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

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2007)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2007

HIGHLIGHTS

- Total revenue for the year ended 31 December 2007 amounted to RMB17,735 million, an increase of 123.3% compared with the year 2006.
- Profit attributable to equity owners of the Company amounted to RMB4,136 million, representing a growth of 172.2%, compared with the year 2006.
- Gross profit margin (after land appreciation tax) for the year was 39.6%, an increase from 33.3% in the year 2006.
- Net profit margin for the year was 23.3%, an increase from 19.1% in the year 2006.
- Earnings per share amounted to RMB26.63 cents, representing a growth of 138.4% compared with the year 2006.
- Proposed final dividend per share was RMB9.52 cents.

The Board of Directors (the "Board") of Country Garden Holdings Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2007, as follows:

Consolidated Balance Sheet
(RMB'000)

		As at 31 December	
	Note	**2007**	2006
ASSETS			
Non-current assets			
Property, plant and equipment		**1,621,654**	944,571
Intangible assets		**4,083**	—
Land use rights		**8,196,080**	2,171,614
Available-for-sale financial assets		**20,000**	20,000
Properties under development		**3,690,575**	212,573
Deferred income tax assets		**556,112**	555,566
		14,088,504	3,904,324
Current assets			
Land use rights		**1,914,099**	1,584,777
Properties under development		**5,382,650**	3,725,848
Completed properties held for sale		**1,636,368**	1,641,029
Inventories		**102,787**	89,955
Trade and other receivables	3	**5,262,929**	1,439,064
Prepaid taxes		**749,743**	942,012
Restricted cash		**1,013,515**	454,669
Cash and cash equivalents		**8,483,420**	1,529,689
		24,545,511	11,407,043
Total assets		**38,634,015**	15,311,367
EQUITY			
Capital and reserves attributable to the equity owners			
Share capital and premium		**14,989,639**	764,568
Reserves		**278,785**	32,705
Retained earnings			
— proposed final dividend		**1,557,472**	—
— others		**2,332,356**	512,554
		19,158,252	1,309,827
Minority interests		**240,868**	165,535
Total equity		**19,399,120**	1,475,362

	Note	As at 31 December 2007	2006
LIABILITIES			
Non-current liabilities			
Borrowings		**4,227,400**	2,858,200
Deferred income tax liabilities		**166,787**	130,957
		4,394,187	2,989,157
Current liabilities			
Advanced proceeds received from customers		**7,168,686**	7,481,986
Trade and other payables	4	**2,619,771**	1,115,035
Income tax payable		**2,287,881**	1,026,735
Borrowings		**2,764,370**	1,223,092
		14,840,708	10,846,848
Total liabilities		**19,234,895**	13,836,005
Total equity and liabilities		**38,634,015**	15,311,367
Net current assets		**9,704,803**	560,195
Total assets less current liabilities		**23,793,307**	4,464,519

Consolidated Income Statement
(RMB'000)

		For the year ended 31 December	
	Note	**2007**	2006
Revenue	5	**17,735,011**	7,940,937
Cost of sales		**(9,560,890)**	(4,922,581)
Gross profit		**8,174,121**	3,018,356
Other gains — net	6	**34,640**	38,816
Selling and marketing costs		**(310,833)**	(214,497)
Administrative expenses		**(933,236)**	(407,388)
Operating profit	7	**6,964,692**	2,435,287
Finance income	8	**425,418**	20,192
Finance costs	8	**(579,228)**	(264,776)
Finance costs — net	8	**(153,810)**	(244,584)
Profit before income tax		**6,810,882**	2,190,703
Income tax expense	9	**(2,607,141)**	(518,224)
Profit for the year		**4,203,741**	1,672,479
Attributable to:			
Equity owners of the Company		**4,135,908**	1,519,473
Minority interests		**67,833**	153,006
		4,203,741	1,672,479
Basic and diluted earnings per share (expressed in RMB cents per share)	10	**26.63 cents**	11.17 cents
Dividends	11	**2,070,026**	2,513,704

Notes:

1. GENERAL INFORMATION

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

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

In preparation for the Company's listing on the Main Board of The Stock Exchange of Hong Kong Limited, the Company and its subsidiaries (collectively the "Group") underwent the reorganisation (the "Reorganisation"), which was completed on 26 March 2007. Upon completion of the Reorganisation, the Company became the holding company of the Group. Details of the Reorganisation were disclosed in Note 1 of the Company's 2006 annual report dated 20 April 2007.

