd Quarter 2011	3rd Quarter 2012
Zhaoqing Country Garden – Hill Lake Palace (肇慶碧桂園•山湖城)	Zhaoqing (Gaoyao)	240,422	51%	41,371	1st Quarter 2011	3rd Quarter 2011	2nd Quarter 2012
Country Garden – Park Prime (碧桂園•公園1號)	Jiangmen (Heshan)	217,183	100%	56,961	4th Quarter 2011	3rd Quarter 2012	4th Quarter 2013
Country Garden – Grand Garden (碧桂園•豪園)	Guangzhou (Zengcheng)	402,713	100%	1,655	1st Quarter 2011	–	4th Quarter 2011
Country Garden City Garden (碧桂園城市花園)	Foshan (Chancheng)	586,291	90%	341,332	1st Quarter 2011	4th Quarter 2011	2nd Quarter 2013
Deqing Country Garden (德慶碧桂園)	Zhaoqing (Deqing)	203,094	100%	104,781	2nd Quarter 2011	3rd Quarter 2011	4th Quarter 2012
Yunfu Country Garden (雲浮碧桂園)	Yunfu (Jinshan)	125,371	100%	65,542	1st Quarter 2011	2nd Quarter 2011	1st Quarter 2013
Beiliu Country Garden (北流碧桂園)	Yulin (Beiliu)	330,918	100%	214,037	1st Quarter 2011	3rd Quarter 2011	4th Quarter 2013
Jianghai Country Garden (江海碧桂園)	Jiangmen (Jianghai)	456,659	100%	402,212	1st Quarter 2011	1st Quarter 2011	4th Quarter 2014
Xinhui Country Garden – Phase Four (新會碧桂園 – 四期)	Jiangmen (Xinhui)	407,998	100%	268,390	1st Quarter 2011	3rd Quarter 2011	4th Quarter 2013
Country Garden – Ten Miles Coast (碧桂園•十里銀灘)	Huizhou (Huidong)	3,487,487	100%	3,487,487	1st Quarter 2011	3rd Quarter 2011	4th Quarter 2015
Country Garden – Spring City (碧桂園•清泉城)	Qingyuan (Fogang)	480,044	100%	411,009	1st Quarter 2011	3rd Quarter 2011	2nd Quarter 2013
Country Garden – Phoenix City (碧桂園•鳳凰城)	Zhenjiang (Jurong)	542,392	100%	542,392	1st Quarter 2011	2nd Quarter 2011	2nd Quarter 2012
Chuzhou Country Garden (provisional name) (滁州碧桂園(暫定名))	Chuzhou (Nanqiao)	1,439,426	100%	995,254	1st Quarter 2011	4th Quarter 2011	1st Quarter 2015
Fengkai Country Garden (封開碧桂園)	Zhaoqing (Fengkai)	218,087	100%	144,348	1st Quarter 2011	3rd Quarter 2011	4th Quarter 2013
Shenyang Country Garden (瀋陽碧桂園)	Shenyang (Qipanshan)	132,353	100%	132,353	1st Quarter 2011	2nd Quarter 2011	2nd Quarter 2012
Country Garden – Hill Lake Grand Palace (碧桂園•山水豪園)	Jiangmen (Heshan)	754,265	80%	754,265	1st Quarter 2011	3rd Quarter 2011	4th Quarter 2013
Heyuan Country Garden (河源碧桂園)	Heyuan (Yuancheng)	1,105,475	100%	1,105,475	1st Quarter 2011	3rd Quarter 2011	4th Quarter 2014
Total:		63,176,255		32,004,068			

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 and decoration, property management and hotel operation. The revenue increased by 46.7% to approximately RMB25,804.1 million in 2010 from approximately RMB17,585.7 million in 2009, primarily attributable to the increase in sales of properties. The revenues generated from property development, construction and decoration, property management and hotel operation are RMB24,637.8 million, RMB288.7 million, RMB405.4 million and RMB472.2 million, respectively.

Property development

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

Construction and decoration

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

Property management

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

Hotel operation

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

Cost of sales

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

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

Gross profit

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



Management Discussion and Analysis

Other gains — net

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

Selling and marketing costs

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

Administrative expenses

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

Finance costs — net

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

Fair value changes on derivative financial instruments

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

Profit attributable to the equity owners

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



Management Discussion and Analysis

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

Cash position

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

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

Net current assets and current ratio

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

Debt and charges on group assets

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

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

Gearing ratio

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

Interest rate risk

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



Management Discussion and Analysis

Risk of exchange rate fluctuation

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

Land appreciation tax

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

Contingent liability

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

This represented the guarantees in respect of mortgage facilities granted by certain banks relating to the mortgage loans arranged for certain purchasers of the Group's properties. Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage principals together with accrued interest and penalty owed by the defaulted purchasers to the banks and the Group is entitled to take over the legal title and possession of the related properties. Of the amounts as at 31 December 2010, approximately RMB751.6 million (2009: approximately RMB256.4 million) was to be discharged two years from the day the mortgaged loans become due; and approximately RMB17,912.5 million (2009: approximately RMB13,283.9 million) was to be discharged upon earlier of (i) issuance of the real estate ownership certificate which are generally be available within three months after the purchasers take possession of the relevant properties; and (ii) the satisfaction of mortgaged loan by the purchasers of properties.

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

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

Capital and property development commitments

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



Management Discussion and Analysis

Employees and remuneration policy

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

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



Biographical Details of Directors and Senior Management

EXECUTIVE DIRECTORS

YEUNG Kwok Keung (楊國強), aged 56, was appointed as the Chairman and an executive Director of the Company in December 2006. Mr. YEUNG is also the chairman of remuneration committee of the Company and a director of various members of the Group. Mr. YEUNG graduated from the School of Economic Management of Jinan University (暨南大學). Mr. YEUNG is responsible for the formulation of development strategies, investment planning and overall project planning as well as ensuring the Board functioned properly with good corporate practice and procedures. From 1992 to 1997, Mr. YEUNG was the general manager of Shunde Sanhe Property Development Co., Ltd. (順德市三和物業發展有限公司) ("Shunde Sanhe Co."). From 1986 to 1997, Mr. YEUNG served as the general manager of Shunde Beijiao Construction Company Limited (順德市北濠建築工程有限公司) ("Beijiao Construction Co.") and also served as the general manager of the Group from 1997 to 2003. He had been the Chairman of the Group from 2003 to 2005 and became the Chairman of the Company after its formation in 2006. Mr. YEUNG has over 33-year experience in construction and approximately 19-year experience in property development. Mr. YEUNG was recognized as "Guangzhou Real Estate Excellent Contributor for 20 Years" in 2005. "China Charity Outstanding Contributions Person" and "Top Ten Contributions to China Real Estate" in 2009, as well as "China Real Estate Entrepreneur Charity Award" and "Person of China Real Estate" in 2010. Mr. YEUNG is currently a member of the Standing Committee of the People's Political Consultative Conference of Guangdong Province (廣東省政協常務委員). Mr. YEUNG is the father of Ms. YANG Huiyan, an executive Director and a controlling shareholder of the Company, and the uncle of Mr. YANG Zhicheng and Mr. YANG Yongchao, both being executive Directors of the Company.

MO Bin (莫斌), aged 44, was appointed as the president and an executive Director of the Company in July 2010. Mr. MO is also a member of remuneration committee of the Company and a director of various members 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. Mr. MO is primarily responsible for the management of daily operation and general administration of the Company together with its subsidiaries (the "Group"). Prior to joining the Group, Mr. MO was employed by an internationally competitive construction and property group in the mainland, 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-year extensive experience in a number of areas including property development, construction business, construction management, marketing, cost control and corporate management.

YANG Huiyan (楊惠妍), aged 29, was appointed as an executive Director of the Company in December 2006 and is also a director of various members of the Group. Ms. YANG graduated from Ohio State University with a degree in marketing and logistic. Ms. YANG joined the Group in 2005 as the manager of Procurement Department. Currently, she is primarily responsible for the formulation of development strategies of the Group. Ms. YANG is the daughter of Mr. YEUNG Kwok Keung, the Chairman and an executive Director of the Company, and a cousin of Mr. YANG Zhicheng and Mr. YANG Yongchao, both being executive Directors of the Company. Ms. YANG is also the daughter-in-law of Mr. CHEN Hua, the vice-president of the Company.

YANG Erzhu (楊貳珠), aged 59, was appointed as an executive Director of the Company in November 2006 and is also a director of various members of the Group. Mr. YANG graduated from the School of Economic Management of Jinan University. Mr. YANG is primarily responsible for auditing the outsourcing of construction and assisting the Chairman of the Company in investment planning. From 1994 to 1997, Mr. YANG served as a deputy general manager of Shunde Sanhe Co.. From 1986 to 1997, Mr. YANG served as a deputy general manager of Beijiao Construction Co. From 1999 to 2009, Mr. YANG served as a director and a deputy general manager of Foshan Shunde Finest Decoration & Design Enterprise and has served as a director and deputy general manager of Guangdong Giant Leap Construction Co., Ltd. ("Giant Leap") and Foshan Shunde Country Garden Co., Ltd. ("Shunde Country Garden") since 1997. Mr. YANG has over 33-year experience in construction and approximately 17-year experience in property development.



SU Rubo (蘇汝波), aged 56, was appointed as an executive Director of the Company in December 2006 and is also a director of various members of the Group. Mr. SU graduated from the School of Economic Management of Jinan University. Mr. SU is primarily responsible for construction management, supervision and coordination of certain property development projects of the Group. From 1994 to 1997, Mr. SU served as a deputy general manager of Shunde Sanhe Co.. From 1986 to 1997, Mr. SU served as a deputy general manager of Beijiao Construction Co. and has been serving as a director and a deputy general manager of Giant Leap and Shunde Country Garden since 1997. Mr. SU has over 33-year experience in construction, approximately 17-year experience in property development and approximately 14-year experience in procurement of construction materials.

ZHANG Yaoyuan (張耀垣), aged 65, was appointed as an executive Director of the Company in December 2006 and is also a director of various members of the Group. Mr. ZHANG is primarily responsible for construction management, supervision and coordination of certain property development projects of the Group. From 1994 to 1997, Mr. ZHANG served as a deputy general manager of Shunde Sanhe Co.. From 1986 to 1997, Mr. ZHANG served as a manager and a deputy general manager of Beijiao Construction Co. and has been serving as a director and a deputy general manager of Giant Leap and Shunde Country Garden since 1997. Mr. ZHANG has over 43-year experience in construction and approximately 17-year experience in management of property development.

OU Xueming (區學銘), aged 61, was appointed as an executive Director of the Company in December 2006. Mr. OU is primarily responsible for construction management, supervision and coordination of certain property development projects of the Group. From 1994 to 1997, Mr. OU served as a deputy general manager of Shunde Sanhe Co.. From 1986 to 1997, Mr. OU served as a deputy general manager of Beijiao Construction Co. and has been serving as a director and a deputy general manager of Giant Leap and Shunde Country Garden since 1997. Mr. OU has over 33-year experience in construction and approximately 17-year experience in operation and management of property development.

YANG Zhicheng (楊志成), aged 37, was appointed as an executive Director of the Company in December 2006 and the regional president of the Group. Mr. YANG is primarily responsible for the overall development and management of certain property development projects of the Group. Prior to joining the Group in 1997, Mr. YANG served as a project manager of Shunde Sanhe Co., the general manager of Foshan Shunde Jun'an Country Garden Property Development Co., Ltd. and the project general manager of the Group. Mr. YANG has approximately 17-year experience in project development. Mr. YANG is a nephew of Mr. YEUNG Kwok Keung, the Chairman and an executive Director of the Company, and a cousin of Ms. YANG Huiyan, an executive Director and a controlling shareholder of the Company, and Mr. YANG Yongchao, an executive Director of the Company.

YANG Yongchao (楊永潮), aged 36, was appointed as an executive Director of the Company in December 2006 and the general manager of the Sales Centre of the Group. Mr. YANG is primarily responsible for the overall sales management of the Group. Mr. YANG has been responsible for the management of the Sales Centre of Shunde Country Garden since 1997. Mr. YANG has approximately 14-year experience in property sales management, market research, project planning proposal, pricing, marketing, sales and customer resource management. Mr. YANG is a nephew of Mr. YEUNG Kwok Keung, the Chairman and an executive Director of the Company, and a cousin of Ms. YANG Huiyan, an executive Director and a controlling shareholder of the Company, and Mr. YANG Zhicheng, an executive Director of the Company.



Biographical Details of Directors and Senior Management

INDEPENDENT NON-EXECUTIVE DIRECTORS

LAI Ming, Joseph (黎明), aged 66, was appointed as an independent non-executive Director of the Company, the Chairman of the Audit Committee and a member of the Remuneration Committee of the Company in December 2006. Mr. LAI is a fellow member of the Hong Kong Institute of Certified Public Accountants (“HKICPA”), CPA Australia, the Chartered Institute of Management Accountants (“CIMA”) and the Hong Kong Institute of Directors. Mr. LAI was one of the co-founders of the Hong Kong Branch of CIMA founded in 1973 and was the president in 1974/75 and 1979/80. He was the president of the HKICPA in 1986. He is also an advisor to the Corporate Governance Committee of CPA Australia Hong Kong China Division. Mr. LAI is an independent non-executive director of Shinhint Acoustic Link Holdings Limited, Jolimark Holdings Limited and Guangzhou R&F Properties Co., Limited, all of which are companies whose shares are listed on the Stock Exchange of Hong Kong Limited (the “Stock Exchange”). Mr. LAI also holds directorships in several private companies engaging in property development in Canada. Mr. LAI is also a director of Hong Kong University of Science and Technology R & D Corporation Limited. He is also independent non-executive directors of Chen’s Holdings Limited and Sheng Fung Company, Limited.

SHEK Lai Him, Abraham (石禮謙) SBS, JP, aged 65, was appointed as an independent non-executive Director of the Company, a member of the Audit Committee and a member of the Remuneration Committee of the Company in December 2006. Mr. SHEK graduated from the University of Sydney and holds a Bachelor of Arts degree and a Diploma in Education. Mr. SHEK was appointed a Justice of the Peace in 1995 and was awarded the Silver Bauhinia Star by the Government of the HKSAR in 2007. Mr. SHEK is a member of the Hong Kong Legislative Council representing the Real Estate and Construction Functional Constituency, a member of the Court of Hong Kong University of Science and Technology and the Court of University of Hong Kong, and a vice chairman of the Independent Police Complaints Council. Mr. SHEK is an independent non-executive director of Midas International Holdings Limited, Lifestyle International Holdings Limited, NWS Holdings Limited, Titan Petrochemicals Group Limited, ITC Corporation Limited, ITC Properties Group Limited, Hop Hing Group Holdings Limited, Hsin Chong Construction Group Limited, MTR Corporation Limited, SJM Holdings Limited, Paliburg Holdings Limited, Chuang’s Consortium International Limited, China Resources Cement Holdings Limited and Kosmopolito Hotels International Limited, and a chairman and an independent non-executive director of Chuang’s China Investments Limited, all of which are companies whose shares are listed on the Stock Exchange, as well as a director of The Hong Kong Mortgage Corporation Limited. Mr. SHEK is also an independent non-executive director of Eagle Asset Management (CP) Limited (the manager of Champion Real Estate Investment Trust) and Regal Portfolio Management Limited (the manager of Regal Real Estate Investment Trust), both trusts are listed on the Stock Exchange. Mr. SHEK also holds directorships in several property-related private companies.

