



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

2007

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 fully integrated business that comprises construction, fitting, project development, property management, as well as hotel development and management. Country Garden offers a broad range of products to cater for the diversified market demand. 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 to property developments. The Group’s brand has been named by the People’s Republic of China (the “PRC”) State Administration for Industry and Commerce in 2006 as one of only two “China’s Well-known Trademarks” in the property sector.

Country Garden was listed on the Main Board of the Hong Kong Stock Exchange on 20 April 2007. As at 31 December 2007, the Group’s aggregate market capitalization reached approximately HK\$147.6 billion. The listing not only provides the Group with additional funding to sustain a healthy growth in future, but also assists 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 Index on the 1 September 2007. It was also included in the Hang Seng Composite Index and Hang Seng Mainland Composite Index on the 10 September 2007. The inclusion symbolizes the capital market’s recognition of Country Garden as a major component of the Hong Kong stock market. It also strengthened the Group’s benchmarking position in the international capital market.

Since its inception in 1997, Country Garden has been benefiting from the flourishing economy of the PRC, particularly in Guangdong Province. As of 31 December 2007, Country Garden set its presence in a number of strategically selected locations beyond Guangdong Province, including Liaoning Province, Inner Mongolia Autonomous Region, Hunan Province, Hubei Province, Anhui Province, Jiangsu Province and Chongqing Municipality. Such strategic acquisitions further consolidate the Group’s leading position in Guangdong Province, while strengthening its developments in other provinces across the nation.

As of 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 191,000 people, an aggregate GFA under construction of 9,884,000 sq.m., and an aggregate GFA of 28,560,443 sq.m. relating to properties held for future development.

Looking ahead, Country Garden will continue to focus on developing high quality property projects in the suburban areas of first tier cities and second, third and fourth tier cities. Leveraging on its unique competitive strengths, 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, rapid project development schedule with fast asset turnover and excellent execution ability, aiming to become a leading large-scale residential property developer with a national presence and well recognized brand name.



Chairman's Statement

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 the year ended 31 December 2007.

During the year under review, the Group's project developments were well in progress within and beyond Guangdong Province and the property sales recorded satisfactory performance. For the fiscal year ended 31 December 2007, the Group's revenue and gross profit reached RMB17,735 million and RMB8,174.1 million, representing an annual growth of 123.3% and 170.8% respectively. Profit attributable to equity holders significantly increased by 172.2% to RMB4,135.9 million comparing with last year. The Board of Directors recommended the payment of a final dividend of RMB9.52 cents per share for the year ended 31 December 2007.

The Group was successfully listed on the Main Board of the Stock Exchange of Hong Kong on 20 April 2007 and raised about HKD14.85 billion. The successful listing has opened the door of international capital markets to the Group, providing it with innovative financing tools such as the recent issuance of convertible bonds with equity swap agreement in February 2008. The bond issuance offered the Group with capital for its business development and further broadened its global investor base. Given the market condition warrants, the Group will, in future, proactively consider other capital market financing tools, so as to further strengthen the Group's capital structure.

In line with the national policy, the Group effectively utilized the listing proceeds to actively expand its business within and beyond the Guangdong Province. As of 31 December 2007, there were 45 projects under different stages of development. The attributable gross floor area (GFA) with land use right certificates was approximately 38 million sq.m. Among which, the attributable GFA under development was around 9.88 million sq.m.

The Group continues to capitalize on its competitive advantages of rapid property development and fast property sales. By the end of December 2007, the additional 18 new projects established since listing are all well underway in developments. These new projects, together with previous existing projects, are all expected to contribute towards the Group's sales revenue in 2008.

Based in Guangdong Province, Country Garden has been, in recent years, proactively exploring opportunities to further

its footholds and replicate its successful business model in other regions outside of Guangdong Province. Country Garden has already established its presence outside of Guangdong Province such as in Hunan Province, Hubei Province, Jiangsu Province, Anhui Province, Liaoning Province, Inner Mongolia Autonomous Region and Chongqing municipality. By 31 December 2007, Hunan Changsha Country Garden had achieved contracted sales of approximately RMB2.35 billion since its first launch in October 2006; Jiangsu Taizhou Country Garden had also recorded contracted sales of approximately RMB290 million during its initial two months presale period starting from January 2008. The successful sale performance for projects outside of Guangdong Province has well demonstrated the Group's strong ability in project execution, as well as the Group's ability to replicate its successful business model beyond Guangdong Province.

The Group continues to expand its hotel business to broaden its recurring income stream from non-residential developments which diversifies the Group's property income portfolio. As of 31 December 2007, the Group has developed and currently operates two five-star hotels and one four-star hotel, as well as five hotels that have been developed to the five-star rating standard. In addition, the Group has another four five-star standard hotels under construction.

Country Garden was added to the Morgan Stanley Capital International ("MSCI") Global Standard Indices on 1 September 2007 and to the Hang Seng Composite Index 200 and Hang Seng Mainland Composite Index on 10 September 2007. The inclusion symbolizes the capital market's recognition of Country Garden as a major component of the Hong Kong stock market. It also strengthened the Group's benchmarking position in the international capital market. In future, the Group will continue to improve its transparency and strengthen its corporate governance in an effort to enhancing shareholder value.

Being one of the leading integrated property developers in China, Country Garden faces relatively low market risks. This is mainly due to the Group's main focus of developing residential property projects in 2nd, 3rd and 4th-tier cities, where the economy and the property markets are experiencing the early stage of growth in prosperity. Unlike property prices in large cities that experience downward adjustments, the impact on the relatively low property priced 2nd, 3rd and 4th-tier cities is low. In addition, the Group is fully dedicated to providing quality residential properties with an attractive value to price ratio with enhancing living environment for local residents. Especially through following the banner of development a harmonious society advocated by the central government, the Group will continue to offer large supply of quality properties which are

Chairman's Statement (continued)

value for money. These properties are mainly located in 3rd and 4th-tier cities. Such development model not only realizes rapid property sales for the Group, but also at the same time helps to contribute to the price stabilization in the local property market. The Group believes that the austerity measures implemented by the government are beneficial to the long term development of the property market, especially positive to those companies with a solid foundation.

Looking ahead, Country Garden will continue its development in line with the national development strategies and the

environment. Through strategic selection of project locations, coupled with fast track development, exceptional execution capability, the Group will further increase its asset turnover, and replicate its successful business model into other new high growth regions across China.

APPRECIATION

The achievement that Country Garden has made today is attributable to the concerted efforts of the management and the entire staff. On behalf of the Board, I would like to take this opportunity to express our sincere appreciation to the management and every staff of the Company for their excellent effort over the past years. We would also like to extend our appreciation to the local governments for their continuous support in making possible the smooth progress of our various projects. We would also like to express our appreciation to our residents, shareholders and business partners for their strong support and confidence in the Group. The entire management and staff of Country Garden will continue to dedicate their professional knowledge with excellent team spirit, working towards generating prosperous returns to our shareholders.