The Company's shares were listed on the Stock Exchange on 20 April 2007.

These consolidated financial statements are presented in units of Renminbi ("RMB") thousand Yuan, unless otherwise stated and was approved by the board of directors of the Company for issue on 18 March 2008.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

2.1 Basis of preparation

These consolidated financial statements have been prepared using the principles of merger accounting, as described in Hong Kong Accounting Guideline 5 "Merger Accounting for Common Control Combinations" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

The consolidated financial statements included the financial position, results and cash flows of the companies comprising the Group as if the current group structure had been in existence since 1 January 2006, or since their respective dates of incorporation/establishment. For companies acquired from (or disposed to) a third party during the period, they would be included in (or excluded from) the annual report of the Group from the date of that acquisition (disposal).

2.2 Accounting policies

The consolidated financial statements have been prepared in accordance with HKFRS. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets.

The adoption of new/revised HKFRS

In 2007, the Group adopted the new standard, amendment and interpretations of Hong Kong Financial Reporting Standards ("HKFRS") below, which are relevant to its operations.

(a) *Standards, amendment and interpretations effective in 2007*

HKFRS 7, 'Financial instruments: Disclosures', and the complementary amendment to HKAS 1, 'Presentation of financial statements — Capital disclosures'

HK(IFRIC)-Int 8, 'Scope of HKFRS 2'

HK(IFRIC)-Int 10, 'Interim financial reporting and impairment', The Group has assessed the impact of the adoption of these new standard, amendment and interpretations and considered that there was no significant impact on the Group's results and financial position nor any substantial changes in the Group's accounting policies, whereas the adoption of HKAS 1 (Amendment) and HKFRS 7 introduces new disclosures relating to financial instruments and capital. There is no impact on the classification and valuation of the Group's financial instruments.

(b) Standards, amendments and interpretations effective in 2007 but not relevant

The following standards, amendments and interpretations to published standards are mandatory for accounting periods beginning on or after 1 January 2007 but they are not relevant to the Group's operations:

- HK(IFRIC)-Int 7, 'Applying the restatement approach under HKAS 29, Financial reporting in hyper-inflationary economies'; and
- HK(IFRIC)-Int 9, 'Re-assessment of embedded derivatives'.

(c) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group

The following standards, amendments and interpretations to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after 1 January 2008 or later periods, but the Group has not yet adopted them:

- HKAS 1 (Revised), 'Presentation of Financial Statements' (effective from 1 January 2009).
- HK(IFRIC)-Int 11, 'HKFRS 2 — Group and treasury share transactions' (effective from 1 March 2007)
- HKAS 23 (Amendment), 'Borrowing costs' (effective from 1 January 2009).
- HKFRS 8, 'Operating segments' (effective from 1 January 2009).
- HK(IFRIC)-Int 14, HKAS 19 — The limit on a defined benefit asset, minimum funding requirements and their interaction' (effective from 1 January 2008).

(d) Interpretations to existing standards that are not yet effective and not relevant for the Group's operations

The following interpretations to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after 1 January 2008 or later periods but are not relevant for the Group's operations:

- HK(IFRIC)-Int 12, 'Service concession arrangements' (effective from 1 January 2008).
- HK(IFRIC)-Int 13, 'Customer loyalty programmes' (effective from 1 July 2008).

The Group has not yet adopted any of the above standards or interpretations. Management is in the process of making an assessment of their impact and is not yet in a position to state what impact they would have on the Group's results of operations and financial position.

3. TRADE AND OTHER RECEIVABLES

	As at 31 December	
	2007	2006
Trade receivables — Third parties *(note)*	**154,680**	49,937
Other receivables:	**902,831**	818,499
— Related parties	**275,250**	638,797
— Third parties	**630,538**	182,659
Provision for impairment of receivables	**(2,957)**	(2,957)
Amounts due from customers for contract work	**61,301**	103,694
Prepayments — third parties	**4,144,117**	466,934
	5,262,929	1,439,064

Note:

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 was as follows:

	As at 31 December	
	2007	2006
Within 90 days	**136,547**	32,918
Over 90 days and within 180 days	**4,797**	7,589
Over 180 days and within 365 days	**9,400**	3,277
Over 365 days	**3,936**	6,153
	154,680	49,937