TONG Wui Tung, Ronald (唐滙棟), aged 60, was appointed as an independent non-executive Director of the Company, a member of the Audit Committee and a member of the Remuneration Committee of the Company in December 2006. He has been practicing as a solicitor in Hong Kong for over 30 years and is a partner of the law firm, Messrs. Cheung, Tong & Rosa. He is also a Notary Public and a China Appointed Attesting Officer, and is admitted as a solicitor in several other jurisdictions. Mr. TONG is currently a non-executive director of Yip’s Chemical Holdings Limited, a company whose shares are listed on the Stock Exchange.



Biographical Details of Directors and Senior Management

CHIEF FINANCIAL OFFICER

NG Yi Kum, Estella (伍綺琴), aged 53, was appointed as the chief financial officer of the Company in January 2008. From September 2005 to November 2007, Ms. NG was an executive director of Hang Lung Properties Limited, a company whose shares are listed on the Stock Exchange. Prior to her joining Hang Lung Properties in 2003, she was employed by the Stock Exchange in a number of senior positions, most recently as Senior Vice President of its Listing Division. Prior to that, she gained valuable auditing experience with Deloitte Touche Tohmatsu. Ms. NG is a qualified accountant and holds a Master of Business Administration degree from Hong Kong University of Science and Technology. She is an associate of The Institute of Chartered Accountants in England and Wales, The Institute of Chartered Secretaries and Administration and a fellow of the Association of Chartered Certified Accountants, the HKICPA and a member of the American Institute of Certified Public Accountants. She has also contributed her time to various public service appointments including being a co-opted member of the Audit Committee of the Hospital Authority, and Corporate Advisor to the Business School of Hong Kong University of Science and Technology.

COMPANY SECRETARY

HUEN Po Wah (禰寶華), aged 62, was appointed as the secretary of the Company in March 2007. He is an associate of The Hong Kong Institute of Chartered Secretaries and also an associate of The Institute of Chartered Secretaries and Administrators. Mr. HUEN is also a director of Fair Wind Secretarial Services Limited. He has over 28-year experience in company administration and secretarial fields and has served many listed clients over the years.

SENIOR MANAGEMENT

SONG Jun (宋軍), aged 43, is a vice president of the Company. Mr. SONG graduated from Chongqing College of Construction and Architecture (重慶建築工程學院), currently known as Chongqing University (重慶大學), with a degree in architecture and is a qualified PRC architect. Mr. SONG is responsible for construction management, supervision and coordination of certain property development projects of the Group. Prior to joining the Group in 1997, he worked in Hunan Province Jishou City Construction Institute (湖南省吉首市建築規劃勘察設計院) and Guangdong Elite Architectural Co., Ltd. and was responsible for architectural design work. Since 1997, he has been serving as a project manager and a project supervisor of Shunde Country Garden responsible for the management of property development projects. Mr. SONG has approximately 14-year experience in management of property development.

XIE Shutai (謝樹太), aged 46, is a vice president of the Company. Mr. XIE graduated from Hunan University (湖南大學) with a degree in civil engineering and is a qualified PRC civil engineer. Mr. XIE is primarily responsible for the overall management and supervision of certain property development projects of the Group, and also responsible for the overall management of the hotels and property management companies of the Group. Prior to joining the Group in 1997, Mr. XIE worked in Hengyang City Construction Institute (衡陽市建築設計研究院) from 1986 to 1991 responsible for structural design work. He also worked in Shunde Sanhe Co. from 1992 to 1997 responsible for property management. Since 1997, he has been working for Shunde Country Garden and Guangdong Country Garden Property Management Co., Ltd. responsible for the overall property and hotel management of the Group. Mr. XIE has approximately 19-year experience in property management and approximately 14-year experience in hotel management.



Biographical Details of Directors and Senior Management

CHEN Hua (陳華), aged 61, is a vice president of the Company. Mr. CHEN graduated from Jilin Industrial University (吉林工業大學) majoring in tractor design, Heilongjiang University (黑龍江大學) majoring in national economic management, and Northeast Agricultural University (東北農業大學) majoring in agriculture economic management. Mr. CHEN is responsible for the overall management of certain property development projects of the Group. Prior to joining the Group in 2007, Mr. CHEN acted as the director of Poverty Alleviation and Development Office of Heilongjiang Provincial Government. He has over 32-year experience working in government. Mr. CHEN is the father-in-law of Ms. YANG Huiyan, an executive Director and a controlling shareholder of the Company.

SU Boyuan (蘇柏垣), aged 45, is a vice president of the Company. Mr. SU graduated from Guangzhou Normal Institute (廣州師範學院) (currently known as Guangzhou University (廣州大學)) majoring in geography and obtained his postgraduate degree in human geography from Sun Yat-Sen University (中山大學). Mr. SU is primarily responsible for investment development and the overall management of certain property development projects of the Group. Prior to joining us in 2005, Mr. SU had over 10-year experience in land planning and development as well as operational management.



Corporate Governance Report

Country Garden Holdings Company Limited (the “Company”) together with its subsidiaries (the “Group”) continues to improve its corporate governance practices, emphasizing the attainment and maintenance of a quality board, sound internal controls, and high transparency and accountability to shareholders. The board of Directors (the “Board”) and management are committed to principles of good corporate governance consistent with prudent management and enhancement of shareholder value. The Board believes that good corporate governance will bring long-term benefits to its shareholders and to the Group.

CORPORATE GOVERNANCE PRACTICES

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

COMPLIANCE WITH THE MODEL CODE

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

BOARD OF DIRECTORS

The Board currently consists of nine executive Directors, namely, Mr. YEUNG Kwok Keung, Mr. MO Bin, Ms. YANG Huiyan, Mr. YANG Erzhu, Mr. SU Rubo, Mr. ZHANG Yaoyuan, Mr. OU Xueming, Mr. YANG Zhicheng and Mr. YANG Yongchao; and three independent non-executive Directors, namely, Mr. LAI Ming, Joseph, Mr. SHEK Lai Him, Abraham and Mr. TONG Wui Tung, Ronald.

Ms. YANG Huiyan is the daughter of Mr. YEUNG Kwok Keung and Mr. YANG Zhicheng and Mr. YANG Yongchao are nephews of Mr. YEUNG Kwok Keung. Save as disclosed above, none of other Directors has or maintained any family relationship with any of the other Directors.

Mr. YEUNG Kwok Keung, being the Chairman, is responsible for the formulation of the development strategies, investment planning, overall project planning of the Group and ensuring that the Board is functionally properly, with good corporate governance practice and procedures, whilst Mr. MO Bin, the president of the Company, is responsible for the management of daily operation and general administration of the Group. The roles of the Chairman and the president of the Company are segregated to reinforce independence, accountability and responsibility. Their respective responsibilities are clearly established and defined by the Board in writing.

Biographical details of the Directors and their relevant relationships are set out in the section headed “Biographical details of Directors and Senior Management” on pages 22 to 26 of this annual report.



Corporate Governance Report

All of the independent non-executive Directors are appointed for a specific term of two years and all Directors are subject to retirement in accordance with the articles of association of the Company (the "Articles of Association"). According to the Articles of Association, at each annual general meeting, one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement at an annual general meeting at least once every three years. As such, no Directors have a term of appointment longer than three years.

The Board assumes responsibility for leadership and control of the Company; and is collectively responsible for directing and supervising the Company's affairs. The Board is fully responsible for the formulation of business policies and strategies in relation to the business operation of the Group, including dividend policy and risk management strategies. The management are delegated the authority and responsibilities by the Board for the day-to-day management and operation of the Group.

The Company has not established a nomination committee. The Board as a whole is responsible for reviewing the Board composition, developing and formulating the relevant procedures for nomination and appointment of Directors, monitoring the appointment of Directors and assessing the independence of the non-executive Directors. The structure, size and composition of the Board will be reviewed from time to time to ensure that it has a balance of expertise, skills and experience appropriate to the requirements of the Group's business.

All Directors are kept informed on a timely basis of major changes that may have affected the Group's business, including relevant rules and regulations and are able to make further enquiries when necessary. They also have unrestricted access to the advices and services of the company secretary and the compliance officer, who are responsible for providing the Directors with board papers and related materials. The Board has also agreed that the Directors may seek independent professional advice in performing their Directors' duties at the Company's expenses. No request was made by any Director for such independent professional advice during the year.

The Company has arranged appropriate insurance coverage on Directors' and officers' liabilities in respect of any legal actions taken against Directors and senior management arising out of corporate activities. The insurance coverage is reviewed on an annual basis.

Independence of Independent Non-Executive Directors

The independent non-executive Directors, who combine to offer diverse industry expertise, serve the important function of advising the management on strategy and ensuring the Board maintains high standards of financial and other mandatory reporting requirements as well as providing adequate checks and balances for safeguarding the interests of shareholders and the Company as a whole. The Board has received from each of the independent non-executive Directors a confirmation of his independence in accordance with Rule 3.13 of the Listing Rules and the Board considers all of the independent non-executive Directors is independent.

The Board has established two committees with specific responsibilities as described later in this report. Major matters that are specifically delegated by the Board to management include the preparation of annual and interim accounts for Board approval before public reporting, execution of business strategies and initiatives adopted by the Board, monitoring of operating budgets, implementation of adequate systems of internal controls and risk management procedures, and compliance with relevant statutory requirements and rules and regulations.

BOARD MEETINGS

The Board held at least four meetings a year at approximately quarterly intervals. Additional meetings would be arranged, if and when required. All Directors are invited to attend these meetings in persons. For those Directors who are not able to attend these meetings in persons, participation by telephone conference is available.



Corporate Governance Report

The company secretary and the compliance officer assist the Chairman in preparing the agenda for the meeting. The company secretary also prepares detailed minutes of each meeting. After the meeting, the draft minutes are circulated to all Directors for comment as soon as practicable.

The Board also recognizes the importance of the independent reporting of the corporate governance function.

The compliance officer attends all the Board and committee meetings to advise on corporate governance matters covering risk management and relevant compliance issues relating to mergers and acquisitions, accounting and financial reporting.

During the financial year ended 31 December 2010, the Directors have made contribution to the affairs of the Group and seven Board meetings were held to consider, among other things, various transactions contemplated by the Group and to review and approve the interim results and annual results of the Group. According to Article 103(1) of the Articles of Association, a Director shall not be entitled to attend any Board meeting for approving any transaction in which he or his associates is materially interested. Any Board meeting which a Director is not so entitled to attend shall not be taken into account in determining that Director's attendance record.

Details of Directors' attendance record in 2010 are as follows:

Directors	No. of meetings attended/ No. of meetings held
Executive Directors	
Mr. YEUNG Kwok Keung (<i>Chairman</i>)	5/5
Mr. MO Bin (appointed on 22 July 2010)	3/3
Mr. CUI Jianbo (resigned on 20 January 2011)	5/5
Ms. YANG Huiyan	5/5
Mr. YANG Erzhu	5/5
Mr. SU Rubo	4/5
Mr. ZHANG Yaoyuan	5/5
Mr. OU Xueming	5/5
Mr. YANG Zhicheng	6/6
Mr. YANG Yongchao	6/6
Independent Non-executive Directors	
Mr. LAI Ming, Joseph	6/6
Mr. SHEK Lai Him, Abraham	6/6
Mr. TONG Wui Tung, Ronald	6/6

AUDIT COMMITTEE

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 who has appropriate professional accounting qualifications and financial management expertise as required under the Listing Rules, was appointed as the chairman of the Audit Committee.



Corporate Governance Report

The Audit Committee is to serve as a focal point for communication between other Directors and the external auditor of the Company as regards their duties relating to financial and other reporting, internal controls, external and internal audits and such other financial and accounting matters as the Board determines from time to time. It assists the Board in providing an independent review of the effectiveness of the financial reporting process, internal controls 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 Audit Committee met four times in 2010 to review the Group's significant internal controls and financial matters as set out in the Audit Committee's term of reference with senior management, consultants and external auditor of the Company. The committee's review covers the audit plans and findings of external auditor, external auditor's independence, the Group's accounting principles and practices, Listing Rules and statutory compliance, internal controls, risk management and financial reporting matters (including the interim and annual financial statements for the Board's approval). Attendance of the members is set out below:

Members	No. of meetings attended/ No. of meetings held
Mr. LAI Ming, Joseph (<i>Chairman</i>)	4/4
Mr. SHEK Lai Him, Abraham	4/4
Mr. TONG Wui Tung, Ronald	4/4

External Auditor's Independence

To enhance independent reporting by external auditor, part of the Audit Committee meetings were attended only by independent non-executive Directors and external auditor. The Audit Committee is satisfied with the findings of their review of the audit fee, process and effectiveness, independence and objectivity of PricewaterhouseCoopers ("PwC"), and the Audit Committee has recommended to the Board the re-appointment of PwC in 2011 as the Company's external auditor at the forthcoming Annual General Meeting.

REMUNERATION COMMITTEE

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

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

During the year, the Remuneration Committee held two meetings. It reviewed the remuneration package of the Directors and the appointment of the president and an executive Director of the Company. Attendance of the members is set out below:

Members	No. of meetings attended/ No. of meetings held
Mr. YEUNG Kwok Keung (<i>Chairman</i>)	2/2
Mr. MO Bin (appointed on 17 December 2010)	0/0
Mr. CUI Jianbo (resigned on 17 December 2010)	2/2
Mr. LAI Ming, Joseph	2/2
Mr. SHEK Lai Him, Abraham	2/2
Mr. TONG Wui Tung, Ronald	2/2



Corporate Governance Report

INTERNAL CONTROLS

The Board has the overall responsibility for maintaining sound and effective internal control systems to safeguard the Group's assets and shareholders' interests, as well as, through Audit Committee, for reviewing the effectiveness of these systems. The system of internal control is designed to provide reasonable, but not absolute, assurance against misstatement or loss, and to manage risks of failure in the Group's operational systems.

It is the usual practice of the Company from time to time to engage independent consultants to conduct review of the Group and provide suitable training to the employee in order to maintain high standards of corporate governance.

The Board, through the Audit Committee, assessed and reviewed the effectiveness of the internal control systems and procedures and considered the adequacy of resources, qualifications and experience of staff of the Company's accounting and financing reporting function, and their training programmes and budget in accordance with paragraph C.2.1 and C.2.2 of the Code for the year ended 31 December 2010 based on the information derived from discussions with the senior management, its external auditor and consultant. The Audit Committee has reviewed the comments of external auditor and consultant provided at the Audit Committee meetings and is satisfied that there is an ongoing process in place for identifying, evaluating and managing the significant risks faced by the Group.

WHISTLEBLOWER POLICY

The Group has established a whistleblower policy to facilitate the raising of concerns by employees since 2008. Procedures are established for employees to report complaints and internal malpractice to the head of Legal Department, who will review complaints and determine the mode of investigation and subsequent action.

INVESTOR RELATIONS

The Group has a proactive investor relations programme that keeps investors and shareholders abreast the Group's latest development and discloses relevant information to the public in a timely manner. During the year, we held various meetings with investors, organized site visit to our projects and participated in investor conferences.

The Group's newsletter outlines the latest projects development and sales performance on a regular basis. Up-to-date information on the Group's projects development, corporate activities, news, financial data, and stock information are available at the Group's website <http://www.countrygarden.com.cn>.

AUDITOR'S REMUNERATION

For the year ended 31 December 2010, the fees paid/payable to the auditor of the Company (inclusive of business tax) in respect of the audit services and other services related to the issuance of the senior notes in 2010 provided amounted to approximately RMB6.5 million and RMB0.5 million respectively.

DIRECTORS' RESPONSIBILITY ON THE CONSOLIDATED FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the consolidated financial statements for the year ended 31 December 2010, which were prepared in accordance with statutory requirements and applicable accounting standards.

The reporting responsibility of the external auditor of the Company on the consolidated financial statements of the Group are set out in the independent auditor's report on pages 45 to 46.