Yeung Kwok Keung

Chairman

Hong Kong, the PRC, 18 March 2008



Business Overview

PROPERTY DEVELOPMENT

As of 31 December 2007, the Group had forty-five projects at various stages of development. Twenty-six of the projects are located in Guangdong Province including eight in Guangzhou city, five in Foshan city, five in Jiangmen city, one in Yangjiang city, three in Shaoguan city, two in Zhaoqing city, one in Huizhou city, and one in Shanwei city. Another nineteen projects are located in other provinces and regions including two in Changsha City in Hunan Province, one in each of Hulunbeier City, Xing'anmeng and Tongliao City in Inner Mongolia, one in Taizhou City in Jiangsu Province, four in Shenyang City and one in Anshan City in Liaoning Province, one in Wuhan City and two in Xianning City in Hubei Province, one in each of Chaohu City, Chizhou City, Huangshan City and Wuhu City in Anhui Province and one in Chongqing Municipality.

As of 31 December 2007, the Group's forty-five projects had an aggregate completed GFA of 8,760,936 sq.m., on which it had built 47,998 units to house an estimated 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.

PROPERTY MANAGEMENT

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

As of 31 December 2007, the Group had approximately 15,785 staff members working for its thirty-two property management branches. The Group aims to continue to provide to purchasers of our properties comprehensive post-sales 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.

HOTELS DEVELOPMENT AND OPERATION

The hotels that the Group has developed and currently operates include two five-star hotels and one four-star hotel, as well as five hotels that we have developed in accordance with the five-star standard of the "Star-Rating Standard for Tourist Hotels". In addition, the Group has four hotels that are under construction in accordance with the five-star standard of the "Star-Rating Standard for Tourist Hotels".



Business Overview (continued)

The development status of the Group's hotel properties is as follows:

Name of Hotel	Location	Date opened/to be opened	Star-rating ⁽¹⁾	Number of Rooms
Shunde Country Garden Holiday Resort (順德碧桂園度假村)	Shunde Country Garden, Foshan, Guangdong Province	February 2000	Four-star (in operation)	152 rooms
Guangzhou Country Garden Phoenix City Hotel (廣州碧桂園鳳凰城酒店)	Country Garden Phoenix City, Guangzhou, Guangdong Province	November 2003	Five-star (in operation)	573 rooms
Qingyuan Country Garden Holiday Islands Hotel (清遠市碧桂園假日半島酒店)	Qingyuan Holiday Islands Country Garden, Qingyuan, Guangdong Province	December 2004	Five-star (in operation)	201 rooms
Heshan Country Garden Phoenix Hotel (鶴山碧桂園鳳凰酒店)	Heshan Country Garden, Jiangmen, Guangdong Province	July 2005	According to five-star rating standard (in operation) ⁽²⁾	111 rooms
Wuyi Country Garden Phoenix Hotel (五邑碧桂園鳳凰酒店)	Wuyi Country Garden, Jiangmen, Guangdong Province	December 2005	According to five-star rating standard (in operation)	95 rooms
Yangjiang Country Garden Phoenix Hotel (陽江碧桂園鳳凰酒店)	Yangjiang Country Garden, Yangjiang, Guangdong Province	May 2007	According to five-star rating standard (in operation)	342 rooms
Changsha Venice Palace Hotel (長沙威尼斯酒店)	Venice Palace, Changsha, Hunan Province	October 2007	According to five-star rating standard (in trial operation)	343 rooms
Taishan Country Garden Phoenix Hotel (台山碧桂園鳳凰酒店)	Taishan Country Garden, Jiangmen, Guangdong Province	December 2007	According to five-star rating standard (in trial operation)	337 rooms
Xinhui Country Garden Phoenix Hotel (新會碧桂園鳳凰酒店)	Xinhui Country Garden, Jiangmen, Guangdong Province	October 2008	According to five-star rating standard (under construction)	374 rooms
Gaoming Country Garden Phoenix Hotel (高明碧桂園鳳凰酒店)	Gaoming Country Garden, Foshan, Guangdong Province	February 2009	According to five-star rating standard (under construction)	357 rooms
Gaoyao Country Garden Phoenix Hotel (高要碧桂園鳳凰酒店)	Gaoyao Country Garden, Zhaoqing, Guangdong Province	May 2009	According to five-star rating standard (under construction)	286 rooms
Xing'anmeng Country Garden Phoenix Hotel (興安盟碧桂園鳳凰酒店)	Xing'anmeng Country Garden, Xing'anmeng, Inner Mongolia	January 2010	According to five-star rating standard (under construction)	340 rooms

Notes:

- Hotels are only allowed to apply for star rating after one year of operation.
- The phase two of the 169-guest room Heshan Country Garden Phoenix Hotel project is under construction. It is expected to commence operation in May 2008. The hotel project has started to apply for its five-star rating standard since August 2006. It has already obtained recognition from the Jiangmen City Hotel Starrating Assessment Committee. The project is now pending on further assessment by the Star-rating Committee under the Guangdong Tourism Star-rating Assessment Committee. Its application will be subject to the final review by the Star-rating Committee under the National Tourism Administration.

BUSINESS OUTLOOK

The Board has strong confidence for the future prospects of the Group and believes that by leveraging on its unique competitive strengths of rapid property development and fast property sales, together with its excellent team spirit and project execution ability, as well as continuing its development in line with the national development strategies, the Group will be able to replicate its successful business model into new high growth regions so as to become a leading large-scale residential property developer with a national presence and well recognized brand name. Looking ahead, the development strategies can be represented in the following three perspectives:

1. Business Focus

The Group will continue to focus on developing quality property projects with comprehensive ancillary facilities in the suburban areas of first-tier cities and second, third and fourth-tier cities. As of 31 December 2007, there were 45 projects under different stages of development. The attributable gross floor area (G.F.A.) with land use right certificates was approximately 38 million sq. m., among which the attributable GFA underdevelopment was around 9.88 million sq. m. The Group has already established its presence outside of Guangdong Province such as Hunan Province, Hubei Province, Jiangsu Province, Anhui Province, Liaoning Province, Inner Mongolia Autonomous Region and Chongqing municipality. The successful sale performance for projects in Hunan Province and Jiangsu Province has well demonstrated the Group's strong ability in project execution, as well as the Group's ability to replicate its successful business model.

The Group believes that the current strategy in project location offers large and sustainable development opportunities and such strategy also lowers the market risks for Country Garden, which in all will generate sustainable and prosperous returns to shareholders. This is mainly due to the Group's main focus of developing residential projects in 2nd, 3rd and 4th tier cities, where the economy and the property markets are experiencing the early stage of growth in prosperity. Unlike property in large cities, competition in these cities is relatively low and opportunity for price increment is large. The community style property development model of Country Garden with diversified products and comprehensive ancillary facilities enhances the attractiveness of the local projects. The development not only enhances the living environment for local residents but also fastens the property sales and asset turnover for the Group. In

addition, the property prices in those cities are relatively low. The impact on prices from government austerity policies is limited; unlike property prices in large cities that experience downward adjustments. Through offering abundant supply of quality properties with an attractive value to price ratio, particularly in 3rd and 4th tier cities, such development strategy not only realizes rapid property sales for the Group, but also in line with the nation's call for constructing a harmonic society and helps to contribute to the price stabilization in the local property markets.