4. TRADE AND OTHER PAYABLES

	As at 31 December	
	2007	2006
Trade payables *(note)*:	**1,645,848**	517,018
— Related parties	**51,926**	37,567
— Third parties	**1,593,922**	479,451
Other payables:		
Third parties	**339,931**	279,129
Staff welfare benefit payable	**238,701**	120,853
Accrued expenses	**112,691**	42,845
Other taxes payable	**282,600**	155,190
	2,619,771	1,115,035

Note:

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

	As at 31 December	
	2007	2006
Within 90 days	**1,588,527**	407,915
Over 90 days and within 180 days	**32,547**	35,967
Over 180 days and within 365 days	**6,645**	15,407
Over 365 days	**18,129**	57,729
	1,645,848	517,018

5. REVENUE AND SEGMENT INFORMATION

The Group is principally engaged in the property development, construction, fitting and decoration, property management and hotel operation. Other businesses of the Group mainly represent operation of schools as ancillary facilities to the property development business, which were disposed in 2006. As less than 10% of the Group's consolidated turnover and results are attributable to the market outside of the People's Republic of China (the "PRC") and less than 10% of the Group's consolidated assets are located outside of the PRC, no geographical segment data is presented.

Revenue consists of the following:

	For the year ended 31 December	
	2007	2006
Sales of properties	**16,666,941**	6,961,365
Rendering of construction services	**597,516**	514,240
Rendering of hotel services	**215,305**	193,956
Rendering of property management services	**221,662**	170,368
Rendering of school services	**—**	59,100
Rendering of decoration services	**33,587**	41,908
	17,735,011	7,940,937

The segment results for the year ended 31 December 2007 are as follows:

	Property development	Construction, fitting and decoration	Property management	Hotel operation	Others	Elimination	Group
Gross segment revenue	16,666,941	6,428,778	239,631	222,286	—	—	23,557,636
Inter-segment revenue	—	(5,797,675)	(17,969)	(6,981)	—	—	(5,822,625)
Revenue	16,666,941	631,103	221,662	215,305	—	—	17,735,011
Segment results	5,860,537	1,283,844	17,876	(44,091)	—	(153,474)	6,964,692
Finance costs — net							(153,810)
Profit before income tax							6,810,882
Income tax expense							(2,607,141)
Profit for the year							4,203,741

The segment results for the year ended 31 December 2006 are as follows:

	Property development	Construction, fitting and decoration	Property management	Hotel operation	Others	Elimination	Group
Gross segment revenue	6,961,365	3,445,118	187,767	201,012	59,100	—	10,854,362
Inter-segment revenue	—	(2,888,970)	(17,399)	(7,056)	—	—	(2,913,425)
Revenue	6,961,365	556,148	170,368	193,956	59,100	—	7,940,937
Segment results	1,931,355	550,773	26,878	14,262	8,107	(122,585)	2,408,790
Gains on disposals of subsidiaries and businesses							26,497
Finance costs — net							(244,584)
Profit before income tax							2,190,703
Income tax expense							(518,224)
Profit for the year							1,672,479

Inter-segment transfers or transactions are entered into under the terms and conditions agreed by both parties.

Other segment items including in the consolidated income statement and capital expenditure are as follows:

	Year ended 31 December 2007						
	Property development	Construction, fitting and decoration	Property management	Hotel operation	Others	Elimination	Group
Depreciation	36,047	27,053	8,404	63,817	—	(8,047)	127,274
Land use right amortisation	78,253	477	—	6,111	—	—	84,841
Capital expenditure	309,278	44,056	11,078	531,867	—	(85,271)	811,008

	Year ended 31 December 2006						
	Property development	Construction, fitting and decoration	Property management	Hotel operation	Others	Elimination	Group
Depreciation	27,126	33,824	7,054	69,296	5,642	(5,778)	137,164
Land use right amortisation	37,519	1,440	—	688	—	—	39,647
Impairment of property, plant and equipment	—	—	—	3,267	154	—	3,421
Capital expenditure	286,686	6,819	5,352	78,451	535	(45,229)	332,614

The segment assets and liabilities at 31 December 2007 are as follows:

	Property development	Construction, fitting and decoration	Property management	Hotel operation	Elimination	Group
Segment assets	36,021,313	3,047,340	164,414	1,876,542	(3,031,706)	38,077,903
Unallocated						556,112
Total assets						38,634,015
Segment liabilities	10,506,305	499,876	108,423	1,210,007	(2,536,154)	9,788,457
Unallocated						9,446,438
Total liabilities						19,234,895

The segment assets and liabilities at 31 December 2006 are as follows:

	Property development	Construction, fitting and decoration	Property management	Hotel operation	Elimination	Group
Segment assets	20,227,493	4,367,792	119,137	986,482	(10,945,103)	14,755,801
Unallocated						555,566
Total assets						15,311,367
Segment liabilities	14,928,764	2,559,287	83,899	966,359	(9,941,288)	8,597,021
Unallocated						5,238,984
Total liabilities						13,836,005

Segment assets consist primarily of property, plant and equipment, land use rights, properties under development, completed properties held for sale, inventories, receivables and operating cash. They exclude deferred income tax assets.