Report of the Directors

The Directors are pleased to present the audited consolidated financial statements of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2010.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. Its subsidiaries are principally engaged in the property development, construction, fitting and decoration, property management and hotel operation.

An analysis of the Group's revenue and operating results for the year by principal activities is set out in note 5 to the consolidated financial statements of the Group.

RESULTS

The results of the Group for the year ended 31 December 2010 are set out in the consolidated statement of comprehensive income of the Group on page 51 of this annual report.

DIVIDENDS

The Directors recommend the payment of a final dividend of RMB9.61 cents (2009: RMB4.50 cents) per share for the year ended 31 December 2010 to shareholders whose names appear on the register of members of the Company on 28 April 2011. The final dividend is expected to be paid on or about 27 May 2011.

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

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment during the year are set out in note 6 to the consolidated financial statements of the Group.

BORROWINGS

Details of the borrowings are set out in note 20 to the consolidated financial statements of the Group.

RESERVES

Details of the movements in reserves during the year are set out in note 19 to the consolidated financial statements of the Group.

As at 31 December 2010, the distributable reserve of the Company amounted to approximately RMB1,736,208,000 (2009: approximately RMB756,901,000).

DONATIONS

The donations made by the Group during the year amounted to approximately RMB91,958,000 (2009: approximately RMB74,948,000).



FINANCIAL SUMMARY

A financial summary of the Group is set out on page 142 of this annual report.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2010, revenue attributable to the largest customer of the Group amounted to approximately 0.95% of the total revenue in the year and the five largest customers of the Group accounted for less than 30% of the Group's revenue in the year.

For the year ended 31 December 2010, purchases attributable to the largest supplier of the Group amounted to approximately 5.07% of the total purchases in the year and the five largest suppliers of the Group accounted for less than 30% of the Group's purchases in the year.

DIRECTORS AND SHAREHOLDERS INTERESTS IN SUPPLIERS AND CUSTOMERS OF THE GROUP

During the year ended 31 December 2010, so far as the Directors are aware, the following persons who are Directors and their associates (herein after-mentioned) and are interested in more than 5% of the issued share capital of the Company had direct interest or indirect interest in the five largest customers and suppliers of the Group as follows:

Name of Director and person interested in more than 5% of the Company's issued share capital	Name of customer of the Group	Type of interest
Ms. YANG Huiyan	Qingyuan Country Garden Property Development Co., Ltd. ("Qingyuan CG")	52% equity interest
Mr. YANG Erzhu	Qingyuan CG	12% equity interest
Mr. SU Rubo	Qingyuan CG	12% equity interest
Mr. ZHANG Yaoyuan	Qingyuan CG	12% equity interest
Mr. OU Xueming	Qingyuan CG	12% equity interest

Name of Director and person interested in more than 5% of the Company's issued share capital	Name of supplier of the Group	Type of interest
Ms. YANG Huiyan	Guangdong Elite Architectural Co., Ltd. ("Elite Architectural")	52% equity interest
Mr. YANG Erzhu	Elite Architectural	12% equity interest
Mr. SU Rubo	Elite Architectural	12% equity interest
Mr. ZHANG Yaoyuan	Elite Architectural	12% equity interest
Mr. OU Xueming	Elite Architectural	12% equity interest
Mr. YEUNG Kwok Keung	Foshan Shunde Grand Cement Co., Ltd. ("Grand Cement")	52% equity interest
Mr. YANG Erzhu	Grand Cement	12% equity interest
Mr. SU Rubo	Grand Cement	12% equity interest
Mr. ZHANG Yaoyuan	Grand Cement	12% equity interest
Mr. OU Xueming	Grand Cement	12% equity interest



Report of the Directors

Grand Cement is a non-wholly owned subsidiary of Foshan Shunde Lida Investment Co., Ltd (“Lida Investment”). Lida Investment is owned as to 52% by Ms. YANG Meirong (a sister of Mr. YEUNG Kwok Keung), as to 12% by Mr. YANG Minsheng (a son of Mr. YANG Erzhu), as to 12% by Mr. SU Zhiyan (a son of Mr. SU Rubo), as to 12% by Mr. ZHANG Chibiao (a son of Mr. ZHANG Yaoyuan) and as to 12% by Ms. OU Jieping (a daughter of Mr. OU Xueming). As Grand Cement is owned as to 73.6% of its total equity interest by Lida Investment, an associate of Mr. YEUNG Kwok Yeung, Grand Cement is thus an associate of a connected person of the Company.

Other than disclosed above, the Directors, their associates or any Shareholders of the Company (which to the knowledge of the Directors own more than 5% of the issued share capital of the Company) did not have any interests in the five largest customers and suppliers of the Group for the year ended 31 December 2010.

SHARE CAPITAL

Details of the movements in the share capital of the Company are set out in note 18 to the consolidated financial statements of the Group.

DIRECTORS AND DIRECTORS' SERVICE CONTRACTS

The Directors during the year up to the date of this annual report are:

Executive Directors

Mr. YEUNG Kwok Keung (*Chairman*)
Mr. MO Bin (appointed on 22 July 2010)
Mr. CUI Jianbo (resigned on 20 January 2011)
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

In accordance with Article 86(3) of the Articles of Association, Mr. MO Bin shall hold office until the forthcoming annual general meeting. In accordance with Article 87 of the Articles of Association, Messrs. YEUNG Kwok Keung, SU Rubo, ZHANG Yaoyuan and SHEK Lai Him, Abraham shall retire from office by rotation and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

Mr. MO Bin, the President and an executive Director of the Company, has entered into a service contract with the Company taking effect from 22 July 2010 to 31 December 2012. Each of the other executive Directors of the Company has entered into a service contract with the Company taking effect from 1 January 2010 for a period of three years. All the independent non-executive Directors are appointed for a period up to 31 December 2012.

None of the Directors has a service contract with the Company or any of its subsidiaries which is not determinable within one year without payment of compensation other than statutory compensation.



Report of the Directors

DIRECTORS' EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS

Details of the remuneration of the Directors and those of the five highest paid individuals of the Group for the year ended 31 December 2010 are set out in note 28 to the consolidated financial statements of the Group.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Save as disclosed under paragraph headed "Connected Transaction and Continuing Connected Transactions", no contracts of significance in relation to the Company's business to which the Company, any of its subsidiaries, its fellow subsidiaries or its holding companies was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

DIRECTORS' AND THEIR ASSOCIATES' INTERESTS IN COMPETING BUSINESS

Ms. YANG Huiyan, Mr. YANG Erzhu, Mr. SU Rubo, Mr. ZHANG Yaoyuan and Mr. OU Xueming (all being Directors) respectively owned 52%, 12%, 12%, 12% and 12% interest in each of Qingyuan CG and Qingyuan Country Cultural Development Co., Ltd.. Qingyuan CG is the developer of the Qingyuan Holiday Islands project situated in Qingyuan which offers various types of products including villas, townhouses and low-rise apartments. While Qingyuan Country Cultural Development Co., Ltd. operates the Qingyuan Cultural Park located in Shijiao Town, Qingcheng District in Qingyuan. As at 31 December 2010, none of the Directors are considered to be interested in businesses which compete or are likely to compete, either directly or indirectly, with the businesses of the Group.

CHANGE IN THE INFORMATION OF DIRECTORS 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 Directors of the Company since the date of the Interim Report 2010 of the Company required to be disclosed in this report is as follow:

- Mr. CUI Jianbo has resigned as a member of remuneration committee of the Company with effect from 17 December 2010 and as an executive Director of the Company with effect from 20 January 2011.
- Mr. MO Bin was appointed as a member of remuneration committee of the Company with effect from 17 December 2010.
- Mr. LAI Ming, Joseph has resigned as an independent non-executive director of Dynasty Fine Wines Group Limited with effect from 1 January 2011.
- Mr. SHEK Lai Him, Abraham was appointed as an independent non-executive director of ITC Properties Group Limited with effect from 30 September 2010, an independent non-executive director of China Resources Cement Holdings Limited with effect from 1 January 2011, and an independent non-executive director of Kosmopolito Hotels International Limited with effect from 10 September 2010.



Report of the Directors

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

The following connected transaction and continuing connected transactions were recorded during the year end and up to the date of this annual report:

(a) Connected Transactions

The Company has entered into the following connected transactions, which the Stock Exchange has either granted waivers to or exempted from the independent Shareholders' approval, but subject to disclosure in the annual report under Rule 14A.32 of the Listing Rules. Details of these transactions are set out below:

1. Share Transfer Agreement

On 15 October 2009, a share transfer agreement (the "Share Transfer Agreement") was entered into between Foshan Shunde Country Garden Property Development Co., Ltd. ("Shunde CG"), a wholly-owned subsidiary of the Company, and Elite Architectural. Pursuant to the Share Transfer Agreement, Shunde CG sold and Elite Architectural purchased 29,999,000 shares in the registered capital of The Rural Credit Cooperatives Union of Shunde ("RCCS"), a financial institution established in the People's Republic of China ("PRC") and converted into Foshan Shunde Rural Commercial Bank Company Limited ("Shunde Commercial Bank"), for a consideration of RMB38,398,720 (approximately HK\$43,590,328). On 19 January 2010, the parties entered into a side agreement, pursuant to which Elite Architectural agreed to pay to Shunde CG a sum of RMB105,596,480 (approximately HK\$119,873,402), being the shortfall amount with the purchase price based on the issue price of the new shares issued by Shunde Commercial Bank to its promoters pursuant to the restructuring of RCCS from a rural co-operative union to a commercial bank, within 5 working days from the date of completion.

Shunde CG was notified by RCCS that (i) being a wholly foreign owned enterprise in the PRC, it did not fulfill the qualification of a promoter of Shunde Commercial Bank; and (ii) it was required to transfer the shares of RCCS to individuals or domestic enterprises, being eligible promoter(s) of Shunde Commercial Bank.

Elite Architectural is owned as to 52% by Ms. YANG Huiyan, as to 12% by Mr. YANG Erzhu, as to 12% by Mr. SU Rubo, as to 12% by Mr. OU Xueming and as to 12% by Mr. ZHANG Yaoyuan. Elite Architectural is an associate of a connected person of the Company as Ms. YANG Huiyan is a Director and a substantial Shareholder of the Company.

2. Cooperative Agreement

On 30 March 2010, a cooperative agreement (the "Cooperative Agreement") was entered into between Shenyang Hunnan Xincheng Country Garden Property Development Co., Ltd. ("Xincheng CG"), a wholly-owned subsidiary of the Company, and Guangzhou Minjie Investment Company Limited ("Minjie"). Pursuant to the Cooperative Agreement, Xincheng CG purchased and Minjie sold 50% of the investment interest of an assets parcel, including the land use right of a parcel of land with an area of approximately 216,000 square meters, located at Xinsha Road, Xintang Town, Guangzhou, the PRC (the "Land"), and the above-ground buildings, machineries, electronic equipments, mortgaged chattels, stocks and other equipments on the Land for a total consideration of RMB217,140,000 for the development of the Land.

Guangzhou Zhencheng Property Development Co., Ltd. ("Zhencheng Co.") is the substantial shareholder of Guangzhou Huanan Country Garden Property Development Co., Ltd., a subsidiary of the Company. Minjie is a fellow subsidiary of Zhencheng Co. and therefore an associate of Zhencheng Co.. Accordingly, Minjie is a connected person of the Company.



Report of the Directors

(b) Continuing Connected Transactions

The Company has entered into the following continuing connected transactions, which the Stock Exchange has either granted waivers to or exempted from the independent Shareholders' approval, but subject to disclosure in the annual report under Rule 14A.34 of the Listing Rules. Details of these transactions are set out below:

1. Water Supply Agreements

Pursuant to the water supply agreement dated 27 March 2007 and the water supply supplemental agreement dated 20 June 2008 (together, the "Jiangkou Water Supply Agreement") between Shunde CG and Foshan Shunde Jiangkou Water Plant Co., Ltd. ("Jiangkou Water Plant Co.") and the water supply agreement dated 27 March 2007 and the water supply supplemental agreement dated 15 December 2009 (together, the "Crystal Water Supply Agreement") between Zengcheng Country Garden Property Development Co., Ltd. ("Zengcheng CG") and Zengcheng Crystal Water Plant Co., Ltd. ("Crystal Water Plant Co."), Jiangkou Water Plant Co. and Crystal Water Plant Co. shall provide the Group water supply for use in operations in Panyu District, Shunde District and in Zengcheng District. The terms of Jiangkou Water Supply Agreement shall be three years commencing from 1 January 2008 and subject to the annual caps of not exceeding RMB6 million for each of the years 2008, 2009 and 2010 respectively. The terms of Crystal Water Supply Agreement shall be three years commencing from 1 January 2010 and subject to the annual caps of not exceeding RMB17 million for each of the years 2010, 2011 and 2012 respectively. The water supply shall be at rates no less favourable than rates chargeable by other water plants operated by independent third parties in Panyu District, Shunde District and Zengcheng District. The water fees received by Jiangkou Water Plant Co. and Crystal Water Plant Co. during the year amounted to RMB3.72 million and RMB11.80 million respectively.

Each of Jiangkou Water Plant Co. and Crystal Water Plant Co. is owned as to 52% by Ms. YANG Huiyan, as to 12% by Mr. YANG Erzhu, as to 12% by Mr. SU Rubo, as to 12% by Mr. OU Xueming and as to 12% by Mr. ZHANG Yaoyuan. Jiangkou Water Plant Co. and Crystal Water Plant Co. are associates of a connected person of the Company as Ms. YANG Huiyan is a Director and a substantial Shareholder of the Company.

Jiangkou Water Supply Agreement was expired on 31 December 2010. On 17 December 2010, Shunde CG and Jiangkou Water Plant Co. entered into a water supply supplemental agreement, pursuant to which, Jiangkou Water Plant Co. agreed to provide water supply for the Group's operations in Panyu and Shunde Districts, the PRC for a term of three years commencing on 1 January 2011 and subject to the annual caps of not exceeding RMB4.5 million for each of the years 2011, 2012 and 2013 respectively.

2. Design Services Agreements

Pursuant to the design services agreement dated 27 March 2007 and the design services supplemental agreement dated 20 June 2008 (together, the "Design Services Agreement") entered into between Shunde CG and Elite Architectural, Elite Architectural agreed to provide property design and interior design services to the Group on term no less favourable than those offered by independent third parties to the Group for comparable services for three years commencing from 1 January 2008 and subject to annual cap of RMB300 million for each of the years 2008, 2009 and 2010 respectively. During the year, the total amount of design services charged by Elite Architectural amounted to RMB203.27 million.

Elite Architectural is owned as to 52% by Ms. YANG Huiyan, as to 12% by Mr. YANG Erzhu, as to 12% by Mr. SU Rubo, as to 12% by Mr. OU Xueming and as to 12% by Mr. ZHANG Yaoyuan. Elite Architectural is an associate of a connected person of the Company as Ms. YANG Huiyan is a Director and a substantial Shareholder of the Company.



Report of the Directors

Design Services Agreement was expired on 31 December 2010. On 17 December 2010, Shunde CG and Elite Architectural entered into a design services supplemental agreement, pursuant to which, Elite Architectural agreed to provide property design and interior design services to the Group for a term of three years commencing on 1 January 2011 and subject to the annual caps of not exceeding RMB650 million for each of the years 2011, 2012 and 2013 respectively.