The Group will reinforce its product diversification and respond to market demand, encourage innovation in housing design to address a wider customer base. The Group will continue to develop its hotel business ancillary to the residential community to increase the appeal and status of the projects and the value-adding prospects of the properties. The hotel business broadens the Group's recurring income base from non-residential developments and diversifies the Group's property income portfolio.

2. Brand Strategy

The Group will continue to strengthen and enhance the brand awareness of "Country Garden" brand in China as well as in international markets. The Group's brand has been named by the People's Republic of China (the "PRC") State Administration for Industry and Commerce in 2006 as one of only two "China's Well-known Trademarks" in the property sector. The Group believes that the most direct way of increasing brand recognition is through continuously enhancing the quality of the property management services to residents in order to increase customer satisfaction, and bringing the concept of "Five Star Home" to projects both within and outside of Guangdong Province to allow more customers enjoy a healthy and convenient living environment provided by our developments.

Being a newly listed company, the Group will not only enhance its marketing and brand awareness within the P.R.C., but also strengthen its interaction with international investor communities and financial institutions. The Group will fully utilize the financing platform provided by international capital markets post listing, proactively maintain close and mutual communication with investors as well as provide in-time disclosure of the latest company developments to investors, so as to increase the awareness and recognition of the Group's brand among international investor and financial communities.

Business Overview (continued)

3. Management Structure

The Group has established an effective management structure over the past years. The operating results evidence the advantage of such centralized and standardized management structure. With management's deep industry understanding as well as the Group's exceptional project execution ability, such management structure enables the Company to smoothly develop and manage various projects simultaneously. To be in line with the rapid expansion of the business development post listing, the Company, together with professional institutions, have crafted a set of Enterprise Resources Planning ("ERP") System suitable for the Group's management structure with part of the system has already been implemented. Through continuous consultation with international management institutions, the Group will continuously improve the existing effective management structure according to the Group's unique corporate culture; especially will strengthen the area of management standardization to further improve the Group's ability in standardizing cross-province project development and management system in order to further speed up the project development process and asset turnover.

At the same time of fine tuning the management structure, the Group will also proactively recruit professional project managers and personnel in other operation areas both within and outside of Guangdong Province. The company provides comprehensive introduction training program to new employees, especially new graduates from universities, as well as provides continued training to existing employees. Company has newly established investor relations department, internal control and secretarial services department, and will continue to recruit both mainland and Hong Kong experienced professionals with international experiences in order to strength the corporate governance.

The Group is dedicated to the implementation of its future development strategies through leveraging on its successful and sustainable business model, increasingly well-know brand name and efficient management structure, to work towards generating greater value for shareholders!



PROPERTY DEVELOPMENT

Completed Property Developments

Project	City (District)	Aggregate GFA for entire project (sq.m)	Interest attributable to the Company (%)	Completed GFA (sq.m)	Total completed saleable GFA (sq.m)	Total saleable GFA sold (sq.m)	Completion date
Country Garden East Court (碧桂園東苑)	Guangzhou (Panyu)	269,222	100	240,550	238,860	227,415	29/Jun/02
Shawan Country Garden (沙灣碧桂園)	Guangzhou (Panyu)	279,354	100	54,247	53,997	53,997	13/Dec/02
Huanan Country Garden — Phases One to Five and Phase Seven (華南碧桂園 — 一至五期及七期)	Guangzhou (Panyu)	1,009,671	100	775,222	721,643	704,526	24/Dec/07
Huanan Country Garden — Phase Six (華南碧桂園 — 六期)	Guangzhou (Panyu)	423,477	50	408,401	407,622	381,456	20/Dec/07
Licheng Country Garden (荔城碧桂園)	Guangzhou (Zengcheng)	524,482	100	452,863	430,716	417,176	20/Jul/07
Country Garden Phoenix City (碧桂園鳳凰城)	Guangzhou (Zengcheng)	3,877,192	100	1,867,483	1,748,204	1,639,026	24/Dec/07
Nansha Country Garden (南沙碧桂園)	Guangzhou (Nansha)	509,062	100	107,512	105,460	102,009	30/Nov/07
Holiday Islands — Huadu (假日半島 — 花都)	Guangzhou (Huadu)	544,829	100	154,295	153,300	130,631	27/Oct/07
Shunde Country Garden — including Country Garden West Court (順德碧桂園 — 含順德碧桂園西苑)	Foshan (Shunde)	2,270,723	100	1,971,470	1,857,608	1,704,303	28/Dec/07
Jun'an Country Garden (均安碧桂園)	Foshan (Shunde)	267,766	90	121,448	111,619	111,377	24/Dec/07
Peninsula Country Garden (半島碧桂園)	Foshan (Shunde)	294,323	100	294,118	287,323	286,021	19/Oct/07
Gaoming Country Garden (高明碧桂園)	Foshan (Gaoming)	1,034,539	100	194,628	189,698	184,795	29/Sep/06
Nanhai Country Garden (南海碧桂園)	Foshan (Nanhai)	572,194	100	374,553	373,325	367,546	27/Dec/07
Heshan Country Garden (鶴山碧桂園)	Jiangmen (Heshan)	3,231,987	100	436,205	422,223	379,524	28/Dec/07
Wuyi Country Garden (五邑碧桂園)	Jiangmen (Pengjiang)	692,621	100	375,198	347,965	331,532	11/Dec/07
Xinhui Country Garden (新會碧桂園)	Jiangmen (Xinhui)	591,159	100	109,114	106,852	93,695	30/Dec/07
Taishan Country Garden (台山碧桂園)	Jiangmen (Taishan)	2,966,953	100	154,924	154,155	95,735	30/Dec/07
Yangdong Country Garden (陽東碧桂園)	Yangjiang (Yangdong)	392,319	100	243,744	228,696	151,517	19/Oct/07
Changsha Country Garden (長沙碧桂園)	Changsha (Changsha)	1,273,404	100	373,798	330,693	208,514	28/Dec/07
Zhaoqing Lanling Residence (肇慶藍翎公寓)	Zhaoqing (Gaixin)	186,030	100	14,430	2,532	—	18/Oct/07
Zhaoqing Country Garden (肇慶碧桂園)	Zhaoqing (Gaoyao)	517,932	51	36,733	36,733	28,863	11/Dec/07
Total:		21,729,239		8,760,936	8,309,224	7,599,658	



Business Overview (continued)