Segment liabilities consist primarily of operating liabilities. They exclude deferred income tax liabilities, income tax payable and borrowings.

Capital expenditure comprises additions to property, plant and equipment, including additions resulting from acquisitions through business combinations and intangible assets.

6. OTHER GAINS — NET

	For the year ended 31 December	
	2007	2006
Forfeiture income	**20,738**	5,476
Gains on disposals of property, plant and equipment	**208**	1,265
Gains on disposals of subsidiaries and businesses	**—**	26,497
Negative goodwill recognised as income	**—**	10,360
Others	**13,694**	(4,782)
	34,640	38,816

7. OPERATING PROFIT

Operating profit is stated after charging the following

	For the year ended 31 December	
	2007	2006
Auditor's remuneration	**7,820**	1,204
Amortisation of intangible assets	**741**	—
Business taxes and other levies	**1,082,501**	506,745
Costs of completed properties sold	**6,522,724**	2,658,670
Depreciation	**127,274**	137,164
Impairment charges of property, plant and equipment	**—**	3,421
Land use rights amortisation	**84,841**	39,647

8. FINANCE COSTS — NET

	For the year ended 31 December	
	2007	2006
Interest expense	**283,598**	264,776
— bank borrowings wholly repayable within five years	**283,598**	237,895
— borrowing from related parties	**—**	26,881
Net foreign exchange loss on financing activities	**295,630**	—
Total finance costs	**579,228**	264,776
Less: Bank interest income from bank deposits *(note)*	**(425,418)**	(20,192)
	153,810	244,584

Note:

Interest income from bank deposits includes interest from subscription monies received during the Global Offering.

9. INCOME TAX EXPENSE

	For the year ended 31 December	
	2007	2006
Current income tax		
— PRC enterprise income tax	**1,472,675**	499,057
— Hong Kong profits tax	**—**	379
— Land appreciation tax *(note)*	**1,155,382**	373,904
Deferred income tax		
— PRC enterprise income tax	**(20,916)**	(355,116)
	2,607,141	518,224

PRC enterprise income tax is provided at the rate of 33% 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.

No Hong Kong profits tax was provided for the year ended 31 December 2007 as the Group did not have any assessable profit (2006: RMB379,000).

Pursuant to the PRC enterprise income tax law passed by the Tenth National People's Congress on 16 March 2007, the new enterprise income tax rates for domestic and foreign enterprises are unified at 25%, which will be effective from 1 January 2008. As a result, the enterprise income tax rate of all the subsidiaries of the Company incorporated in the PRC, except for the Giant Leap Construction Co., will change from 33% to 25% with effective from 1 January 2008.

Regarding Giant Leap Construction Co., as approved by the local tax authority in August 2006, its enterprise income tax rate was changed from 33% to 24% and started to enjoy a tax holiday of "two years exemption and followed by three years of a 50% tax reduction" from the year of 2006. The preferential tax rate adopted by Giant Leap Construction Co., will also be gradually transited to the unified tax rate of 25% over a five-year transitional period. In light of the clarification for the transition to the new tax rate issued by the State Administration of Taxation issued on 6 December 2007, the Group estimated that the preferential tax rate adopted by Giant Leap Construction Co. will be expired at the shorter of the existing preferential tax period and the five-year transitional period. The change in the carrying amount of the deferred tax assets and liabilities, as a result of the change in tax rate, has been reflected in the financial information of the Group for the year ended 31 December 2007.

Note:

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.