3. *Cement Product Sales Agreement*

Pursuant to the cement products sales agreement dated 27 March 2007 and the cement products sales supplemental agreement dated 15 December 2009 (together, the "Cement Products Agreement") entered into between Guangdong Giant Leap Construction Co., Ltd. ("Giant Leap") and Grand Cement, Grand Cement agreed to supply cement products to Giant Leap on terms (including but not limited to pricing) no less favourable than those offered by Grand Cement to independent third parties for three years commencing from 1 January 2010 and subject to annual cap of not exceeding RMB240 million for each of the years 2010, 2011 and 2012 respectively. During the year, the amount of cement purchased by Grand Cement amounted to RMB106.51 million.

Grand Cement is a non-wholly owned subsidiary of Lida Investment. Lida Investment is owned as to 52% by Ms. YANG Meirong (a sister of Mr. YEUNG Kwok Keung), as to 12% by Mr. YANG Minsheng (a son of Mr. YANG Erzhu), as to 12% by Mr. SU Zhiyan (a son of Mr. SU Rubo), as to 12% by Mr. ZHANG Chibiao (a son of Mr. ZHANG Yaoyuan) and as to 12% by Ms. OU Jieping (a daughter of Mr. OU Xueming). As Grand Cement is owned as to 73.6% by Lida Investment, an associate of Mr. YEUNG Kwok Keung, Grand Cement is thus an associate of a connected person of the Company.

4. *Construction Services Agreements*

Pursuant to the certain construction services agreements ("Construction Services Agreements") entered into by Giant Leap and Qingyuan CG between 10 August 2005 to 10 April 2006 (as amended by a supplemental agreement dated 27 March 2007), Giant Leap agreed to provide construction services to Qingyuan CG in respect of the development of properties at the site located in Shijiao Town, Qingcheng City, Qingyuan (the "Qingyuan Project") for an aggregate amount of approximately RMB1,723 million. Such construction services are charged by Giant Leap with reference to market rates and on terms no more favourable than those offered by independent third parties to Qingyuan CG. The charge for the construction services was determined with reference to estimated costs plus profits for provision of such service. On 15 December 2009, Giant Leap and Qingyuan CG entered into an amendment agreement, pursuant to which, the parties agreed to further extend the construction periods of the Qingyuan Project, being the only outstanding property development project under the Construction Services Agreements for a term of three years commencing on 1 January 2010 and subject to the annual caps of not exceeding RMB250 million for a period of 3 years in 2010, 2011 and 2012 respectively and that Giant Leap would continue to provide construction services to Qingyuan CG for the Qingyuan Project on the terms as provided under the Construction Services Agreements as extended by the amendment agreement. During the year, the value of construction services provided by Giant Leap amounted to RMB244.02 million.

Qingyuan CG is owned as to 52% by Ms. YANG Huiyan, as to 12% by Mr. YANG Erzhu, as to 12% by Mr. SU Rubo, as to 12% by Mr. OU Xueming and as to 12% by Mr. ZHANG Yaoyuan. Qingyuan CG is an associate of a connected person of the Company as Ms. YANG Huiyan is a Director and a substantial Shareholder of the Company.



Report of the Directors

Ms. YANG Huiyan is a Director and a substantial Shareholder of the Company. Each of Messrs. YANG Erzhu, SU Rubo, OU Xueming and ZHANG Yaoyuan is a Director of the Company. Ms. YANG Huiyan, Mr. YANG Erzhu, Mr. SU Rubo, Mr. ZHANG Yaoyuan and Mr. OU Xueming are connected persons of the Company. Accordingly, all the transactions contemplated under these agreements constitute continuing connected transactions of the Company under the Listing Rules.

The above continuing connected transactions are all subject to full reporting and announcement requirements but exempt from the independent Shareholders' approval under Rule 14A.34 of the Listing Rules.

Pursuant to Rule 14A.37 of the Listing Rules, the independent non-executive Directors of the Company, namely Mr. LAI Ming, Joseph, Mr. SHEK Lai Him, Abraham and Mr. TONG Wui Tung, Ronald, have reviewed the continuing connected transactions and confirmed that the continuing connected transactions have been entered into (a) in the ordinary and usual course of business of the Group; (b) either on normal commercial terms or, if there were not sufficient comparable transactions to judge whether they were on normal commercial terms, on terms no less favourable to the Group than terms available to or from (as appropriate) independent third parties; and (c) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

For the purpose of Rule 14A.38 of the Listing Rules, PricewaterhouseCoopers, the auditor of the Company, has provided a letter to the Board, confirmed that the continuing connected transactions:

- (i) have received the approval of the Board;
- (ii) have been entered into in accordance with the relevant agreements governing the transactions; and
- (iii) have not exceeded the respective annual caps.

RELATED PARTY TRANSACTIONS

During the year ended 31 December 2010, certain Directors and their close family members, and companies controlled by certain Directors and/or their close family members entered into transactions with the Group which are disclosed in note 37 "Related Party Transactions" to the consolidated financial statements of the Group.

SHARE OPTIONS

On 20 March 2007, a share option scheme (the "Share Option Scheme") was adopted and approved by the then Shareholders. No share options have been granted since adoption. A summary of the principal terms of the Share Option Scheme is set out as follow:

(i) Purpose of the Share Option Scheme

The purpose of the Share Option Scheme is to provide incentives to the participants.

(ii) Who may join

The participants of the Share Option Scheme are employees including the executive Directors and non-executive Directors of the Company and its subsidiaries.



Report of the Directors

(iii) Grant of Options

The Board shall be entitled at any time, within 10 years after the date of adoption of the Share Option Scheme to make an offer of the grant to any participant.

(iv) Payment on acceptance of option offer

HK\$1.00 is payable by the participant to the Company on acceptance of the option offer as consideration for the grant.

(v) Subscription Price of Shares

The subscription price of option to subscribe for shares granted pursuant to the Share Option Scheme shall be the highest of:

- the closing price of the shares as stated in the daily quotations sheet of the Stock Exchange on the date on which an offer is made to a participant, which must be a business day;
- the average of the closing prices of the shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date on which an offer is made; and
- the nominal value of the shares of the Company.

(vi) Maximum number of Shares available for subscription

The total number of shares which may be issued upon exercise of all options to be granted under the Share Option Scheme must not in aggregate exceed 10% of the issued share capital of the Company at the date of approval of the Share Option Scheme. The 10% limit may be refreshed with the approval by ordinary resolution of the Shareholders. The maximum number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme must not exceed 30% of the issued share capital of the Company from time to time. As at the date of this annual report, a total of 1,636,000,000 shares (representing 10% of the issued share capital of the Company at the date of approval of the Share Option Scheme) are available for issue under the Share Option Scheme.

(vii) Maximum entitlement of Shares of each Participant

The total number of shares issued and to be issued upon exercise of all options granted under the Share Option Scheme to each participant (including both exercised, cancelled and outstanding options) in any 12-month period shall not exceed 1% of the total number of shares in issue. Shares issued and to be issued upon exercise of all options granted under the Share Option Scheme (including options exercised, cancelled and outstanding) to a participant who is a substantial Shareholder or an independent non-executive Director in any 12 months period, (1) representing in aggregate more than 0.1% of the total number of Shares in issue and (2) having an aggregate value, based on the closing price of the Shares at the date of each grant, in excess of HK\$5,000,000, the proposed grant of option must be approved by the Shareholders by poll in general meeting.

(viii) Time of exercise of option

The exercise period of any option granted under the Share Option Scheme shall not be longer than 10 years from the date of grant of the relevant option. The Board has the authority to determine the minimum period for which an option must be held before it can be exercised.



Report of the Directors

EMPLOYEE INCENTIVE SCHEME

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

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

The Directors of the Company who held office at 31 December 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 of the Company

Name of Director	Capacity	Number of ordinary shares held	Percentage to the issued share capital as at 31.12.2010	Amount of debentures held
Mr. YEUNG Kwok Keung	Interest of controlled corporation	—	—	US\$6,300,000 (Note 1)
Mr. CUI Jianbo (resigned on 20 January 2011)	Interest of spouse	8,181,864 (Note 2)	0.05%	US\$1,200,000 (Note 3)
Ms. YANG Huiyan	Interest of controlled corporation	9,991,089,404 (Note 4)	59.83%	—
Mr. YANG Erzhu	Interest of controlled corporation	972,000,000 (Note 4)	5.82%	—
Mr. SU Rubo	Interest of controlled corporation	716,000,000 (Note 4)	4.29%	—
Mr. ZHANG Yaoyuan	Interest of controlled corporation	816,000,000 (Note 4)	4.89%	—
Mr. OU Xueming	Interest of controlled corporation	736,000,000 (Note 4)	4.41%	—
Mr. YANG Yongchao	Interest of spouse	3,388,043 (Note 5)	0.02%	—



Report of the Directors

Notes:

1. 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.
2. These shares represent shares held by Ms. HE Jianxun, being the spouse of Mr. CUI Jianbo.
3. 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.
4. These shares represent shares held by Concrete Win Limited, Automic Group Limited, Easy Hope Holdings Ltd., 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.
5. These shares represent shares held by Ms. SU Yuming, being the spouse of Mr. YANG Yongchao.

(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 31.12.2010
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 executive 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 31.12.2010
Concrete Win Limited	Beneficial owner	9,991,089,404 (Note 1)	59.83%
Automic Group Limited	Beneficial owner	972,000,000 (Note 2)	5.82%

Notes:

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



Report of the Directors

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.

PURCHASE, SALE OR REDEMPTION OF SHARES OF THE COMPANY

During the year, the Company had not redeemed, and neither the Company nor any of its subsidiaries had purchased or sold any of the Shares subject to those referred to under the section “Employee Incentive Scheme” in this report.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company’s articles of association, or the laws of Cayman Islands, being the jurisdiction in which the Company is incorporated under which would oblige the Company to offer new Shares on a pro-rata basis to existing Shareholders.

CORPORATE GOVERNANCE

Principal corporate governance practices adopted by the Company are set out in the Corporate Governance Report contained in this annual report.

SUFFICIENCY OF PUBLIC FLOAT

Rules 8.08(1)(a) and (b) of the Listing Rules require there to be an open market in the securities for which listing is sought and for a sufficient public float of an issuer’s listed securities to be maintained. This normally means that (i) at least 25% of the issuer’s total issued share capital must at all times be held by the public; and (ii) where an issuer has more than one class of securities apart from the class of securities for which listing is sought, the total securities of the issuer held by the public (on all regulated market(s) including the Stock Exchange) at the time of listing must be at least 25% of the issuer’s total issued share capital.

However, the class of securities for which listing is sought must not be less than 15% of the issuer’s total issued share capital, and must have an expected market capitalization at the time of listing of not less than HK\$10,000 million.

The Group has applied to the Stock Exchange to request the Stock Exchange to exercise, and the Stock Exchange exercised its discretion under Rule 8.08(1)(d) of the Listing Rules to accept a lower public float percentage of the Company of 15% (assuming the Overallotment Option is not exercised) or such higher percentage of the issued share capital as will be held by the public in the event that the whole or a part of the Overallotment Option is exercised (which discretion may be exercised in respect of issuers with an expected market capitalization at the time of listing of over HK\$10,000 million) on the basis that the Stock Exchange is satisfied that the number of the Shares concerned and the extent of their distribution will enable the market to operate properly with the lower percentage, and on the condition that we will make appropriate disclosure of the lower prescribed percentage of public float in the prospectus of the Company issued on 3 April 2007 and confirm sufficiency of public float in the successive annual reports after listing. At the time of the listing of the Company on 20 April 2007, the market capitalization exceeded HK\$10,000 million.

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the date of this annual report, the Directors confirm that the Company has maintained the amount of public float as required under the Listing Rules.



Report of the Directors

AUDITOR

The consolidated financial statements for the year have been audited by PricewaterhouseCoopers. A resolution for the re-appointment of PricewaterhouseCoopers as the Company's auditor for the ensuing year is to be proposed at the forthcoming annual general meeting.

PROFESSIONAL TAX ADVICE RECOMMENDED

If the Shareholders of the Company are unsure about the taxation implications of purchasing, holdings, disposing of, dealing in, or the exercise of any rights in relation to, the Shares, they are advised to consult an expert.

CLOSURE OF REGISTER OF MEMBERS

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

For and on behalf of the Board

YEUNG Kwok Keung

Chairman

Foshan, Guangdong Province, PRC, 1 February 2011



Independent Auditor's Report



羅兵咸永道會計師事務所

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TO THE SHAREHOLDERS OF COUNTRY GARDEN HOLDINGS COMPANY LIMITED

(Incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Country Garden Holdings Company Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 47 to 141, which comprise the consolidated and company balance sheets as at 31 December 2010, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independent Auditor's Report



OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2010, and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 1 February 2011

Consolidated Balance Sheet

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

Consolidated Balance Sheet

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

Balance Sheet

		As at 31 December	
	Note	2010	2009
		RMB'000	RMB'000
ASSETS			
Non current assets			
Investments in subsidiaries	12	19,672,582	19,541,861
Current assets			
Amounts due from subsidiaries	12	7,999,912	3,254,978
Restricted cash	16	1,658,452	1,707,050
Cash and cash equivalents	17	32,517	216,079
		9,690,881	5,178,107
Total assets		29,363,463	24,719,968
EQUITY			
Equity attributable to the equity holders			
Share capital and premium	18	15,762,432	15,289,390
Other reserves	19	59,467	424,821
Retained earnings			
— proposed final dividend	31	1,604,790	740,320
— others	19	131,418	16,581
Total equity		17,558,107	16,471,112

Balance Sheet

	Note	As at 31 December	
		2010	2009
		RMB'000	RMB'000
LIABILITIES			
Non-current liabilities			
Bank borrowings	20	—	176,096
Convertible bond	21	—	4,278,511
Senior notes	22	8,872,270	2,602,423
Derivative financial instruments	23	—	990,124
		8,872,270	8,047,154
Current liabilities			
Amounts due to subsidiaries	12	275,768	25,606
Bank borrowings	20	341,316	176,096
Derivative financial instruments	23	934,948	—
Convertible bond	21	1,381,054	—
		2,933,086	201,702
Total liabilities		11,805,356	8,248,856
Total equity and liabilities		29,363,463	24,719,968
Net current assets		6,757,795	4,976,405
Total assets less current liabilities		26,430,377	24,518,266

Consolidated Statement of Comprehensive Income

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

The notes on pages 54 to 141 are an integral part of these consolidated financial statements.

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

Consolidated Statement of Changes in Equity

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

The notes on pages 54 to 141 are an integral part of these consolidated financial statements.

Consolidated Cash Flow Statement

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

Notes to the Consolidated Financial Statements

1 GENERAL INFORMATION

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

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

The preparation of financial statements in conformity with the HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4.

(i) *Changes in accounting policies*

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

(i) Changes in accounting policies (continued)

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

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

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

Notes to the Consolidated Financial Statements

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

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

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

- HKFRS 3 (revised), 'Business combinations', and consequential amendments to HKAS 27, 'Consolidated and separate financial statements', HKAS 28, 'Investments in associates', and HKAS 31, 'Interests in joint ventures', are effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009.

The revised standard continues to apply the acquisition method to business combinations but with some significant changes compared with HKFRS 3. For example, all payments to purchase a business are recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the statement of comprehensive income. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs are expensed.

HKAS 27 (revised) requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in profit or loss. HKAS 27 (revised) has had no impact on the current period, as none of the non-controlling interests have a deficit balance; there have been no transactions whereby an interest in an entity is retained after the loss of control of that entity, and there have been no transactions with non-controlling interests.