Properties Under Development

Project	City (District)	Aggregate GFA for entire project (sq.m)	Interest attributable to the Company (%)	GFA under development (sq.m)	Total saleable GFA under development (sq.m)	Actual/Estimated commencement date	Actual/Estimated pre-sale commencement date	Estimated completion date
Shawan Country Garden (沙灣碧桂園)	Guangzhou (Panyu)	279,354	100	222,433	220,078	25/Jul/07	— 1st Quarter 2008	4th Quarter 2008
Huanan Country Garden — Phases One to Five and Phase Seven (華南碧桂園 — 一至五期及七期)	Guangzhou (Panyu)	1,009,671	100	185,427	149,067	25/Feb/05	129,341 26/Apr/06	4th Quarter 2008
Huanan Country Garden — Phase Six (華南碧桂園 — 六期) *	Guangzhou (Panyu)	423,477	50	1,076	—	15/Oct/04	— —	1st Quarter 2008
Licheng Country Garden (荔城碧桂園)	Guangzhou (Zengcheng)	524,482	100	71,619	71,141	12/Oct/07	— 1st Quarter 2008	4th Quarter 2008
Country Garden Phoenix City (碧桂園鳳凰城)	Guangzhou (Zengcheng)	3,877,192	100	686,680	684,532	29/Apr/07	102,963 15/Aug/07	4th Quarter 2008
Nansha Country Garden (南沙碧桂園)	Guangzhou (Nansha)	509,062	100	401,550	382,817	29/Jan/07	25,005 28/Sep/07	4th Quarter 2008
Holiday Islands — Huadu (假日半島 — 花都)	Guangzhou (Huadu)	544,829	100	58,862	57,611	11/May/06	— 2nd Quarter 2008	3rd Quarter 2008
Shunde Country Garden — including Country Garden West Court (順德碧桂園 — 含順德碧桂園西苑)	Foshan (Shunde)	2,270,723	100	138,753	138,038	26/Sep/05	95,610 29/Nov/06	4th Quarter 2008
Jun'an Country Garden (均安碧桂園)	Foshan (Shunde)	267,766	90	102,228	101,683	09/Dec/05	47,415 29/Jan/07	4th Quarter 2008
Peninsula Country Garden (半島碧桂園) *	Foshan (Shunde)	294,323	100	205	—	25/Jan/07	— —	1st Quarter 2008
Gaoming Country Garden (高明碧桂園)	Foshan (Gaoming)	1,034,539	100	752,424	745,374	31/May/06	38,594 29/Sep/07	2nd Quarter 2009
Nanhai Country Garden (南海碧桂園)	Foshan (Nanhai)	572,194	100	180,748	168,627	27/Jun/05	9,263 4/Apr/06	4th Quarter 2008
Heshan Country Garden (鶴山碧桂園)	Jiangmen (Heshan)	3,231,987	100	365,416	363,400	22/Mar/07	6,539 13/Sep/07	4th Quarter 2008
Wuyi Country Garden (五邑碧桂園)	Jiangmen (Pengjiang)	692,621	100	316,481	309,134	13/Oct/06	65,438 1/Aug/07	2nd Quarter 2009
Xinhui Country Garden (新會碧桂園)	Jiangmen (Xinhui)	591,159	100	173,701	172,781	19/Apr/07	— 1st Quarter 2008	4th Quarter 2008
Taishan Country Garden (台山碧桂園)	Jiangmen (Taishan)	2,966,953	100	365,758	347,166	31/Mar/06	11,525 9/Feb/07	4th Quarter 2008
Yangdong Country Garden (陽東碧桂園)	Yangjiang (Yangdong)	392,319	100	148,575	141,656	29/Apr/05	10,928 1/Dec/05	4th Quarter 2008
Changsha Country Garden (長沙碧桂園)	Changsha (Changsha)	1,273,404	100	271,561	271,211	18/Dec/06	74,631 31/May/07	3rd Quarter 2008
Zhaoqing Lanling Residence (肇慶藍翎公寓)	Zhaoqing (Gaoxin)	186,030	100	171,600	17,127	05/Sep/06	— 2nd Quarter 2008	4th Quarter 2008
Zhaoqing Country Garden (肇慶碧桂園)	Zhaoqing (Gaoyao)	517,932	51	299,169	287,020	19/Sep/06	77,992 2/Feb/07	4th Quarter 2008
Shaoguan Country Garden (韶關碧桂園)	Shaoguan (Zhenjiang)	1,996,262	100	579,182	568,321	17/Jan/07	124,771 31/Aug/07	4th Quarter 2008
Taizhou Country Garden (泰州碧桂園)	Taizhou (Hailing)	741,430	100	217,041	213,810	27/Jun/07	— 1/Jan/08	4th Quarter 2008
Huiyang Country Garden (惠陽碧桂園) (provisional name)	Huizhou (Huiyang)	918,426	90	797,850	789,570	22/Aug/07	— 2nd Quarter 2008	4th Quarter 2009



Project	City (District)	Aggregate GFA for entire project (sq.m)	Interest attributable to the Company (%)	GFA under development (sq.m)	Total saleable GFA under development (sq.m)	Actual/ Estimated commencement date	Total saleable GFA pre-sold (sq.m)	Actual/ Estimated pre-sale commencement date	Estimated completion date
Manzhouli Country Garden (滿洲里碧桂園) (provisional name)	Hulunbeier (Manzhouli)	3,675,700	100	126,630	123,630	23/Jul/07	—	3rd Quarter 2008	4th Quarter 2008
Lechang Country Garden (樂昌碧桂園) (provisional name)	Shaoguan (Lechang)	261,926	100	186,700	186,474	23/Oct/07	—	2nd Quarter 2008	2nd Quarter 2009
Country Garden • Sun Palace (碧桂園 • 太陽城) (provisional name)	Shenyang (Daoyi)	766,538	100	94,663	91,765	21/Jul/07	—	3rd Quarter 2008	4th Quarter 2008
Shenyang Country Garden (瀋陽碧桂園) (provisional name)	Shenyang (Huashan)	267,544	100	13,942	11,039	21/Jul/07	—	2nd Quarter 2008	4th Quarter 2008
Country Garden • Phoenix City (碧桂園 • 鳳凰城) (provisional name)	Shenyang (Sujiatun)	1,430,849	100	1,294,400	1,189,102	24/Sep/07	—	3rd Quarter 2008	4th Quarter 2010
Enping Country Garden (恩平碧桂園) (provisional name)	Jiangmen (Enping)	405,723	100	93,373	87,782	01/Nov/07	—	2nd Quarter 2008	4th Quarter 2008
Ningxiang Country Garden (寧鄉碧桂園) (provisional name)	Changsha (Ningxiang)	186,972	100	59,949	34,553	12/Nov/07	—	2nd Quarter 2008	4th Quarter 2008
Wuhan Country Garden (武漢碧桂園) (provisional name)	Wuhan (Hannan)	514,855	100	42,926	42,926	28/Dec/07	—	2nd Quarter 2008	4th Quarter 2008
Haicheng Country Garden (海城碧桂園) (provisional name)	Anshan (Haicheng)	552,000	100	552,000	552,000	25/Oct/07	—	3rd Quarter 2008	4th Quarter 2012
Xing'anmeng Country Garden (興安盟碧桂園) (provisional name)	Xing'anmeng (Keyouqianqi)	1,018,400	100	516,253	439,885	20/Sep/07	—	3rd Quarter 2008	3rd Quarter 2009
Changshou Country Garden (長壽碧桂園) (provisional name)	Chongqing (Changshou)	425,501	100	381,100	360,129	05/Nov/07	—	2nd Quarter 2008	4th Quarter 2009
Tongliao Country Garden (通遼碧桂園) (provisional name)	Tongliao (Keerqin)	636,844	100	13,725	10,821	03/Nov/07	—	3rd Quarter 2008	2nd Quarter 2009
Total:		35,258,987		9,884,000	9,330,270		820,015		

* Such properties are mainly public facilities within the property project, thus not for sales.