10. EARNINGS PER SHARE

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

	For the year ended 31 December	
	2007	2006
Profit attributable to equity holders of the Company (RMB thousands)	**4,135,908**	1,519,473
Weighted average number of ordinary shares in issue (thousands)	**15,528,877**	13,600,000
Earnings per share (RMB cents per share)	**26.63**	11.17

The calculation of basic earnings per share is based on the Group's profit attributable to shareholder of RMB4,135,908,000 (2006: RMB1,519,473,000) and the weighted average of 15,528,876,712 shares in issue during the year (2006: share deemed to be issued on 1 January 2006, after taking into consideration of the capitalisation issue of 999,999,900 and the 12,600,000,000 shares issued arising from the Reorganisation and deemed to have been in issue throughout the accounting years presented).

There is no dilutive potential shares as at 31 December 2007 (2006: Nil).

11. DIVIDENDS

	For the year ended 31 December	
	2007	2006
Proposed dividend per share RMB9.52 cents (2006: Nil)	**1,557,472**	—
Dividends paid to then equity holders *(note)*	**512,554**	2,513,704
	2,070,026	2,513,704

Note:

The dividends were declared by the companies comprising the Group to their then equity holders prior to the Reorganisation. The rates of dividend and the number of shares ranking for dividends are not presented as such information is not meaningful having regard to the purpose of this financial information.

12. COMMITMENTS FOR CAPITAL AND PROPERTY DEVELOPMENT EXPENDITURES

	As at 31 December	
	2007	2006
Contracted but not provided for		
Property, plant and equipment	**1,627**	32,265
Property development expenditure	**2,807,222**	678,423
	2,808,849	710,688

13. **Presentation of land appreciation tax and reclassification of comparative figures**

Within the comparative figures stated in the consolidated financial statements, land appreciation tax expenses of RMB373,904,000 previously included in cost of sales for the year ended 31 December 2006 was reclassified as income tax expenses in the consolidated income statement, and provision for land appreciation tax of RMB733,824,000 previously included in other payable as at 31 December 2006 was reclassified as income tax payable in the consolidated balance sheet. Land appreciation tax expenses of RMB1,155,382,000 for the year ended 31 December 2007, and provision for land appreciation tax of RMB1,595,738,000 as at 31 December 2007 were classified as income tax expenses and income tax payable respectively.

The above reclassification are made so as to conform to current year presentation, as the Company's directors are of the view that it would be more appropriate to reflect the land appreciation tax as income tax expense in the current year and the outstanding provision as income tax payable, after a reassessment of the nature of the land appreciation tax and a study of the market practices.

FINANCIAL REVIEW

Revenue

Revenue of the Group comprises primarily the proceeds from the sale of properties or provision of services after the elimination of transaction accounts between the companies now comprising the Group. The revenue is primarily generated from its four business segments: property development, construction and decoration, property management and hotel operation. The revenue increased by approximately 123.3% to approximately RMB17,735.0 million in 2007 from approximately RMB7,940.9 million in 2006, primarily attributable to the increase in sales of properties. In 2007, the revenue of the Group generated from property development, construction and decoration, property management and hotel operation is approximately RMB16,666.9 million, approximately RMB631.1 million, approximately RMB221.7 million and approximately RMB215.3 million respectively.

Property development

Revenue generated from property development increased by approximately 139.4% to approximately RMB16,666.9 million in 2007 from approximately RMB6,961.4 million in 2006, primarily attributable to an approximately 98.1% increase in total GFA of residential properties in respect of which sales revenue has been recognized to 2,611,315 sq.m. in 2007 as compared with 1,318,397 sq.m. in 2006. The average selling price increased approximately 20.4% to approximately RMB6,359 in 2007 from approximately RMB5,280 in 2006.

Construction and decoration

Revenue generated from the construction and decoration increased by approximately 13.5% to approximately RMB631.1 million in 2007 from approximately RMB556.1 million in 2006, primarily attributable to an increase in the volume of construction and decoration services rendered to Qingyuan Country Garden (a related company).

Property management

Revenue generated from the property management increased by approximately 30.1% to approximately RMB221.7 million in 2007 from approximately RMB170.4 million in 2006, primarily attributable to an increase in the cumulative GFA under management, primarily resulting from the construction completion and delivery of properties in this year such as Nanhai Country Garden, Shunde Country Garden and Country Garden Phoenix City.

Hotel operation

Revenue generated from the hotel operation increased by approximately 11.0% to approximately RMB215.3 million in 2007 from approximately RMB194.0 million in 2006, primarily attributable to the steady increase in revenues of Heshan Country Garden Phoenix City Hotel and Jiangmen Wuyi Country Garden Phoenix City Hotel, the formal award of Qingyuan Country Garden Holiday Islands Hotel as five-star rating standard on 14 May 2007 and the formal opening of Yangjiang Country Garden Phoenix Hotel, Taishan Country Garden Phoenix Hotel and Changsha Venice Palace Hotel (which were constructed in accordance with fivestar rating standard) in May 2007, November 2007 and November 2007 respectively.