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

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

Notes to the Consolidated Financial Statements

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

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

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

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

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

- HK(IFRIC) 17, ‘Distribution of non-cash assets to owners’ (effective on or after 1 July 2009). The interpretation was published in November 2008. This interpretation provides guidance on accounting for arrangements whereby an entity distributes non-cash assets to shareholders either as a distribution of reserves or as dividends. HKFRS 5 has also been amended to require that assets are classified as held for distribution only when they are available for distribution in their present condition and the distribution is highly probable.
- HK(IFRIC) 18, ‘Transfers of assets from customers’, effective for transfer of assets received on or after 1 July 2009. This interpretation clarifies the requirements of IFRSs for agreements in which an entity receives from a customer an item of property, plant and equipment that the entity must then use either to connect the customer to a network or to provide the customer with ongoing access to a supply of goods or services (such as a supply of electricity, gas or water). In some cases, the entity receives cash from a customer that must be used only to acquire or construct the item of property, plant, and equipment in order to connect the customer to a network or provide the customer with ongoing access to a supply of goods or services (or to do both).
- HK(IFRIC) 9, ‘Reassessment of embedded derivatives and HKAS 39, Financial instruments: Recognition and measurement’, effective 1 July 2009. This amendment to HK(IFRIC) 9 requires an entity to assess whether an embedded derivative should be separated from a host contract when the entity reclassifies a hybrid financial asset out of the ‘fair value through profit or loss’ category. This assessment is to be made based on circumstances that existed on the later of the date the entity first became a party to the contract and the date of any contract amendments that significantly change the cash flows of the contract. If the entity is unable to make this assessment, the hybrid instrument must remain classified as at fair value through profit or loss in its entirety.

Notes to the Consolidated Financial Statements

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

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

- HK(IFRIC) 16, 'Hedges of a net investment in a foreign operation' effective 1 July 2009. This amendment states that, in a hedge of a net investment in a foreign operation, qualifying hedging instruments may be held by any entity or entities within the Group, including the foreign operation itself, as long as the designation, documentation and effectiveness requirements of HKAS 39 that relate to a net investment hedge are satisfied. In particular, the Group should clearly document its hedging strategy because of the possibility of different designations at different levels of the Group.
- HKAS 38 (amendment), 'Intangible assets', effective 1 January 2010. The amendment clarifies guidance in measuring the fair value of an intangible asset acquired in a business combination and permits the grouping of intangible assets as a single asset if each asset has similar useful economic lives.
- HKAS 1 (amendment), 'Presentation of financial statements' effective 1 January 2009. The amendment clarifies that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or non current. By amending the definition of current liability, the amendment permits a liability to be classified as non-current (provided that the entity has an unconditional right to defer settlement by transfer of cash or other assets for at least 12 months after the accounting period) notwithstanding the fact that the entity could be required by the counterparty to settle in shares at any time.
- HKAS 36 (amendment), 'Impairment of assets', effective 1 January 2010. The amendment clarifies that the largest cash-generating unit (or group of units) to which goodwill should be allocated for the purposes of impairment testing is an operating segment, as defined by paragraph 5 of HKFRS 8, 'Operating segments' (that is, before the aggregation of segments with similar economic characteristics).
- HKFRS 2 (amendments), 'Group cash-settled share-based payment transactions', effective from 1 January 2010. In addition to incorporating HK(IFRIC) 8, 'Scope of HKFRS 2', and HK(IFRIC) 11, 'HKFRS 2 – Group and treasury share transactions', the amendments expand on the guidance in HK(IFRIC) 11 to address the classification of group arrangements that were not covered by that interpretation.
- HKFRS 5 (amendment), 'Non-current assets held for sale and discontinued operations'. The amendment clarifies that HKFRS 5 specifies the disclosures required in respect of non-current assets (or disposal groups) classified as held for sale or discontinued operations. It also clarifies that the general requirement of HKAS 1 still apply, in particular paragraph 15 (to achieve a fair presentation) and paragraph 125 (sources of estimation uncertainty) of HKAS 1.

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

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

Notes to the Consolidated Financial Statements

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

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

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

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

- 'Classification of rights issues' (amendment to HKAS 32), issued in October 2009. The amendment applies to annual periods beginning on or after 1 February 2010. Earlier application is permitted. The amendment addresses the accounting for rights issues that are denominated in a currency other than the functional currency of the issuer. Provided certain conditions are met, such rights issues are now classified as equity regardless of the currency in which the exercise price is denominated. Previously, these issues had to be accounted for as derivative liabilities. The amendment applies retrospectively in accordance with IAS 8 'Accounting policies, changes in accounting estimates and errors'. This amendment is not expected to have a material impact on the Group's financial statements.
- Third improvements to HKFRSs (2010) were issued in May 2010 by the HKICPA. All improvements are effective in the financial year of 2011. The Group is currently in the process of assessing the impact of these improvements on the Group's financial statements.
- HK (IFRIC) — Int 19, 'Extinguishing financial liabilities with equity instruments', effective 1 July 2010. The interpretation clarifies the accounting by an entity when the terms of a financial liability are renegotiated and result in the entity issuing equity instruments to a creditor of the entity to extinguish all or part of the financial liability (debt for equity swap). It requires a gain or loss to be recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued. If the fair value of the equity instruments issued cannot be reliably measured, the equity instruments should be measured to reflect the fair value of the financial liability extinguished. This interpretation is not expected to have a material impact on the Group's financial statements.
- 'Prepayments of a minimum funding requirement' (amendments to HK (IFRIC) — Int 14). The amendments correct an unintended consequence of HK (IFRIC) — Int 14, 'HKAS 19 — The limit on a defined benefit asset, minimum funding requirements and their interaction'. Without the amendments, entities are not permitted to recognise as an asset some voluntary prepayments for minimum funding contributions. This was not intended when HK (IFRIC) — Int 14 was issued, and the amendments correct this. The amendments are effective for annual periods beginning 1 January 2011. Earlier application is permitted. The amendments should be applied retrospectively to the earliest comparative period presented. These amendments are not expected to have a material impact on the Group's financial statements.

Notes to the Consolidated Financial Statements

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

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

- HKAS 12 (amendment), 'Income taxes'. The amendment provides an exception to the principles in the existing standard for measuring deferred tax assets or liabilities when investment property is measured at fair value. The amendment is effective for annual periods on or after 1 January 2012. This amendment is not expected to have a material impact on the Group's financial statements.
- Since October 2010, the IASB has published Amendments to HKFRS 7, 'Financial instruments: Disclosures on derecognition, Additions to HKFRS 9', 'Financial instruments — Classification and measurement' for financial liability accounting and Amendments to HKAS 12, 'Income taxes' on Deferred tax: Recovery of underlying assets. Management is in the process of making an assessment of their impact and is not yet in a position to state what impact, if any, they may have on the Group's financial statements.

2.2 Consolidation

(i) Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

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

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

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

Notes to the Consolidated Financial Statements

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Consolidation (continued)

(ii) Transactions with non-controlling interests

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

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

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

(iii) Associates

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

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

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

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

2.3 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors of the Company ("Executive Directors") that makes strategic decisions.

Notes to the Consolidated Financial Statements

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Foreign currency translation

(i) *Functional and presentation currency*

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

(ii) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when defined in equity as qualifying cash flow hedges or qualifying net investment hedges.

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

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

(iii) *Group companies*

The results and financial positions of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

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

2.5 Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation and any impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are expensed in profit or loss during the financial period in which they are incurred.

Notes to the Consolidated Financial Statements

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 Property, plant and equipment (continued)

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

Buildings	20 years
Motor vehicles	5–10 years
Machinery	5–10 years
Furniture, fitting and equipment	5–8 years

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 2.7).

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

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

2.6 Intangible assets

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

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

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

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating unit). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

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

Notes to the Consolidated Financial Statements

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.8 Financial assets

2.8.1 Classification

The Group classifies its financial assets as loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date which are classified as non-current assets. Loans and receivables are classified as 'trade and other receivables' in the balance sheet (note 2.16).

2.8.2 Recognition and measurement

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

2.9 Offsetting financial instruments

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

2.10 Impairment of financial assets carried at amortised cost

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

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

- Significant financial difficulty of the issuer or obligor;
- A breach of contract, such as a default or delinquency in interest or principal payments;
- The Group, for economic or legal reasons relating to the borrower's financial difficulty granting to the borrower a concession that the lender would not otherwise consider;
- It becomes probable that the borrower will enter bankruptcy or other financial reorganisation;
- The disappearance of an active market for that financial asset because of financial difficulties; or

Notes to the Consolidated Financial Statements

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.10 Impairment of financial assets carried at amortised cost (continued)

- Observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:
 - (i) adverse changes in the payment status of borrowers in the portfolio;
 - (ii) national or local economic conditions that correlate with defaults on the assets in the portfolio.

The Group first assesses whether objective evidence of impairment exists.

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

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

2.11 Properties under development

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

Development cost of property comprises cost of land use rights, construction costs, depreciation of machinery and equipment, borrowing costs capitalised for qualifying assets and professional fees incurred during the development period. On completion, the properties are transferred to completed properties held for sale.

Properties under development are classified as current assets when the construction of the relevant properties commences unless the construction period of the relevant property development project is expected to complete beyond normal operating cycle.

2.12 Completed properties held for sale

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

Cost comprises development costs attributable to the unsold properties.

Net realisable value is determined by reference to the sale proceeds of properties sold in the ordinary course of business, less applicable variable selling expenses, or by management estimates based on prevailing marketing conditions.

Notes to the Consolidated Financial Statements

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.13 Investment property

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

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

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

2.14 Inventories

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

2.15 Construction contracts

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

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

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

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

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

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

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

Notes to the Consolidated Financial Statements

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.15 Construction contracts (continued)

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

2.16 Trade and other receivables

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

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

2.17 Cash and cash equivalents

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

2.18 Share capital

Ordinary shares are classified as equity.

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

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

2.19 Trade payables

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

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

2.20 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

Notes to the Consolidated Financial Statements

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.21 Senior notes

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

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

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

2.22 Compound financial instruments

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

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

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

2.23 Derivative financial instruments

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

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

2.24 Current and deferred income tax

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

Notes to the Consolidated Financial Statements

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.24 Current and deferred income tax (continued)

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using the tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference can be controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.25 Employee benefits

(i) Employee leave entitlements

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the balance sheet date.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(ii) Retirement benefits

In accordance with the rules and regulations in the People's Republic of China (the "PRC"), the PRC based employees of the Group participate in various defined contribution retirement benefit plans organised by the relevant municipal and provincial governments in the PRC under which the Group and the PRC based employees are required to make monthly contributions to these plans calculated as a percentage of the employees' salaries.

The municipal and provincial governments undertake to assume the retirement benefit obligations of all existing and future retired PRC based employees payable under the plans described above. Other than the monthly contributions, the Group has no further obligation for the payment of retirement and other post retirement benefits of its employees. The assets of these plans are held separately from those of the Group in independently administered funds managed by the governments.

Notes to the Consolidated Financial Statements

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.25 Employee benefits (continued)

(ii) Retirement benefits (continued)

The Group also participates in a retirement benefit scheme under the rules and regulations of the Mandatory Provident Fund Scheme Ordinance (“MPF Scheme”) for all employees in Hong Kong. The contributions to the MPF Scheme are based on minimum statutory contribution requirement of 5% of eligible employees’ relevant aggregate income. The assets of this MPF Scheme are held separately from those of the Group in independently administered funds.

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

2.26 Provisions and contingent liabilities

Provisions are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that outflow is probable, it will then be recognised as a provision.

2.27 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sales of properties and services in the ordinary course of the Group’s activities. Revenue is shown, net of discounts and after eliminating sales with the Group companies. Revenue is recognised as follows:

(i) Sales of properties

Revenue from sales of properties is recognised when the risks and rewards of properties are transferred to the purchasers, which is when the construction of relevant properties has been completed and the properties have been delivered to the purchasers and collectability of related receivables is reasonably assured. Deposits and instalments received on properties sold prior to the date of revenue recognition are included in the consolidated balance sheet as advanced proceeds received from customers under current liabilities.

Notes to the Consolidated Financial Statements

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.27 Revenue recognition (continued)

(ii) Construction services

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

(iii) Hotel operation

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

(iv) Property management

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

(v) Decoration services

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

(vi) Interest income

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

(vii) Rental income

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

2.28 Leases

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

(i) The Group is the lessee

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

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

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

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

(ii) The Group is the lessor

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

Notes to the Consolidated Financial Statements

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.29 Dividend distribution

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

2.30 Insurance contracts

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

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

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

3 FINANCIAL RISK MANAGEMENT

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

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

Notes to the Consolidated Financial Statements

3 FINANCIAL RISK MANAGEMENT (continued)

(a) Financial risk factors

(i) Foreign exchange risk

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

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

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

Notes to the Consolidated Financial Statements

3 FINANCIAL RISK MANAGEMENT (continued)

(a) Financial risk factors (continued)

(i) Foreign exchange risk (continued)

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

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

(ii) Cash flow and fair value interest rate risk

The Group

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

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

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

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

The Company

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

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

Notes to the Consolidated Financial Statements

3 FINANCIAL RISK MANAGEMENT (continued)

(a) Financial risk factors (continued)

(iii) Credit risk

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

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

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

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

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

The Group has arranged bank financing for certain purchasers of property units and provided guarantees to secure obligations of such purchasers for repayments. Detailed disclosure of these guarantees is made in note 35.

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

Notes to the Consolidated Financial Statements

3 FINANCIAL RISK MANAGEMENT (continued)

(a) Financial risk factors (continued)

(iv) Liquidity risk

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

The Group has a number of alternative plans to mitigate the potential impacts on anticipated cash flows should there be significant adverse changes in economic environment. These include adjusting and further slowing down the construction progress as appropriate to ensure available resources for the development of properties for sale, implementing cost control measures, accelerating sales with more flexible pricing and issuing senior notes. The Group, will base on its assessment of the relevant future costs and benefits, pursue such options as are appropriate.

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

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

Notes to the Consolidated Financial Statements

3 FINANCIAL RISK MANAGEMENT (continued)

(a) Financial risk factors (continued)

(iv) Liquidity risk (continued)

Group

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

Company

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

Notes to the Consolidated Financial Statements

3 FINANCIAL RISK MANAGEMENT (continued)

(a) Financial risk factors (continued)

(iv) Liquidity risk (continued)

Group

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

Company

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

Notes to the Consolidated Financial Statements

3 FINANCIAL RISK MANAGEMENT (continued)

(b) Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total equity. Net debt is calculated as total borrowings (including convertible bond and senior notes, as shown in the consolidated balance sheet) less cash and cash equivalents.

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

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

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

(c) Fair value estimation

The different levels are defined as follows:

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

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

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

Notes to the Consolidated Financial Statements

3 FINANCIAL RISK MANAGEMENT (continued)

(d) Financial instruments by category

Group

At 31 December 2010	
Assets as per balance sheet	Loans and receivables RMB'000
Trade and other receivables excluding prepayments	5,234,181
Restricted cash	4,758,815
Cash and cash equivalents	5,094,298
Total	15,087,294

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

Notes to the Consolidated Financial Statements

3 FINANCIAL RISK MANAGEMENT (continued)

(d) Financial instruments by category (continued)

Group (continued)

At 31 December 2009	
Assets as per balance sheet	Loans and receivables RMB'000
Trade and other receivables excluding prepayments	2,350,863
Restricted cash	3,815,334
Cash and cash equivalents	4,608,708
Total	10,774,905

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

Notes to the Consolidated Financial Statements

3 FINANCIAL RISK MANAGEMENT (continued)

(d) Financial instruments by category (continued)

Company

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

At 31 December 2010			
Liabilities as per balance sheet	Financial liabilities at fair value	Other financial liabilities at amortised cost	Total
	RMB'000	RMB'000	RMB'000
Bank borrowings	—	341,316	341,316
Convertible bond	—	1,381,054	1,381,054
Senior notes	—	8,872,270	8,872,270
Derivative financial instruments	934,948	—	934,948
Amounts due to subsidiaries	—	275,768	275,768
Total	934,948	10,870,408	11,805,356

At 31 December 2009			
Liabilities as per balance sheet	Financial liabilities at fair value	Other financial liabilities at amortised cost	Total
	RMB'000	RMB'000	RMB'000
Bank borrowings	—	352,192	352,192
Convertible bond	—	4,278,511	4,278,511
Senior notes	—	2,602,423	2,602,423
Derivative financial instruments	990,124	—	990,124
Amounts due to subsidiaries	—	25,606	25,606
Total	990,124	7,258,732	8,248,856

Notes to the Consolidated Financial Statements

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements used in preparing the consolidated financial statements are evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that may have a significant effect on the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Income taxes and deferred taxation

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

Deferred tax assets relating to certain temporary differences and tax losses are recognised when management considers to be probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. The outcome of their actual utilisation may be different.