Business Overview (continued)

Properties for Future Development

Project	City (District)	Aggregate GFA for entire project (sq.m)	Interest attributable to the Company (%)	Actual/ Estimated commencement date (sq.m)	Actual/ 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 2009	3rd Quarter 2009	1st Quarter 2010
Shawan Country Garden (沙灣碧桂園)	Guangzhou (Panyu)	279,354	100	2,674 2nd Quarter 2008	—	4th Quarter 2008
Huanan Country Garden — Phases One to Five and Phase Seven (華南碧桂園 — 一至五期及七期)	Guangzhou (Panyu)	1,009,671	100	49,022 2nd Quarter 2008	3rd Quarter 2008	4th Quarter 2009
Huanan Country Garden — Phase Six (華南碧桂園 — 六期)	Guangzhou (Panyu)	423,477	50	14,000 1st Quarter 2010	—	4th Quarter 2010
Country Garden Phoenix City (碧桂園鳳凰城)	Guangzhou (Zengcheng)	3,877,192	100	1,323,029 1st Quarter 2008	2nd Quarter 2008	4th Quarter 2011
Holiday Islands — Huadu (假日半島 — 花都)	Guangzhou (Huadu)	544,829	100	331,672 1st Quarter 2008	3rd Quarter 2008	4th Quarter 2009
Shunde Country Garden — including Country Garden West Court (順德碧桂園 — 含順德碧桂園西苑)	Foshan (Shunde)	2,270,723	100	160,500 1st Quarter 2008	3rd Quarter 2008	4th Quarter 2009
Jun'an Country Garden (均安碧桂園)	Foshan (Shunde)	267,766	90	44,090 2nd Quarter 2008	1st Quarter 2009	4th Quarter 2011
Gaoming Country Garden (高明碧桂園)	Foshan (Gaoming)	1,034,539	100	87,487 3rd Quarter 2008	2nd Quarter 2009	4th Quarter 2010
Nanhai Country Garden (南海碧桂園)	Foshan (Nanhai)	572,194	100	16,893 1st Quarter 2008	3rd Quarter 2008	4th Quarter 2009
Heshan Country Garden (鶴山碧桂園)	Jiangmen (Heshan)	3,231,987	100	2,430,366 1st Quarter 2008	2nd Quarter 2008	2nd Quarter 2011
Wuyi Country Garden (五邑碧桂園)	Jiangmen (Pengjiang)	692,621	100	942 1st Quarter 2008	—	2nd Quarter 2009
Xinhui Country Garden (新會碧桂園)	Jiangmen (Xinhui)	591,159	100	308,344 1st Quarter 2008	3rd Quarter 2008	1st Quarter 2010
Taishan Country Garden (台山碧桂園)	Jiangmen (Taishan)	2,966,953	100	2,446,271 1st Quarter 2008	2nd Quarter 2008	3rd Quarter 2011
Changsha Country Garden (長沙碧桂園)	Changsha (Changsha)	1,273,404	100	628,045 1st Quarter 2008	3rd Quarter 2008	3rd Quarter 2010
Zhaoqing Country Garden (肇慶碧桂園)	Zhaoqing (Gaoyao)	517,932	51	182,030 1st Quarter 2008	1st Quarter 2009	4th Quarter 2009
Shaoguan Country Garden (韶關碧桂園)	Shaoguan (Zhenjiang)	1,996,262	100	1,417,080 1st Quarter 2008	4th Quarter 2008	1st Quarter 2011
Taizhou Country Garden (泰州碧桂園)	Taizhou (Hailing)	741,430	100	524,389 1st Quarter 2008	2nd Quarter 2008	4th Quarter 2010
Huiyang Country Garden (惠陽碧桂園) (provisional name)	Huizhou (Huiyang)	918,426	90	120,576 2nd Quarter 2008	4th Quarter 2008	4th Quarter 2010
Manzhouli Country Garden (滿洲里碧桂園) (provisional name)	Hulunbeier (Manzhouli)	3,675,700	100	3,549,070 2nd Quarter 2008	3rd Quarter 2008	4th Quarter 2010
Lechang Country Garden (樂昌碧桂園) (provisional name)	Shaoguan (Lechang)	261,926	100	75,226 1st Quarter 2008	2nd Quarter 2008	4th Quarter 2010
Country Garden • Sun Palace (碧桂園 • 太陽城) (provisional name)	Shenyang (Daoyi)	766,538	100	671,875 2nd Quarter 2008	3rd Quarter 2008	4th Quarter 2010
Shenyang Country Garden (瀋陽碧桂園) (provisional name)	Shenyang (Huashan)	267,544	100	253,602 2nd Quarter 2008	3rd Quarter 2008	4th Quarter 2010
Country Garden • Galaxy Palace (碧桂園 • 銀河城) (provisional name)	Shenyang (Yuhong)	1,760,074	100	1,760,074 1st Quarter 2008	3rd Quarter 2008	4th Quarter 2010
Country Garden • Phoenix City (碧桂園 • 鳳凰城) (provisional name)	Shenyang (Sujiatun)	1,430,849	100	136,449 2nd Quarter 2008	4th Quarter 2008	4th Quarter 2010
Enping Country Garden (恩平碧桂園) (provisional name)	Jiangmen (Enping)	405,723	100	312,350 1st Quarter 2008	2nd Quarter 2008	1st Quarter 2010

Project	City (District)	Aggregate GFA for entire project (sq.m)	Interest attributable to the Company (%)	GFA for future development (sq.m)	Actual/ Estimated commencement date	Actual/ Estimated pre-sale commencement date	Estimated completed date
Ningxiang Country Garden (寧鄉碧桂園) (provisional name)	Changsha (Ningxiang)	186,972	100	127,023	1st Quarter 2008	3rd Quarter 2008	4th Quarter 2009
Country Garden — Grand Lake City (碧桂園•濱湖城) (provisional name)	Chaohu (Zhongmiao)	260,453	100	260,453	1st Quarter 2008	2nd Quarter 2008	4th Quarter 2009
Shanwei Country Garden (汕尾碧桂園) (provisional name)	Shanwei (Shanwei)	747,293	100	747,293	2nd Quarter 2008	3rd Quarter 2008	4th Quarter 2009
Wuhan Country Garden (武漢碧桂園) (provisional name)	Wuhan (Hannan)	514,855	100	471,929	1st Quarter 2008	2nd Quarter 2008	2nd Quarter 2009
Shaoguan Country Garden • Sun Palace (韶關碧桂園•太陽城) (provisional name)	Shaoguan (Xilian)	3,887,714	100	3,887,714	1st Quarter 2008	3rd Quarter 2008	2nd Quarter 2012
Xing'anmeng Country Garden (興安盟碧桂園) (provisional name)	Xing'anmeng (Keyouqianqi)	1,018,400	100	502,147	3rd Quarter 2008	3rd Quarter 2009	4th Quarter 2010
Chizhou Country Garden (池州碧桂園) (provisional name)	Chizhou (Chizhou)	483,372	100	483,372	1st Quarter 2008	2nd Quarter 2008	4th Quarter 2009
Xianning Country Garden (咸寧碧桂園) (provisional name)	Xianning (Xian'an)	1,232,718	100	1,232,718	1st Quarter 2008	2nd Quarter 2008	4th Quarter 2010
Country Garden • Fountain Village (碧桂園•溫泉城) (provisional name)	Xianning (Xian'an)	755,023	100	755,023	1st Quarter 2008	3rd Quarter 2008	4th Quarter 2009
Changshou Country Garden (長壽碧桂園) (provisional name)	Chongqing (Changshou)	425,501	100	44,401	1st Quarter 2008	2nd Quarter 2008	2nd Quarter 2009
Tongliao Country Garden (通遼碧桂園) (provisional name)	Tongliao (Keerqin)	636,844	100	623,119	2nd Quarter 2008	3rd Quarter 2008	4th Quarter 2010
Huangshan Country Garden (黃山碧桂園) (provisional name)	Huangshan (Huangshan)	321,893	100	321,893	1st Quarter 2008	2nd Quarter 2008	2nd Quarter 2010
Wuhu Country Garden (蕪湖碧桂園) (provisional name)	Wuhu (Sanshan)	2,228,630	100	2,228,630	1st Quarter 2008	2nd Quarter 2008	3rd Quarter 2010
Total:		44,747,163		28,560,443			