Gross profit

Gross profit of the Group increased by approximately 170.8% to approximately RMB8,174.1 million in 2007 from approximately RMB3,018.4 million ended 2006, primarily attributable to the significant increase of the total GFA of the properties sold. The gross profit margin (after land appreciation tax) increased to approximately 39.6% from approximately 33.3%, primarily attributable to the increase of the average sales price of the properties sold is greater than the increase of the cost of the properties sold.

Other gains-net

Other gains-net of the Group decreased by approximately 10.8% to approximately RMB34.6 million in 2007 from approximately RMB38.8 million in 2006. Other gains-net mainly arises from penalty revenue.

Selling and marketing costs

Selling and marketing costs of the Group increased by approximately 44.9% to approximately RMB310.8 million in 2007 from approximately RMB214.5 million in 2006, primarily attributable to the advertising expenses increasing by approximately 85.1% to RMB154.9 million in 2007 from approximately RMB83.7 million in 2006 resulting from strengthening brand spread of the Group upon the listing of the Group in April 2007 in Hong Kong. In addition, pre-sale of new properties such as Zengcheng Country Garden, Huanan Country Garden, Shaoguan Country Garden and Heshan Country Garden in 2007 also enhanced the selling and marketing costs for the period.

Administrative expenses

Administrative expenses of the Group increased by approximately 129.1% to approximately RMB933.2 million in 2007 from approximately RMB407.4 million in 2006, primarily attributable to the recruitment of a large number of talents in 2007 which was to satisfy the requirement of the Group's listing and rapid development of the Group. Consequently the salary expense increased substantially by approximately 72.1% to approximately RMB264.8 million in 2007 from approximately RMB153.9 million in 2006. Whilst, various administrative expenses also increased, primarily attributable to the increase of the number of projects of the Group from 23 in 2006 to 45 in 2007.

Finance costs — net

Financing costs-net of the Group decreased by approximately 37.1% to approximately RMB153.8 million in 2007 from approximately RMB244.6 million in 2006, primarily attributable to (i) interest expenses increasing approximately 7.1% to approximately RMB283.6 million in 2007 from approximately RMB264.8 million in 2006 due to increase of interest rates of bank loans during the period from 1 January 2007 to 31 December 2007, and the increase of exchange losses (approximately RMB295.6 million in 2007) resulting from the continuously rising of the exchange rate of RMB against HK dollar, and (ii) the significant interest income of approximately RMB270.0 million from the application monies of subscribing IPO shares of the Group resulted in interest income increasing to approximately RMB425.4 million in 2007 from approximately RMB20.2 million in 2006.

Profit attributable to the equity owners

Profits attributable to the equity owners of the Company increased by approximately 172.2% to approximately RMB4,135.9 million in 2007 from approximately RMB1,519.5 million in 2006. The net profit margin increased to approximately 23.3% in 2007 from approximately 19.1% in 2006, primarily attributable to the accumulated effects of the foregoing factors.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

Cash Position

Since the Group initially offered its shares in April 2007 and the aggregate raising fund amounted to approximately RMB14,671.2 million (including the portion of exercising the over-subscription), so that the Group's cash (including restricted cash) amounted to approximately RMB9,496.9 million as at 31 December 2007 (2006: approximately RMB1,984.4 million), representing a significant increase as compared to that as at 31 December 2006. As at 31 December 2007, 63.0% and 37.0% of the Group's cash and bank deposits were dominated in RMB and other currencies (mainly Hong Kong dollars) respectively. As at 31 December 2007, the Group's restricted cash amounted to approximately RMB1,013.5 million (2006: approximately RMB454.7 million).

Pursuant to relevant regulations, certain of the project companies are required to deposit a portion of proceeds from pre-sales of properties into specific bank accounts as at 31 December 2007. Before the completion of the pre-sold properties, the proceeds deposited in the escrow accounts may only be used for the restricted purposes of purchasing construction materials, equipment, making interim construction payments and paying taxes, with the prior approval of the relevant local authorities.

Borrowings and Charges on Group Assets

All the bank borrowings are secured by land use rights and properties of the Group or are guaranteed by Group companies.