(b) Revenue recognition

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

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

Notes to the Consolidated Financial Statements

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

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

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

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

(d) Estimates for impairment of hotel assets

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

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

- post-tax discount rate of 12%;
- 4% of growth rate after lease-up period;
- occupancy rates of 60% to 70% after lease-up period; and
- lease-up period of 6 years.

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

Notes to the Consolidated Financial Statements

5 SEGMENT INFORMATION – GROUP

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

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

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

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

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

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

Revenue consists of the following:

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

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

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

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

Notes to the Consolidated Financial Statements

5 SEGMENT INFORMATION – GROUP (continued)

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

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

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

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

Notes to the Consolidated Financial Statements

5 SEGMENT INFORMATION – GROUP (continued)

Reportable operating profits are reconciled to net profit as follows:

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

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

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

Notes to the Consolidated Financial Statements

6 PROPERTY, PLANT AND EQUIPMENT – GROUP

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

Notes to the Consolidated Financial Statements

6 PROPERTY, PLANT AND EQUIPMENT – GROUP (continued)

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

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

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

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

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

7 INVESTMENT PROPERTY – GROUP

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

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

Notes to the Consolidated Financial Statements

7 INVESTMENT PROPERTY – GROUP (continued)

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

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

8 INTANGIBLE ASSETS – GROUP

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

9 LAND USE RIGHTS – GROUP

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

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

Notes to the Consolidated Financial Statements

10 PROPERTIES UNDER DEVELOPMENT – GROUP

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

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

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

11 INVESTMENT IN AN ASSOCIATE

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

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

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

Notes to the Consolidated Financial Statements

11 INVESTMENT IN AN ASSOCIATE (continued)

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

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

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

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

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

Note:

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

13 COMPLETED PROPERTIES HELD FOR SALE — GROUP

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

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

Notes to the Consolidated Financial Statements

14 INVENTORIES – GROUP

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

15 TRADE AND OTHER RECEIVABLES – GROUP

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

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

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

The ageing analysis of trade receivables is as follows:

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

Notes to the Consolidated Financial Statements

15 TRADE AND OTHER RECEIVABLES – GROUP (continued)

(a) (continued)

Trade receivables which are past due are analysed as follows:

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

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

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

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

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

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

Notes to the Consolidated Financial Statements

16 RESTRICTED CASH

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

Note:

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

17 CASH AND CASH EQUIVALENTS

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

The conversion of Renminbi denominated balances into foreign currencies and the remittance of such foreign currencies denominated bank balances and cash out of the PRC are subject to relevant rules and regulations of foreign exchange control promulgated by the PRC government.

Notes to the Consolidated Financial Statements

18 SHARE CAPITAL AND PREMIUM

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

Notes to the Consolidated Financial Statements

18 SHARE CAPITAL AND PREMIUM (continued)

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

Notes:

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

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

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

Notes to the Consolidated Financial Statements

19 OTHER RESERVES AND RETAINED EARNINGS

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

Notes to the Consolidated Financial Statements

19 OTHER RESERVES AND RETAINED EARNINGS (continued)

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

Notes:

- (a) Merger reserve of the Group represents the difference between the share capital of subsidiaries, acquired pursuant to a group reorganisation undertaken for the listing of company on the main board of the Stock Exchange, over the nominal value of shares of the Company issue in exchange thereof.
- (b) Pursuant to the relevant rules and regulations governing foreign investment enterprise established in the PRC and the articles of association of certain PRC subsidiaries of the Group, the subsidiaries are required to transfer an amount of their profit after taxation to the statutory reserve fund, until the accumulated total of the fund reaches 50% of their registered capital. The statutory reserve fund may be distributed to equity holders in the form of bonus issue.

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

Notes to the Consolidated Financial Statements

20 BANK BORROWINGS

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

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

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

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

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

Notes to the Consolidated Financial Statements

20 BANK BORROWINGS (continued)

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

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

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

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

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

Notes to the Consolidated Financial Statements

20 BANK BORROWINGS (continued)

The carrying amounts of the borrowings approximate their fair values.

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

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

21 CONVERTIBLE BOND

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

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

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

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

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

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

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

Notes to the Consolidated Financial Statements

21 CONVERTIBLE BOND (continued)

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

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

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

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

22 SENIOR NOTES

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

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

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

Notes to the Consolidated Financial Statements

22 SENIOR NOTES (continued)

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

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

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

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

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

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

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

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

Notes to the Consolidated Financial Statements

22 SENIOR NOTES (continued)

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

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

The interest charged for the period is calculated by applying an effective interest rate of approximately 12.11% per annum, 11.81% and 11.23% per annum to the liability component of the 2014 Notes, 2017 Notes and 2015 Notes, respectively, since they were issued.

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

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

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

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

Notes to the Consolidated Financial Statements

23 DERIVATIVE FINANCIAL INSTRUMENTS

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

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

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

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

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

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

Notes to the Consolidated Financial Statements

24 DEFERRED INCOME TAX – GROUP

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

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

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

Notes to the Consolidated Financial Statements

24 DEFERRED INCOME TAX – GROUP (continued)

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

Deferred income tax assets:

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

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

Notes to the Consolidated Financial Statements

24 DEFERRED INCOME TAX – GROUP (continued)

Deferred income tax liabilities:

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

Note:

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

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

25 TRADE AND OTHER PAYABLES

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

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

Notes to the Consolidated Financial Statements

25 TRADE AND OTHER PAYABLES (continued)

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

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

26 OTHER GAINS – NET

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

27 EXPENSES BY NATURE

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

Notes to the Consolidated Financial Statements

27 EXPENSES BY NATURE (continued)

Note:

Business tax

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

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

28 EMPLOYEE BENEFIT EXPENSES

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

(a) Retirement scheme contribution

Employees in the Group's PRC subsidiaries are required to participate in a defined contribution retirement scheme administrated and operated by the local municipal government. The Group's PRC subsidiaries contribute fund which are calculated on certain percentage of the average employee salary as agreed by local municipal government to the scheme to fund the retirement benefits of the employees.

(b) Directors' and senior management's emoluments

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

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

Notes to the Consolidated Financial Statements

28 EMPLOYEE BENEFIT EXPENSES (continued)

(b) Directors' and senior management's emoluments (continued)

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

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

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

(c) Five highest individuals

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

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

Notes to the Consolidated Financial Statements

28 EMPLOYEE BENEFIT EXPENSES (continued)

(c) Five highest individuals (continued)

The emoluments fell within the following band:

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

29 FINANCE COSTS — NET

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

Notes to the Consolidated Financial Statements

30 INCOME TAX EXPENSES

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

The income tax on the Group's profit before income tax differs from the theoretical amount that would arise using the enacted tax rate of the home country of the Group companies as follows:

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

Notes to the Consolidated Financial Statements

30 INCOME TAX EXPENSES (continued)

Notes:

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

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

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

- (b) No Hong Kong profits tax was provided for the year as the Group did not have any assessable profit in Hong Kong (2009: nil).
- (c) PRC land appreciation tax is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including cost of land use rights and all property development expenditures.

31 DIVIDENDS

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

Note:

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

Notes to the Consolidated Financial Statements

32 CASH GENERATED FROM OPERATIONS

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

Note:

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

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

Non-cash transaction:

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

Notes to the Consolidated Financial Statements

33 PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

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

34 EARNINGS PER SHARE

(a) Basic

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

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

(b) Diluted

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

35 CONTINGENCIES

The Group had the following contingent liabilities:

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

Notes to the Consolidated Financial Statements

35 CONTINGENCIES (continued)

Note:

- (a) It represented the guarantees in respect of mortgage facilities granted by certain banks relating to the mortgage loans arranged for certain purchasers of the Group's properties. Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage principals together with accrued interest and penalty owed by the defaulted purchasers to the banks and the Group is entitled to take over the legal title and possession of the related properties. Of the amounts as at 31 December 2010 of RMB751,558,000 (2009: RMB256,375,000) was to be discharged two years from the day the mortgaged loans become due; and RMB17,912,555,000 (2009: RMB13,283,967,000), was to be discharged upon earlier of (i) issuance of the real estate ownership certificate which are generally be available within three months after the purchasers take possession of the relevant properties; and (ii) the satisfaction of mortgaged loan by the purchasers of properties.

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

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

36 COMMITMENTS – GROUP

(a) Commitments for capital and property development expenditures

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

(b) Operating lease commitments

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

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

Notes to the Consolidated Financial Statements

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

37 RELATED PARTY 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.
Qingyuan Country Garden

廣東博意建築設計院有限公司
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.
Zengcheng Crystal Water Plant Co., Ltd.
Foshan Landcoin Fiber Reinforce Plastic Co., Ltd.
Grand Cement

佛山市順德區江口自來水有限公司
增城市清源自來水廠有限公司
佛山市順德區樂而康玻璃鋼製品有限公司
佛山市順德區鴻業水泥製品有限公司

Associate

Li He

廣州利合房地產開發有限公司

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

Notes to the Consolidated Financial Statements

37 RELATED PARTY TRANSACTIONS (continued)

(b) Transactions with related parties (continued)

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

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

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

(c) Key management compensation

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

Notes to the Consolidated Financial Statements

37 RELATED PARTY TRANSACTIONS (continued)

(d) Balances with related parties

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

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

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

Notes to the Consolidated Financial Statements

38 PARTICULARS OF PRINCIPAL SUBSIDIARIES

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

Name	Date of incorporation/ establishment	Nominal value of issued and fully paid share capital/ paid-in capital	Percentage of attributable equity interest	Principal activities
Incorporated in the BVI, all of which are limited liability companies, operate in the PRC and directly held by the Company:				
Smart World Development Holdings Ltd	28 March 2006	US\$300	100%	Investment holding
Incorporated in Hong Kong, a limited liability company, operates in Hong Kong and indirectly held by the Company:				
Country Garden (Hong Kong) Development Company Limited	21 September 2005	HK\$1	100%	Investment holding
Incorporated in the BVI, all of which are limited liability companies and operate in the PRC and indirectly held by the Company:				
Estonia Development Ltd	21 March 2006	US\$200	100%	Investment holding
Falcon Investments Development Ltd	21 March 2006	US\$300	100%	Investment holding
United Gain Group Ltd	28 March 2006	US\$200	100%	Investment holding
Wise Fame Group Ltd	28 March 2006	US\$300	100%	Investment holding
Angel View International Limited	7 April 2006	US\$200	100%	Investment holding
Boavista Investments Limited	7 April 2006	US\$200	100%	Investment holding
Impreza Group Limited	7 April 2006	US\$300	100%	Investment holding

Notes to the Consolidated Financial Statements

38 PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

Name	Date of incorporation/ establishment	Nominal value of issued and fully paid share capital/ paid-in capital	Percentage of attributable equity interest	Principal activities
Infiniti Holdings Development Limited	7 April 2006	US\$300	100%	Investment holding
Established and operate in the PRC, all of which are foreign investment enterprises:				
Guangdong Giant Leap Construction Co., Ltd. ("Giant Leap Construction Co.") 廣東騰越建築工程有限公司	25 March 1997	RMB 700,000,000	100%	Construction
Foshan Shunde Country Garden Property Development Co., Ltd. 佛山市順德區碧桂園物業發展有限公司	2 April 1997	RMB 1,387,491,620	100%	Property development
Guangzhou Country Garden Property Development Co., Ltd. 廣州碧桂園物業發展有限公司	30 July 1998	RMB 506,000,000	100%	Property development
Foshan Shunde Finest Decoration & Design Enterprise 佛山市順德區雅駿裝飾設計工程有限公司	9 August 1999	RMB 107,871,900	100%	Decoration and design
Foshan Shunde Jun'an Country Garden Property Development Co., Ltd. 佛山市順德區均安碧桂園物業發展有限公司	28 June 2000	RMB 10,000,000	90%	Property development
Guangzhou Country Garden Commerce Services Co., Ltd. 廣州市碧桂園商務服務有限公司	18 September 2000	RMB 500,000	100%	Club operation
Zengcheng Country Garden Property Development Co., Ltd. 增城市碧桂園物業發展有限公司	22 September 2000	RMB 1,250,000,000	100%	Property development

Notes to the Consolidated Financial Statements

38 PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

Name	Date of incorporation/ establishment	Nominal value of issued and fully paid share capital/ paid-in capital	Percentage of attributable equity interest	Principal activities
Guangzhou Nansha Economic and Technological Development Zone Country Garden Property Development Co., Ltd. 廣州南沙經濟技術開發區碧桂園物業發展有限公司	2 August 2001	RMB 1,126,532,066	100%	Property development
Guangzhou Huadou Country Garden Property Development Co., Ltd. 廣州市花都碧桂園物業發展有限公司	24 January 2002	RMB 462,500,000	100%	Property development
Huizhou Huiyang Qishan Holiday Resorts Development Co., Ltd. 惠州市惠陽區岐山度假村發展有限公司	29 March 2002	RMB 60,000,000	90%	Property development
Heshan Country Garden Property Development Co., Ltd. 鶴山市碧桂園物業發展有限公司	9 July 2003	RMB 963,000,000	100%	Property development
Changsha Venice Palace Property Development Co., Ltd. 長沙威尼斯城房地產開發有限公司	1 August 2003	RMB 233,000,000	100%	Property development
Jiangmen East Coast Country Garden Property Development Co., Ltd. 江門市東岸房地產發展有限公司	13 August 2003	RMB 650,000,000	100%	Property development
Jiangmen Xinhui Country Garden Phoenix Hotel Co., Ltd. 江門市新會碧桂園鳳凰酒店有限公司	13 August 2003	RMB 130,100,000	100%	Hotel operation
Jiangmen Wuyi Country Garden Property Development Co., Ltd. 江門市五邑碧桂園房地產開發有限公司	28 September 2003	RMB 863,000,000	100%	Property development

Notes to the Consolidated Financial Statements

38 PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

Name	Date of incorporation/ establishment	Nominal value of issued and fully paid share capital/ paid-in capital	Percentage of attributable equity interest	Principal activities
Guangzhou Huanan Country Garden Property Development Co., Ltd. ("Huanan Property Development") 廣州華南碧桂園房地產開發有限公司 ¹	15 October 2003	RMB 8,000,000	50%	Property development
Heshan Country Garden Phoenix Hotel Co., Ltd. 鶴山市碧桂園鳳凰酒店有限公司	29 September 2003	RMB 116,300,000	100%	Hotel operation
Foshan Gaoming Country Garden Property Development Co., Ltd. 佛山市高明區碧桂園房地產開發有限公司	13 January 2004	RMB 1,162,500,000	100%	Property development
Zengcheng Country Garden Phoenix City Hotel Co., Ltd. 增城市碧桂園鳳凰城酒店有限公司	13 January 2004	RMB 500,700,000	100%	Hotel operation
Shenyang Hua Rui Real Estate Co., Ltd. 瀋陽華銳置業有限公司	25 March 2004	RMB 580,000,000	100%	Property development
Qingyuan Country Garden Holiday Islands Hotel Co., Ltd. 清遠市碧桂園假日半島酒店有限公司	5 April 2004	RMB 131,300,000	100%	Hotel operation
Guangdong Country Garden Property Management Co., Ltd. 廣東碧桂園物業管理有限公司	19 April 2004	RMB 12,100,000	100%	Property management
Changsha Economic and Technological Development Area Venice Palace Hotel Co., Ltd. 長沙經濟技術開發區威尼斯酒店有限公司	6 December 2004	RMB 110,800,000	100%	Hotel operation
Guangzhou Lychee Cultural Park Co., Ltd. 廣州市紅荔文化村有限公司	7 December 2004	RMB 12,300,000	100%	Theme park operation