Project Overview

DESCRIPTION OF THE PROPERTY PROJECTS

The following map shows the locations of our 45 projects as of 31 December 2007.



The following sets forth brief descriptions of our 45 projects. The commencement date for a project or the commencement date for a phase of a project is the date we start construction of the first building of the project or phase of development. The completion date for a project or the completion date for a phase of a project is either the date we obtain the completion documents or the Construction of Properties and Municipal Infrastructure Completed Construction Works Certified Report (房屋建築工程和市政基礎設施工程竣工驗收備案表) from the local government authorities for the last building or phase of the project.



Guangzhou City, Guangdong Province

• Country Garden East Court (碧桂園東苑)

Country Garden East Court is located at the intersection of Yushan West Road and 105 Guo Road, Panyu, Guangzhou City. It is being developed by Guangzhou Country Garden Property Development Co., Ltd., our wholly-owned project company. The project occupies an aggregate site area of approximately 220,943 sq.m., and has an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 269,222 sq.m.

As of 31 December 2007, the completed properties occupied an aggregate site area of approximately 191,044 sq.m., and had an aggregate GFA (including saleable and non-saleable GFA) of approximately 240,550 sq.m. Construction of these properties commenced on 16 June 2000 and was completed on 29 June 2002. The completed properties comprised 2,761 residential flats with an aggregate saleable GFA of approximately 235,251 sq.m. as well as 56 retail shops with an aggregate saleable GFA of approximately 3,609 sq.m. As of 31 December 2007, 2,666 residential flats, with an aggregate saleable GFA of approximately 227,415 sq.m., had been sold and delivered. The remaining completed properties, which included sold but undelivered properties and unsold properties, comprised 95 residential flats, with an aggregate GFA of approximately 7,836 sq.m., and 56 retail shops with an aggregate GFA of approximately 3,609 sq.m.

As of 31 December 2007, there was no property under development in Country Garden East Court.

As of 31 December 2007, the properties held for future development occupied an aggregate site area of approximately 29,899 sq.m., and had an expected aggregate GFA of approximately 28,672 sq.m.

Country Garden East Court offers low-rise apartment buildings and retail shops. This development features Country Garden Farm, a commercial pedestrian street and fountain plaza.

• Shawan Country Garden (沙灣碧桂園)

Shawan Country Garden is located at Shawan, Panyu, Guangzhou City. It is being developed by Guangzhou Country Garden Property Development Co., Ltd., our wholly-owned project company. The project occupies an aggregate site area of approximately 307,266 sq.m. and has an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 279,354 sq.m.

As of 31 December 2007, the completed properties occupied an aggregate site area of approximately 123,350 sq.m., and had an aggregate GFA (including saleable and non-saleable GFA) of approximately 54,247 sq.m. Construction of these properties commenced on 14 February 2001 and was completed on 13 December 2002. The completed properties comprised of 243 residential flats with an aggregate saleable GFA of approximately 53,997 sq.m. As of 31 December 2007, 243 residential flats with an aggregate saleable GFA of approximately 53,997 sq.m. had been sold and delivered.

As of 31 December 2007, the properties under development occupied an aggregate site area of approximately 180,516 sq.m., and had an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 222,433 sq.m. Construction of these properties commenced on 25 July 2007 and is expected to be completed in the fourth quarter of 2008. Upon completion, there will be 1,850 residential flats, with an aggregate saleable GFA of approximately 220,078 sq.m.

As of 31 December 2007, the properties held for future development occupied an aggregate site area of approximately 3,400 sq.m., with an expected aggregate GFA of approximately 2,674 sq.m.

Shawan Country Garden offers villas, townhouses and high-rise apartment buildings.

Project Overview (continued)



• Huanan Country Garden — Phases One to Five and Phase Seven (華南碧桂園 — 一至五期及七期)

Huanan Country Garden — Phases One to Five and Phase Seven is located on Ying Bin Road, Nan Cun Town, Panyu District, Guangzhou City. It is being developed by Guangzhou Country Garden Property Development Co., Ltd., our wholly-owned project company. The project occupies an aggregate site area of approximately 1,133,278 sq.m. and has an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 1,009,671 sq.m.

As of 31 December 2007, the completed properties occupied an aggregate site area of approximately 911,559 sq.m., and had an aggregate GFA (including saleable and non-saleable GFA) of approximately 775,222 sq.m. Construction of these properties commenced on 30 July 1999 and was completed on 24 December 2007. The completed properties comprised 4,903 residential flats, with an aggregate saleable GFA of approximately 717,078 sq.m., and 92 retail shops with an aggregate saleable GFA of approximately 4,565 sq.m. As of 31 December 2007, 4,770 residential flats, with an aggregate saleable GFA of approximately 701,332 sq.m. as well as 72 retail shops with an aggregate saleable GFA of approximately 3,194 sq.m. had been sold and delivered. The remaining completed properties, which included sold but undelivered properties and unsold properties, comprised 133 residential units with an aggregate saleable GFA of approximately 15,747 sq.m. and 20 retail shops with an aggregate saleable GFA of approximately 1,371 sq.m.

As of 31 December 2007, the properties under development occupied an aggregate site area of approximately 136,204 sq.m., and had an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 185,427 sq.m. Construction of these properties commenced on 25 February 2005 and is expected to be completed in the fourth quarter of 2008. Upon completion, there will be 983 residential flats, with an aggregate saleable GFA of approximately 149,067 sq.m.

As of 31 December 2007, the properties held for future development occupied an aggregate site area of approximately 85,515 sq.m., and had an expected aggregate GFA of approximately 49,022 sq.m.