Gearing Ratio

Gearing ratio is measured by the net borrowings (total borrowings net of cash and restricted cash) over the capital and reserves attributable to the equity owners. As at 31 December 2007, the gearing ratio was -13.1% (2006: 160.1%). As the ongoing new project development and the land replenishment will utilize the listing proceeds and additional borrowings will be raised, the gearing ratio is expected to be gradually increased to a reasonable level.

Interest Rate Risk

The weighted average interest rate of the Group increased from 6.222% in 2006 to 6.782% in 2007. Interest expenses occupy most of the financial expenses of the Group. The Group has implemented certain interest rate management policies which mainly include, among the others, close monitoring of interest rate movements and replacing and entering into new banking facilities when good pricing opportunities arise.

Risk of Exchange Rate Fluctuation

The Group mainly operates in the PRC (“PRC”), so most of its revenue and expenses are measured in Renminbi. In 2007, the exchange rates of Renminbi to Hong Kong dollars kept on increasing. Though the Group had progressively remitted the Hong Kong dollars IPO proceeds to China and made settlement shortly after remittance, there was still an exchange losses of RMB295.6 million. It was mainly due to the unexpected longer period for exchange process resulting from tightening foreign exchange policies in China. The Group is actively engaging in the process of converting Hong Kong dollars into Renminbi. 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

The State Administration of Taxation issued an announcement of GuoShuiHan 2004 No. 938 on 2 August 2004 in respect of imposing land appreciation tax on property developers. Subsequently, the State Administration of Taxation issued GuoShuiFa 2006 No. 187 on 28 December 2006, announcing its intention to strengthen the mechanism for collection of LAT on property developers and authorizing the local tax bureau to issue a detailed implementation rules and procedures appropriate to local environments, which became effective from 1 February 2007. In the past the Group has paid and confirmed prepaying land appreciation tax based on multiplying certain of tax rate (varying from 0.5% to 3%) assessed by local tax bureau by the sales amount. The Group is advised that the implementation details of the relevant announcement have not been announced after seeking advices from advisers of taxation authority and tax bureau of certain cities in which the Group is located. As a result, the Group has not confirmed the time to pay land appreciation tax in the future. The provision of approximately RMB1,155.4 million was made by the Group in 2007 in respect of land appreciation tax (2006: approximately RMB373.9 million). As at 31 December 2007, accumulated land appreciation tax provided by the Group while not yet paid amounted to RMB1,595.7 million.

Contingent Liabilities

As at 31 December 2007, the Group had the following contingent liabilities relating to guarantees in respect of mortgage facilities purchasers amounting to approximately RMB9,637.3 million (2006: approximately RMB5,822.7 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 2007, approximately RMB537.2 million (2006: approximately RMB764.4 million) was to be discharged two years from the day the mortgaged loans become due; and approximately RMB9,100.1 million (2006: approximately RMB5,058.3 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.

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.

Contractual Commitment

As at 31 December 2007, the contractual obligations in connection with the property development activities amounted to approximately RMB2,808.8 million (2006: approximately RMB710.7 million). This amount is primarily arising from contracted construction fees or other capital commitments for future property developments. The Company expects to fund such contractual obligations principally from presale proceeds of the properties and partly from bank borrowings.

Material Acquisition and Disposal of Subsidiaries

In May 2007, the Group acquired effectively 100% equity interest of a company engaged in property development in Shenyang, Liaoning Province for a total cash consideration of RMB550,000,000.

The Group does not have disposal of subsidiaries during the year.

Employees and Remuneration Policy

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 raise, 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, and 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 of the date of the annual report, no significant labor disputes which adversely affect or likely to have an adverse effect on the operations of the business occurred.

Employee Incentive Scheme

Subsequent to the balance sheet date, the Company proposed to set up and an employee incentive scheme for the benefit of the senior management and employees of the Company 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.

Business Venture and Prospect

As at 31 December 2007, the Group had 45 projects with an aggregate completed GFA of 8,760,936 sq.m., on which it had built 47,998 units to house an estimated approximately 191,000 people, an aggregate GFA under development of 9,884,000 sq.m., and an aggregate GFA of 28,560,443 sq.m. relating to properties held for future development.

The Company is currently expanding further into other parts of the country. Outside of Guangdong Province, we have already established presence in Liaoning province, Jiangsu Province, Anhui Province, Hunan Province, Hubei Province, Inner Mongolia Autonomous Region and Chongqing Manucipility. Looking ahead, we are confident in our ability in leveraging on our strong capital base, wide brand recognition and unique business model, further expand our business both within and outside of Guangdong Province.