Notes to the Consolidated Financial Statements

38 PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

Name	Date of incorporation/ establishment	Nominal value of issued and fully paid share capital/ paid-in capital	Percentage of attributable equity interest	Principal activities
Foshan Nanhai Country Garden Property Development Co., Ltd. 佛山市南海區碧桂園房地產開發有限公司	24 December 2004	RMB 365,200,000	100%	Property development
Jiangmen Wuyi Country Garden Phoenix Hotel Co., Ltd. 江門市五邑碧桂園鳳凰酒店有限公司	14 January 2005	RMB 103,800,000	100%	Hotel operation
Yangjiang Country Garden Phoenix Hotel Co., Ltd. 陽江市碧桂園鳳凰酒店有限公司	2 February 2005	RMB 130,750,624	100%	Hotel operation
Yangdong Country Garden Property Development Co., Ltd. 陽東縣碧桂園房地產開發有限公司	2 February 2005	RMB 197,351,958	100%	Property development
Taishan Country Garden Property Development Co., Ltd. 台山市碧桂園房地產開發有限公司	21 March 2005	RMB 322,288,631	100%	Property development
Taishan Country Garden Phoenix Hotel Co., Ltd. 台山市碧桂園鳳凰酒店有限公司	4 August 2005	RMB 87,764,151	100%	Hotel operation
Foshan Gaoming Country Garden Phoenix Hotel Co., Ltd. 佛山市高明區碧桂園鳳凰酒店有限公司	30 September 2005	RMB 163,100,000	100%	Hotel operation
Tianjin Phoenix Investment Development Co., Ltd. 天津鳳凰投資發展有限公司	5 July 2006	RMB 30,000,000	70%	Property development
Zhaoqing Gaoxin Country Garden Property Development Co., Ltd. 肇慶市高新區碧桂園房地產開發有限公司	10 July 2006	RMB 5,000,000	100%	Property development

Notes to the Consolidated Financial Statements

38 PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

Name	Date of incorporation/ establishment	Nominal value of issued and fully paid share capital/ paid-in capital	Percentage of attributable equity interest	Principal activities
Shaoguan Shunhong Property Development Co., Ltd. 韶關市順宏房地產開發有限公司	12 July 2006	RMB 747,800,000	100%	Property development
Gaoyao Biyi Property Development Co., Ltd. 高要市碧頤房地產開發有限公司	15 September 2006	RMB 20,000,000	51%	Property Development
Manzhouli Country Garden Property Development Co., Ltd. 滿洲里碧桂園房地產開發有限公司	12 December 2006	RMB 357,900,000	100%	Property Development
Chaohu Country Garden Property Development Co., Ltd. 巢湖市碧桂園房地產開發有限公司	18 December 2006	RMB 1,115,200,000	100%	Property Development
Tianjin Country Garden Phoenix Hotel Co., Ltd. 天津碧桂園鳳凰酒店有限公司	26 December 2006	RMB 10,000,000	100%	Hotel operation
Tianjin Country Garden Investment Development Co., Ltd. 天津碧桂園投資發展有限公司	26 December 2006	RMB 10,000,000	100%	Property development
Zhaoqing Gaoyao Country Garden Phoenix Hotel Co., Ltd. 肇慶市高要碧桂園鳳凰酒店有限公司	31 December 2006	RMB 5,000,000	100%	Hotel operation
Taizhou Country Garden Property Development Co., Ltd. 泰州市碧桂園房地產開發有限公司	5 January 2007	RMB 548,300,000	100%	Property development
Shenyang Country Garden Property Development Co., Ltd. 瀋陽市碧桂園房地產開發有限公司	11 January 2007	RMB 1,350,000,000	100%	Property development

Notes to the Consolidated Financial Statements

38 PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

Name	Date of incorporation/ establishment	Nominal value of issued and fully paid share capital/ paid-in capital	Percentage of attributable equity interest	Principal activities
Lechang Country Garden Property Development Co., Ltd. 樂昌市碧桂園房地產開發有限公司	15 February 2007	RMB 124,800,000	100%	Property development
Shenyang Hunnan Xincheng Country Garden Property Development Co., Ltd. 瀋陽渾南新城碧桂園房地產開發有限公司	25 April 2007	RMB 1,540,000,000	100%	Property development
Shenyang Yidong Real Estate Co., Ltd 瀋陽伊東置業有限公司	25 April 2007	RMB 460,512,978	100%	Property development
Enping Country Garden Property Development Co., Ltd. 恩平市碧桂園房地產開發有限公司	28 April 2007	RMB 220,000,000	100%	Property development
Zhangjiajie Country Garden Phoenix Hotel Co., Ltd 張家界碧桂園鳳凰酒店有限公司	8 May 2007	RMB 239,237,947	100%	Hotel operation
Huizhou Huiyang Country Garden Phoenix Hotel Co., Ltd 惠州市惠陽區碧桂園鳳凰酒店有限公司	9 May 2007	RMB 5,000,000	100%	Hotel operation
Anhui Hexian Country Garden Property Development Co., Ltd. 安徽和縣碧桂園房地產開發有限公司	15 May 2007	RMB 750,000,000	100%	Property development
Anhui Hexian Huarui Real Estate Co., Ltd. 安徽和縣華瑞置業有限公司	15 May 2007	RMB 218,842,923	100%	Property development
Shenyang Shenbei Xincheng Yidong Real Estate Co., Ltd. 瀋陽瀋北新城伊東置業有限公司	18 May 2007	RMB 750,000,000	100%	Property development
Tianjin Xinbi Investment Development Co., Ltd. 天津新碧投資發展有限公司	25 May 2007	RMB 460,000,000	100%	Investment holding

Notes to the Consolidated Financial Statements

38 PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

Name	Date of incorporation/ establishment	Nominal value of issued and fully paid share capital/ paid-in capital	Percentage of attributable equity interest	Principal activities
Yangjiang Hengda Real Estate Co., Ltd. 陽江市恒達置業有限公司	30 May 2007	RMB 75,965,094	100%	Property development
Shaoguan Country Garden Property Development Co., Ltd. 韶關市碧桂園房地產開發有限公司	5 June 2007	RMB 750,000,000	100%	Property development
Changsha Ningxiang Country Garden Property Development Co., Ltd. 長沙市寧鄉碧桂園房地產開發有限公司	5 June 2007	RMB 230,000,000	100%	Property development
Shaoguan Country Garden Phoenix Hotel Co., Ltd. 韶關市碧桂園鳳凰酒店有限公司	5 June 2007	RMB 80,000,000	100%	Hotel operation
Anhui Zhongmiao Country Garden Property Development Co., Ltd. 安徽中廟碧桂園房地產開發有限公司	8 June 2007	RMB 420,000,000	100%	Property development
Anhui Hexian Country Garden Phoenix Hotel Co., Ltd. 安徽和縣碧桂園鳳凰酒店有限公司	8 June 2007	RMB 48,592,354	100%	Hotel operation
Shanwei Country Garden Property Development Co., Ltd. 汕尾市碧桂園房地產開發有限公司	12 June 2007	RMB 100,000,000	100%	Property development
Sichuan Rongxin Investment Co., Ltd. 四川榮欣投資有限公司	14 June 2007	RMB 10,000,000	85%	Investment holding
Sihui Country Garden Phoenix Hotel Co., Ltd. 四會市碧桂園鳳凰酒店有限公司	21 June 2007	RMB 29,996,827	100%	Hotel operation
Zhaoqing Sihui Huaping Real Estate Co., Ltd. 肇慶四會華平置業有限公司	21 June 2007	RMB 216,167,341	100%	Property development

Notes to the Consolidated Financial Statements

38 PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

Name	Date of incorporation/ establishment	Nominal value of issued and fully paid share capital/ paid-in capital	Percentage of attributable equity interest	Principal activities
Sihui Country Garden Property Development Co., Ltd. 四會市碧桂園房地產開發有限公司	22 June 2007	RMB 150,045,599	100%	Property development
Wuhan Country Garden Property Development Co., Ltd. 武漢市碧桂園房地產開發有限公司	26 June 2007	RMB 97,091,000	100%	Property development
Wuhan Country Garden Phoenix Hotel Co., Ltd. 武漢市碧桂園鳳凰酒店有限公司	26 June 2007	RMB 26,971,140	100%	Hotel operation
Shaoguan Country Garden Fujingwan Hotel Co., Ltd. 韶關市碧桂園芙蓉灣酒店有限公司	28 June 2007	RMB 6,029,351	100%	Hotel operation
Keyouqianqi Country Garden Property Development Co., Ltd. 科右前旗碧桂園房地產開發有限公司	29 July 2007	RMB 180,000,000	100%	Property development
Keyouqianqi Country Garden Phoenix Hotel Co., Ltd. 科右前旗碧桂園鳳凰酒店有限公司	29 July 2007	RMB 10,000,000	100%	Hotel operation
Chizhou Country Garden Property Development Co., Ltd. 池州市碧桂園房地產開發有限公司	30 July 2007	RMB 251,000,000	100%	Property development
Chizhou Country Garden Phoenix Hotel Co., Ltd. 池州市碧桂園鳳凰酒店有限公司	30 July 2007	RMB 45,000,000	100%	Hotel operation
Chaohu Country Garden Le Phoenix Hotel Co., Ltd. 巢湖碧桂園鳳城酒店有限公司	31 July 2007	RMB 20,000,000	100%	Hotel operation

Notes to the Consolidated Financial Statements

38 PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

Name	Date of incorporation/ establishment	Nominal value of issued and fully paid share capital/ paid-in capital	Percentage of attributable equity interest	Principal activities
Chongqing Country Garden Property Development Co., Ltd. 重慶市碧桂園房地產開發有限公司	3 August 2007	RMB 310,000,000	100%	Property development
Chongqing Country Garden Phoenix Hotel Co., Ltd. 重慶市碧桂園鳳城酒店有限公司	3 August 2007	RMB 100,000,000	100%	Hotel operation
Xianning Country Garden Property Development Co., Ltd. 咸寧碧桂園房地產開發有限公司	8 August 2007	RMB 250,000,000	100%	Property development
Xianning Country Garden Phoenix Hot Spring Hotel Co., Ltd. 咸寧碧桂園鳳凰溫泉酒店有限公司	8 August 2007	RMB 20,000,000	100%	Hotel operation
Yiyang Country Garden Property Development Co., Ltd. 益陽市碧桂園房地產開發有限公司	10 August 2007	RMB 150,000,000	100%	Property development
Yiyang Country Garden Phoenix Hotel Co., Ltd. 益陽市碧桂園鳳凰酒店有限公司	10 August 2007	RMB 50,000,000	100%	Hotel operation
Lechang Country Garden Phoenix Hotel Co., Ltd. 樂昌市碧桂園鳳凰酒店有限公司	17 August 2007	RMB 10,000,000	100%	Hotel operation
Shenyang Nanying Country Garden Hotel Co., Ltd. 瀋陽南營碧桂園酒店有限公司	21 August 2007	RMB 8,044,487	100%	Hotel operation
Shenyang Binhe Country Garden Hotel Co., Ltd. 瀋陽濱河碧桂園酒店有限公司	21 August 2007	RMB 14,057,288	100%	Hotel operation
Shenyang Huashan Country Garden Hotel Co., Ltd. 瀋陽花山碧桂園酒店有限公司	27 August 2007	RMB 11,967,102	100%	Hotel operation

Notes to the Consolidated Financial Statements

38 PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

Name	Date of incorporation/ establishment	Nominal value of issued and fully paid share capital/ paid-in capital	Percentage of attributable equity interest	Principal activities
Shenyang Daoyi Country Garden Hotel Co., Ltd. 瀋陽道義碧桂園酒店有限公司	27 August 2007	RMB 8,993,110	100%	Hotel operation
Haicheng Country Garden Property Development Co., Ltd. 海城市碧桂園房地產開發有限公司	30 August 2007	RMB 350,000,000	100%	Property development
Lufeng Country Garden Property Development Co., Ltd. 陸豐碧桂園房地產開發有限公司	30 August 2007	RMB 100,000,000	100%	Property development
Haicheng Country Garden Phoenix Hotel Co., Ltd. 海城市碧桂園鳳凰酒店有限公司	30 August 2007	RMB 1,000,000	100%	Hotel operation
Suizhou Country Garden Phoenix Hotel Co., Ltd. 隨州碧桂園鳳凰酒店有限公司	30 August 2007	RMB 40,000,000	100%	Hotel operation
Maoming Country Garden Property Development Co., Ltd. 茂名市碧桂園房地產開發有限公司	31 August 2007	RMB 350,000,000	100%	Property development
Suizhou Country Garden Property Development Co., Ltd. 隨州碧桂園房地產開發有限公司	31 August 2007	RMB 580,000,000	100%	Property development
Ningxiang Country Garden Phoenix Hotel Co., Ltd. 寧鄉碧桂園鳳凰酒店有限公司	3 September 2007	RMB 20,000,000	100%	Hotel operation
Yangshan Country Garden Property Development Co., Ltd. 陽山碧桂園房地產開發有限公司	5 September 2007	RMB 130,000,000	100%	Property development
Chaohu Country Garden La Phoenix Hotel Co., Ltd. 巢湖碧桂園鳳城酒店有限公司	7 September 2007	RMB 20,000,000	100%	Hotel operation

Notes to the Consolidated Financial Statements

38 PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

Name	Date of incorporation/ establishment	Nominal value of issued and fully paid share capital/ paid-in capital	Percentage of attributable equity interest	Principal activities
Manzhouli Country Garden Phoenix Hotel Co., Ltd. 滿洲里碧桂園鳳凰酒店有限公司	19 September 2007	RMB 50,000,000	100%	Hotel operation
Anqing Country Garden Property Development Co., Ltd. 安慶碧桂園房地產開發有限公司	27 September 2007	RMB 740,000,000	100%	Property development
Anqing Country Garden Phoenix Hotel Co., Ltd. 安慶碧桂園鳳凰酒店有限公司	29 September 2007	RMB 150,000,000	100%	Hotel operation
Huangshan Country Garden Property Development Co., Ltd. 黃山碧桂園房地產開發有限公司	30 September 2007	RMB 180,000,000	100%	Property development
Huangshan Country Garden Phoenix Hotel Co., Ltd. 黃山碧桂園鳳凰酒店有限公司	30 September 2007	RMB 40,000,000	100%	Hotel operation
Shenyang Huiying Real Estate Co., Ltd. 瀋陽匯盈置業有限公司	9 October 2007	RMB 281,318,414	100%	Property development
Shenyang Dedi Real Estate Co., Ltd. 瀋陽德地置業有限公司	9 October 2007	RMB 369,851,683	100%	Property development
Tianjin Shunyin Greenery Co., Ltd. 天津市順茵綠化工程有限公司	10 October 2007	RMB 500,000	100%	Environmental protection
Tongliao Country Garden Property Development Co., Ltd. 通遼碧桂園房地產開發有限公司	15 October 2007	RMB 500,000,000	100%	Property development
Tongliao Country Garden Hotel Co., Ltd. 通遼碧桂園酒店有限公司	15 October 2007	RMB 30,000,000	100%	Hotel operation
Wuhu Country Garden Property Development Co., Ltd. 蕪湖晉智房地產開發有限公司	5 November 2007	RMB 800,000,000	100%	Property development