Huanan Country Garden — Phases One to Five and Phase Seven offers various types of products, including villas, townhouses, low-rise apartment buildings, high-rise apartment buildings and retail shops. In the six years since the development commenced selling on 1 May 2000, more than 16,000 residents have moved in. Huanan Country Garden — Phases One to Five and Phase Seven features a clubhouse, an auditorium, a swimming pool, tennis courts, a kindergarten, a primary school, badminton courts, basketball courts, Chinese restaurants, a supermarket, table-tennis rooms, snooker rooms and reading rooms.

Huanan Country Garden — Phases One to Five and Phase Seven has been awarded the title of 2005 China (Guangzhou) Harmonious Residential Community (2005年中國廣州和諧人居社區) by Nanfang Daily (南方都市報), 2004 Creditworthy Property Sale Certificate (誠信售樓認證) by Guangdong Construction News of Yangchang Evening Post (羊城晚報業集團廣東建設報) and Guangdong Property Enterprise Creditworthy Alliance (廣東省房地產企業誠信聯盟發起企業) and 2003 Top Ten Brand Developer (十大最佳品牌開發商) by the Real Estate Magazine (房地產導刊社).

• Huanan Country Garden — Phase Six (華南碧桂園 — 六期)

Huanan Country Garden — Phase Six is located on Ying Bin Road, Nan Cun Town, Panyu District, Guangzhou City. It is being developed by Guangzhou Huanan Country Garden Property Development Co., Ltd., a project company owned equally by us and Guangzhou Zhencheng Property Development Co., Ltd. The project occupies an aggregate site area of approximately 300,033 sq.m., and has an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 423,477 sq.m.

As of 31 December 2007, the completed properties occupied an aggregate site area of approximately 271,495 sq.m., and had an aggregate GFA (including saleable and non-saleable GFA) of approximately 408,401 sq.m. Construction of these properties commenced on 7 July 2004 and was completed on 20 December 2007. The completed properties comprised 2,500 residential flats, with an aggregate saleable GFA of approximately 407,552 sq.m. and one retail shop with an aggregate saleable GFA of approximately 70 sq.m. As of 31 December 2007, 2,323 residential flats with an aggregate saleable GFA of approximately 381,456 sq.m. had been sold and delivered. The remaining completed properties, which included sold but undelivered properties and unsold properties, comprised 177 residential flats with an aggregate saleable GFA of approximately 26,096 sq.m. and one retail shop.

As of 31 December 2007, the properties under development occupied an aggregate site area of approximately 538 sq.m., and had an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 1,076 sq.m. Construction of these properties commenced on 15 October 2004 and is expected to be completed in the first quarter of 2008.

As of 31 December 2007, the properties held for future development occupied an aggregate site area of approximately 28,000 sq.m. and were planned to be used for the construction of a primary school and kindergarten with an aggregate GFA of approximately 14,000 sq.m.

According to the articles of association of Guangzhou Huanan Country Garden Property Development Co., Ltd., dividend distribution of the company requires the approval of both joint venture partners.

This development offers various types of products, including villas, townhouses, high-rise apartment buildings and retail shops.



• **Licheng Country Garden (荔城碧桂園)**

Licheng Country Garden is located on Fujian Road, Licheng Town, Zengcheng District, Guangzhou City, close to Licheng Municipal Plaza. It is being developed by Zengcheng Country Garden Property Development Co., Ltd. ("Zengcheng Country Garden Co."), our wholly-owned project company. The project occupies an aggregate site area of approximately 733,666 sq.m. and has an expected aggregate GFA (including both saleable and non-saleable GFA) of approximately 524,482 sq.m.

As of 31 December 2007, the completed properties occupied an aggregate site area of approximately 615,495 sq.m. and had an aggregate GFA (including saleable and non-saleable GFA) of approximately 452,863 sq.m. Construction of these properties commenced on 31 August 2001 and was completed on 20 July 2007. The completed properties comprised 2,522 residential flats with an aggregate saleable GFA of approximately 401,769 sq.m. as well as 338 retail shops with an aggregate saleable GFA of approximately 17,685 sq.m., and 1,308 parking spaces with an aggregate saleable GFA of approximately 11,262 sq.m. As of 31 December 2007, 2,521 residential flats with an aggregate saleable GFA of approximately 401,395 sq.m., as well as 232 retail shops with an aggregate saleable GFA of approximately 12,552 sq.m. and 209 parking spaces with an aggregate saleable GFA of approximately 3,229 sq.m. had been sold and delivered. The remaining completed properties, which included sold but undelivered properties and unsold properties, comprised 1 residential flat, with an aggregate saleable GFA of 374 sq.m. and 106 retail shops with an aggregate saleable GFA of approximately 5,133 sq.m. and 1,099 parking spaces with an aggregate saleable GFA of approximately 8,033 sq.m.

As of 31 December 2007, the properties under develop occupied an aggregate site on approximately 106,100 sq.m. and had an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 71,619 sq.m. Construction of these properties commenced on 12 October 2007 and is expected to be completed in the fourth quarter of 2008. Upon completion, there will be 580 residential flats with an aggregate saleable GFA of approximately 71,141 sq.m.

As of 31 December 2007, the properties held for future development occupied an aggregate site area of approximately 12,071 sq.m.

This development offers various types of products including villas, townhouses, low-rise apartment buildings, parking spaces and retail shops. Licheng Country Garden features a lake, a clubhouse, an outdoor swimming pool, tennis courts, badminton courts, a basketball court, table-tennis rooms, an outdoor children's playground, reading rooms, a supermarket, a kindergarten and a commercial street.

Licheng Country Garden has been awarded the title of 2006 Excellent Real Estate Development for Mortgage (2006年優質按揭樓盤) by the Guangdong branch of China Construction Bank (中國建設銀行廣東省分行), 2004 Advanced Unit in Zengcheng for Driving Civilisation in Guangdong Province (增城市創建廣東省文明城市先進單位) by the PRC Communist Party Committee of the People's Government of Zengcheng (增城市人民政府中共增城市委) and 2003 Zengcheng Model Living Community for Property Development (2003年增城市物業管理示範住宅小區) by Zengcheng State-owned Land and Property Bureau (增城市國土房產管理局).

• **Country Garden Phoenix City (碧桂園鳳凰城)**

Country Garden Phoenix City is located in Xintang Town, Zengcheng District, Guangzhou City, close to Guangshen Highway. It is being developed by Zengcheng Country Garden Property Development Co., Ltd., our wholly-owned project company. The project occupies an aggregate site area of approximately 6,155,199 sq.m. and has an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 3,877,192 sq.m.

As of 31 December 2007, the completed properties occupied an aggregate site area of approximately 3,996,618 sq.m. and had an aggregate GFA (including saleable and non-saleable GFA) of approximately 1,867,483 sq.m. Construction of these properties commenced on 5 November 2001 and was completed on 24 December 2007. The completed properties comprised 7,705 residential flats with an aggregate saleable GFA of approximately 1,711,256 sq.m., as well as 387 retail shops with an aggregate saleable GFA of approximately 35,333 sq.m. and 128 parking spaces with an aggregate saleable GFA of approximately 1,615 sq.m. As of 31 December 2007, 7,355 residential flats with an aggregate saleable GFA of approximately 1,619,584 sq.m., as well as 280 retail shops with an aggregate saleable GFA of approximately 19,059 sq.m. and 28 parking spaces with an aggregate saleable GFA of approximately 383 sq.m. had been sold and delivered. The remaining completed properties, which included sold but undelivered properties and unsold properties, comprised 350 residential units with an aggregate saleable GFA of approximately 91,672 sq.m. and 107 retail shops with an aggregate saleable GFA of approximately 16,274 sq.m. and 100 parking spaces with an aggregate GFA of approximately 1,232 sq.m.