Scope of work of PricewaterhouseCoopers

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2007 have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently, no assurance has been expressed by PricewaterhouseCoopers on the preliminary announcement.

AUDIT COMMITTEE

The Audit Committee was established on 5 December 2006 and assists the Board in providing an independent review of the effectiveness of the financial reporting process, internal control and risk management systems of the Group, overseeing the audit process and performing other duties and responsibilities as may be assigned by the Board from time to time. The members of the Audit Committee are all of the independent non-executive directors, namely Mr. Lai Ming, Joseph, Mr. Shek Lai Him, Abraham and Mr. Tong Wui Tong, Ronald. Mr. Lai Ming, Joseph is the chairman of the Audit Committee.

The annual results have been reviewed by the audit committee of the Company.

REMENURATION COMMMITTEE

The Remuneration Committee was formed on 5 December 2006 with terms of reference in compliance with the Code as set out in the Appendix 14 to the Listing Rules and is being chaired by Mr. Yeung Kwok Keung. The Remuneration Committee consists of five members, of whom two are executive directors being Mr. Yeung Kwok Keung and Mr. Cui Jianbo, 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.

CORPORATE GOVERNANCE

The Company has complied with the code provisions of the Code on Corporate Governance Practice (the "Code") as set out in the Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules") during the period from 20 April 2007, the date on which trading of the shares of the Company commenced on the Stock Exchange, up to 31 December 2007, except for the deviations from the code provisions ("Code Provisions") A.1.7, A.2.1 and D.1.2 only. The following summarizes the requirements under the relevant Code Provisions, the Company's reasons for such deviations and the steps the Company has taken in order to be able to comply with the relevant Code Provisions.

(1) Code Provision A.1.7 — There should be a procedure agreed by the board to enable directors, upon reasonable request, to seek independent professional advice in appropriate circumstances, at the issuer's expense. The board should resolve to provide separate independent professional advice to directors to assist the relevant director or directors to discharge his/their duties to the issuer.

(2) Code Provision A.2.1 — The roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive officer should be clearly established and set out in writing.

(3) Code Provision D.1.2 — An issuer should formalise the functions reserved to the board and those delegated to management. It should review those arrangements on a periodic basis to ensure that they remain appropriate to the needs of the issuer.

The Company has adopted the Code on 20 March 2007. Mr. Yeung Kwok Keung and Mr. Cui Jianbo have been holding the positions of the Chairman of the Board and the President, who are two clearly separate positions, and the functions of the President are similar to those normally taken by the chief executive officer of other listed companies, respectively since 4 December 2006. The Company has not complied with the relevant Code Provisions during the period from 20 April 2007, the date on which trading of the shares of the Company commenced on the Stock Exchange, up to 2 August 2007 as the Company requires more time to consider and prepare proper procedures and guidelines which comply with the relevant Code Provisions and are applicable to the Company. On 3 August 2007, the directors of the Company passed a written resolution to approve and adopt a memorandum setting out in writing the procedure to enable directors to seek independent professional advice in appropriate circumstances at the Company's expenses, the division of responsibilities between the Chairman and the President and the functions of the Board and management. Therefore, the Company has since 3 August 2007 rectified all deviations from and complied fully with the Code.

COMPLIANCE WITH THE MODEL CODE OF THE LISTING RULES

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers of the Listing Rules as the code for dealing in securities of the Company by the directors (the "Model Code"). Specific confirmation has been obtained from all directors to confirm compliance with the required standard set out in the Model Code during the period from 20 April

2007, the date on which trading of the shares of the Company commenced on the Stock Exchange, up to 31 December 2007. No incident of material non-compliance was noted by the Company to date in 2007. 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 during the period from 20 April 2007, the date on which trading of the shares of the Company commenced on the Stock Exchange, up to 31 December 2007.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year ended 31 December 2007, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

FINAL DIVIDEND

The Board has proposed a final dividend for 2007 at RMB9.52 cents per share. The proposed dividend, if approved by the shareholders at the annual general meeting (the "AGM") on 17 April 2008, will be paid to shareholders, whose names appear on the register of members on 17 April 2008. The proposed final dividend has not been reflected in the financial statements as at 31 December 2007.

By Order of the Board
Cui Jian Bo
Executive Director

Hong Kong, 18 March 2008

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