Notes to the Consolidated Financial Statements

38 PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

Name	Date of incorporation/ establishment	Nominal value of issued and fully paid share capital/ paid-in capital	Percentage of attributable equity interest	Principal activities
Wuhu Country Garden Maritim Hotel Co., Ltd. 蕪湖碧桂園瑪麗蒂姆酒店有限公司	5 November 2007	RMB 60,000,000	100%	Hotel operation
Guangzhou Country Garden Shuttle Bus Services Co., Ltd. 廣州碧桂園樓巴服務有限公司	19 November 2007	RMB 5,000,000	100%	Transportation
Tianjin Deyu Investment Development Co., Ltd. 天津德域投資發展有限公司	28 November 2007	RMB 10,000,000	100%	Investment holding
Liuyang Country Garden Property Development Co., Ltd. 瀏陽碧桂園房地產開發有限公司	4 December 2007	RMB 150,000,000	100%	Property development
Zhaoqing Deye Construction Co., Ltd. 肇慶市德業建築工程有限公司	6 December 2007	RMB 2,999,172	100%	Construction
Zhaoqing Country Garden Furniture Co., Ltd. 肇慶市碧桂園現代家居有限公司	12 December 2007	RMB 178,421,223	100%	Manufacturing of furniture
Shenyang Bifeng Greenery Co., Ltd. 瀋陽市碧豐綠化工程有限公司	25 December 2007	RMB 500,000	100%	Environmental protection
Sichuan Hongyu Real Estate Co., Ltd. 四川弘毓實業發展有限公司	11 January 2008	RMB 15,110,000	85%	Property development
Huidong Country Garden Property Development Co., Ltd. 惠東碧桂園房地產開發有限公司	23 January 2008	RMB 450,000,000	100%	Property development
Taizhou Country Garden Phoenix Hotel Co., Ltd. 泰州市碧桂園鳳凰酒店有限公司	19 February 2008	RMB 50,000,000	100%	Hotel operation

Notes to the Consolidated Financial Statements

38 PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

Name	Date of incorporation/ establishment	Nominal value of issued and fully paid share capital/ paid-in capital	Percentage of attributable equity interest	Principal activities
Guangdong Guosheng Project Management Co., Ltd. 廣東國晟建設監理有限公司	6 March 2008	RMB 3,000,000	100%	Construction
Yangchun Country Garden Property Development Co., Ltd. 陽春碧桂園房地產開發有限公司	13 March 2008	RMB 40,623	100%	Property development
Guangdong Guoliang Construction Co., Ltd. 廣東國良建築工程有限公司	13 March 2008	RMB 10,000,000	100%	Construction
Yangshan Country Garden Phoenix Hotel Co., Ltd. 陽山碧桂園鳳凰酒店有限公司	30 April 2008	RMB 130,750,624	100%	Hotel operation
Foshan Shunde Biri Safeguard Monitor Engineering Co., Ltd. 佛山市順德區碧日安防工程有限公司	8 July 2008	RMB 8,000,000	100%	Safeguard Monitor
Suihua Country Garden Property Development Co., Ltd. 綏化碧桂園房地產開發有限公司	17 July 2008	RMB 100,000,000	100%	Property development
Chaohu Zhongmiao Country Garden Water Services Co., Ltd. 巢湖市中廟碧桂園水務有限公司	19 August 2008	RMB 500,000	100%	Water Service
Jingmen Country Garden Property Development Co., Ltd. 荊門碧桂園房地產開發有限公司	10 September 2008	RMB 130,000,000	100%	Property development
Jingmen Country Garden Phoenix Hotel Co., Ltd. 荊門碧桂園鳳凰酒店有限公司	10 September 2008	RMB 5,000,000	100%	Hotel operation
Tianjin Balizhou Country Garden Hotel Co., Ltd. 天津八里洲碧桂園酒店有限公司	22 September 2008	RMB 5,000,000	100%	Hotel operation

Notes to the Consolidated Financial Statements

38 PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

Name	Date of incorporation/ establishment	Nominal value of issued and fully paid share capital/ paid-in capital	Percentage of attributable equity interest	Principal activities
Tianjin Balizhou Country Garden Property Development Co., Ltd. 天津八里洲碧桂園房地產開發有限公司	25 September 2008	RMB 183,000,000	100%	Property development
Hexian Country Garden Water Services Co., Ltd. 和縣碧桂園水務有限公司	9 October 2008	RMB 500,000	100%	Water Service
Foshan Shunde Bijing Electronic Technologic Co., Ltd. 佛山市順德區碧晶電子科技 有限公司	19 November 2008	RMB 2,000,000	100%	Technologic development for household appliance
Dongguan Country Garden Property Development Co., Ltd. 東莞市碧桂園房地產開發 有限公司	25 September 2010	RMB 600,000,000	100%	Property development
Foshan Chancheng Country Garden Property Development Co., Ltd. 佛山市禪城區碧桂園房地產 開發有限公司	13 November 2010	RMB 1,000,000,000	90%	Property development
Shenyang Qipanshan Country Garden Property Development Co., Ltd. 瀋陽市棋盤山碧桂園房地產 開發有限公司	28 September 2010	RMB 176,134,163	100%	Property development
Wuhan Eco-city Country Garden Investment Co., Ltd. 武漢生態城碧桂園投資 有限公司	4 December 2010	RMB 100,000,000	55%	Property development
Kaiping Xinzhihe Property Development Co., Ltd. 開平市新智合房地產開發 有限公司	6 November 2006	RMB 40,000,000	100%	Property development

Notes to the Consolidated Financial Statements

38 PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

Name	Date of incorporation/ establishment	Nominal value of issued and fully paid share capital/ paid-in capital	Percentage of attributable equity interest	Principal activities
Foshan Nanhai Wonderland Property Development Co., Ltd. 佛山市南海山水桃園房地產有限公司	22 March 2004	RMB 60,000,000	100%	Property development
Huajji Country Garden Property Development Co., Ltd. 懷集碧桂園房地產開發有限公司	2 November 2009	RMB 30,000,000	100%	Property development
Zhongshan Country Garden Property Development Co., Ltd. 中山市碧桂園房地產開發有限公司	28 October 2009	RMB 20,000,000	100%	Property development
Deqing Country Garden Property Development Co., Ltd. 德慶碧桂園房地產開發有限公司	24 November 2009	RMB 30,000,000	100%	Property development
Beiliu Country Garden Property Development Co., Ltd. 北流市碧桂園房地產開發有限公司	01 December 2009	RMB 50,000,000	100%	Property development
Yunfu Country Garden Property Development Co., Ltd. 雲浮市碧桂園房地產開發有限公司	18 December 2009	RMB 50,000,000	100%	Property development
Foshan Shunde Xinbi Trading Co., Ltd. 佛山市順德區新碧貿易有限公司	16 January 2009	RMB 40,000,000	100%	Trading
Shenyang Qipanshan Country Garden Hotel Co., Ltd. 瀋陽市棋盤山碧桂園酒店有限公司	27 November 2009	RMB 1,000,000	100%	Hotel operation
Foshan Shunde Longjiang Country Garden Phoenix Hotel Co., Ltd. 佛山市順德區龍江鎮碧桂園鳳凰酒店有限公司	11 November 2009	RMB 30,000,000	100%	Hotel operation

Notes to the Consolidated Financial Statements

38 PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

Name	Date of incorporation/ establishment	Nominal value of issued and fully paid share capital/ paid-in capital	Percentage of attributable equity interest	Principal activities
Fogang Huaxin Real Estate Co., Ltd. 佛岡華欣置業有限公司	26 October 2009	RMB 52,818,000	100%	Decoration Afforestation Land consolidation
Qingyuan Holiday Islands Country Garden Real Estate Development Co., Ltd. 清遠假日半島碧桂園置業發展有限公司	12 June 2009	RMB 120,000,000	100%	Property development
Jurong Country Garden Property Development Co., Ltd. 句容碧桂園房地產開發有限公司	12 August 2010	RMB 250,000,000	100%	Property development
Chuzhou Country Garden Property Development Co., Ltd. 滁州碧桂園房地產開發有限公司	17 August 2010	RMB 250,000,000	100%	Property development
Fengkai Country Garden Property Development Co., Ltd. 封開碧桂園房地產開發有限公司	14 October 2010	RMB 10,000,000	100%	Property development
Haifeng Country Garden Property Development Co., Ltd. 海豐碧桂園房地產開發有限公司	26 October 2010	RMB 20,000,000	100%	Property development
Heshan Zhishan Country Garden Property Development Co., Ltd. 鶴山市址山碧桂園房地產開發有限公司	13 November 2010	RMB 150,000,000	80%	Property development
Heyuan Country Garden Property Development Co., Ltd. 河源市碧桂園房地產開發有限公司	7 December 2010	RMB 50,000,000	100%	Property development
Beiliu Country Garden Phoenix Hotel Co., Ltd. 北流市碧桂園鳳凰酒店有限公司	1 December 2009	RMB5,000,000	100%	Hotel operation

Notes to the Consolidated Financial Statements

38 PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

Name	Date of incorporation/ establishment	Nominal value of issued and fully paid share capital/ paid-in capital	Percentage of attributable equity interest	Principal activities
Yunfu Country Garden Phoenix Hotel Co., Ltd. 雲浮市碧桂園鳳凰酒店有限公司	4 January 2010	RMB 10,000,000	100%	Hotel operation
Fogang Country Garden Property Development Co., Ltd. 佛岡碧桂園房地產開發有限公司	26 October 2009	—	100%	Property development
Qingyuan Zhuoyue Hongjiang Real Estate Investment Co., Ltd. 清遠市卓越弘建置業投資有限公司	27 October 2009	RMB 50,000,000	100%	Property development
Jiangmen Xinhui Country Garden Property Development Co., Ltd. 江門市新會區碧桂園房地產開發有限公司	12 January 2010	RMB 180,000,000	100%	Property development
Maoming Shuidongwan Country Garden Property Development Co., Ltd. 茂名市水東灣碧桂園房地產開發有限公司	20 January 2010	RMB 100,000,000	100%	Property development
Jiangmen Jianghai Country Garden Property Development Co., Ltd. 江門市江海區碧桂園房地產開發有限公司	13 January 2010	RMB 120,000,000	100%	Property development
Guangzhou Country Garden Anhua Real Estate Co., Ltd. 廣州碧桂園安華置業有限公司	4 June 2010	RMB 5,000,000	80%	Property development
Wuhan Country Garden Lianfa Investment Co., Ltd. 武漢碧桂園聯發投資有限公司	21 January 2010	RMB 120,000,000	52%	Property development
Dongguan Shuntang Country Garden Property Development Co., Ltd. 東莞市順塘碧桂園房地產開發有限公司	24 December 2010	RMB 10,000,000	51%	Property development

Notes to the Consolidated Financial Statements

38 PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

Name	Date of incorporation/ establishment	Nominal value of issued and fully paid share capital/ paid-in capital	Percentage of attributable equity interest	Principal activities
Huidong Country Garden Hotel Co., Ltd. 惠東碧桂園酒店有限公司	22 January 2008	—	100%	Hotel operation
Fogang Country Garden Hotel Co., Ltd. 佛岡碧桂園酒店有限公司	26 October 2009	—	100%	Hotel operation
Suihua Dehui Development Co., Ltd. 綏化德匯實業發展有限公司	7 December 2007	—	100%	Property development
Guangzhou Greenday Energy and Technology Co., Ltd. 廣州市碧日能源科技有限公司	29 December 2008	RMB 5,000,000	100%	Technologic development for household appliance
Chaohu Bifeng Greenery Co., Ltd. 巢湖市碧豐綠化工程有限公司	23 June 2009	RMB 500,000	100%	Decoration afforestation land consolidation
Wuhan Bifeng Greenery Co., Ltd. 武漢市碧豐綠化工程有限公司	12 July 2009	RMB 500,000	100%	Decoration afforestation land consolidation
Shenyang Giant Leap Construction Co., Ltd. 瀋陽騰越建築工程有限公司	10 December 2009	RMB 3,000,000	100%	Construction
Foshan Shunde Teng'an Fire Design Engineering Co., Ltd. 佛山市順德區騰安消防設計工程有限公司	6 January 2010	RMB 5,000,000	100%	Construction
Laian Country Garden Property Development Co., Ltd. 來安碧桂園房地產開發有限公司	15 December 2010	RMB 50,000,000	100%	Property development

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

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

Financial Summary

CONSOLIDATED RESULTS

	Year ended 31 December				2010 RMB'000
	2006 RMB'000	2007 RMB'000	2008 RMB'000	2009 RMB'000	
Revenue	7,940,937	17,735,011	15,712,790	17,585,704	25,804,105
Profit before income tax	2,190,703	6,810,882	3,261,325	3,385,938	6,719,785
income tax expense	(518,224)	(2,607,141)	(1,846,310)	(1,149,807)	(2,402,011)
Profit for the year	1,672,479	4,203,741	1,415,015	2,236,131	4,317,774
Attributable to:					
Owners	1,519,473	4,135,908	1,378,207	2,190,199	4,290,578
Minority interests	153,006	67,833	36,808	45,932	27,196
	1,672,479	4,203,741	1,415,015	2,236,131	4,317,774
Earnings per Share					
Basic	11.17 cents	26.63 cents	8.45 cents	13.41 cents	25.89 cents

CONSOLIDATED ASSETS, EQUITY AND LIABILITIES

	As of 31 December				2010 RMB'000
	2006 RMB'000	2007 RMB'000	2008 RMB'000	2009 RMB'000	
ASSETS					
Non-current assets	3,904,324	14,088,504	15,672,621	21,263,208	25,420,162
Current assets	11,407,043	24,545,511	34,442,439	42,676,580	56,661,085
Total assets	15,311,367	38,634,015	50,115,060	63,939,788	82,081,247
EQUITY AND LIABILITIES					
Total equity	1,475,362	19,399,120	19,380,669	21,540,922	25,418,075
Non-current liabilities	2,989,157	4,394,187	10,602,458	16,000,254	14,332,323
Current liabilities	10,846,848	14,840,708	20,131,933	26,398,612	42,330,849
Total liabilities	13,836,005	19,234,895	30,734,391	42,398,866	56,663,172
Total equity and liabilities	15,311,367	38,634,015	50,115,060	63,939,788	82,081,247

In 2010, the Group changed its accounting policies for land use rights which are held for development and subsequent sale (see page 54 for details).

The change in accounting policy has been accounted for retrospectively and the financial information for the years ended 31 December 2009 as presented in this five-year summary has been restated by reversing the amortisation charged in prior years. The financial information for the years ended 31 December 2006, 2007 and 2008 has not been restated.

Corporate Information

DIRECTORS

Executive Directors

Mr. YEUNG Kwok Keung (*Chairman*)
 Mr. MO Bin
 Ms. YANG Huiyan
 Mr. YANG Erzhu
 Mr. SU Rubo
 Mr. ZHANG Yaoyuan
 Mr. OU Xueming
 Mr. YANG Zhicheng
 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. MO Bin
 Ms. NG Yi Kum, Estella (alternate to Ms. YANG Huiyan)
 Ms. NG Chi Man (alternate to Mr. MO Bin)

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. MO Bin
 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

Rooms 901-904
 9/F Manulife Provident Funds Place
 345 Nathan Road
 Kowloon
 Hong Kong

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



Corporate Information

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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