As of 31 December 2007, the properties under development occupied an aggregate site area of approximately 867,890 sq.m. and had an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 686,680 sq.m. Construction of these properties commenced on 29 April 2007 and is expected to be completed in the fourth quarter of 2008. Upon completion, there will be 5,403 residential flats with an aggregate saleable GFA of approximately 684,532 sq.m.

As of 31 December 2007, the properties held for future development occupied an aggregate site area of approximately 1,290,691 sq.m. and had an expected aggregate GFA of approximately 1,323,029 sq.m.

Country Garden Phoenix City offers various types of products, including villas, townhouses, low-rise apartment buildings, high-rise apartment buildings, parking spaces and retail shops. This development features Phoenix Island, an international rental community tailored for foreigners, the five-star Guangzhou Country Garden Phoenix City Hotel (廣州碧桂園鳳凰城酒店), Phoenix City Bilingual School (鳳凰城中英文學校), Lychee Cultural Village (荔枝文化村), a transportation hub, a recreational centre, Dongmen Retail Street and clubhouses.

Country Garden Phoenix City has been awarded the title of 2004–2005 Grade A Taxpayer of the Credit Ranking of Taxpayers (2004–2005年度納稅信用等級評定A級納稅人) and 2005 Top 100 Taxpaying Enterprise (廣東省2005年度稅務百強) by the Guangzhou Municipal Office of the State Administration of Taxation (廣州市國家稅務局) and Guangzhou Local Taxation Bureau (廣州市地方稅務局), 2002–2006 Enterprise of Observing Contract and Valuing Credit (守合同重信用企業) by Guangzhou Industrial and Commercial Administration Bureau (廣州市工商行政管理局) and 2005 Top 20 Value Guarantee and Appreciation Property Development in Guangzhou (2005年度廣州保值增值20名盤) by the Guangdong branches of the Industrial and Commerce Bank of China (中國工商銀行), Agricultural Bank of China (中國農業銀行), Bank of China (中國銀行), China Construction Bank (中國建設銀行) and Huanan Property Weekly of People's Daily (人民日報華南地產周刊).

Project Overview (continued)



• Nansha Country Garden (南沙碧桂园)

Nansha Country Garden is located on Jingang Road, Guangzhou Nansha Development Zone, Guangzhou City. It is being developed by Guangzhou Nansha Economic and Technological Development Zone Country Garden Property Development Co., Ltd. ("Nansha Country Garden Co."), our wholly-owned project company. The project occupies an aggregate site area of approximately 416,657 sq.m. and has an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 509,062 sq.m.

As of 31 December 2007, the completed properties occupied an aggregate site area of approximately 155,495 sq.m. and had an aggregate GFA (including saleable and non-saleable GFA) of approximately 107,512 sq.m. Construction of these properties commenced on 29 September 2004 and was completed on 30 November 2007. The completed properties comprised 714 residential flats with an aggregate saleable GFA of approximately 100,998 sq.m., as well as 91 retail shops with an aggregate saleable GFA of approximately 3,347 sq.m. and offices with an aggregate saleable GFA of approximately 1,116 sq.m. As of 31 December 2007, 709 residential flats with an aggregate GFA of approximately 99,289 sq.m. and 76 retail shops with an aggregate GFA of approximately 2,720 sq.m. had been sold. The remaining completed properties, which included sold but undelivered properties and unsold properties, comprised 5 residential flats with an aggregate GFA of approximately 1,709 sq.m. and 15 retail shops with an aggregate GFA of approximately 627 sq.m. as well as offices with an aggregate GFA of approximately 1,116 sq.m.

As of 31 December 2007, the properties under development occupied an aggregate site area of approximately 232,350 sq.m. and had an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 401,550 sq.m. Construction of these properties commenced on 29 January 2007 and is expected to be completed in the fourth quarter of 2008. Upon completion, there will be 3,041 residential flats with an aggregate saleable GFA of approximately 382,817 sq.m.

As of 31 December 2007, the properties held for future development occupied an aggregate site area of approximately 28,812 sq.m.

Nansha Country Garden offers various types of products, including villas, townhouses, low-rise apartment buildings, high-rise apartment buildings and retail shops. This development features a clubhouse, Yangguang Plaza, a supermarket and a commercial street.

• Holiday Islands — Huadu (假日半島 — 花都)

Holiday Islands — Huadu is located at Shanqian Avenue, Chini Town, Huadu District, Guangzhou City. It is being developed by Guangzhou Huadu Country Garden Property Development Co., Ltd., our wholly-owned project company. The project occupies an aggregate site area of approximately 937,861 sq.m. and has an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 544,829 sq.m.

As of 31 December 2007, the completed properties occupied an aggregate site area of approximately 376,400 sq.m. and had aggregate GFA (including saleable and non-saleable GFA) of approximately 154,295 sq.m. Construction of these properties commenced on 11 January 2006 and was completed on 27 October 2007. The completed properties comprise 607 residential flats with an aggregate saleable GFA of approximately 153,300 sq.m. As of 31 December 2007, 566 residential flats with aggregate saleable GFA of approximately 130,631 had been sold and delivered. The new completed properties, which included sold but undelivered properties and unsold properties, comprised 41 residential flats with an aggregate sale GFA of approximately 22,669 sq.m.

As of 31 December 2007, the properties under development occupied an aggregate site area of approximately 177,900 sq.m. and had an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 58,862 sq.m. Construction of these properties commenced on 11 May 2006 and is expected to be completed in the third quarter of 2008. Upon completion, there will be 59 residential flats with an aggregate saleable GFA of approximately 57,611 sq.m.

As of 31 December 2007, the properties held for future development occupied an aggregate site area of approximately 383,561 sq.m. and had an expected aggregate GFA of approximately 331,672 sq.m.

Holiday Islands — Huadu offers various types of products including villas, townhouses and is expected to offer low-rise apartment buildings and high-rise apartment buildings in the future.



Foshan City, Guangdong Province

• Shunde Country Garden — including Country Garden West Court (順德碧桂園 — 含碧桂園西苑)

Shunde Country Garden is located at the Bridge of Zhen Bi River, Beijiao Town, Shunde District, Foshan City. It is being developed by Foshan Shunde Country Garden Property Development Co., Ltd., our wholly-owned project company. The project occupies an aggregate site area of approximately 2,993,516 sq.m. and has an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 2,270,723 sq.m.

As of 31 December 2007, the completed properties occupied an aggregate site area of approximately 2,680,477 sq.m. and had an aggregate GFA (including saleable and non-saleable GFA) of approximately 1,971,470 sq.m. Construction of these properties commenced in 1992 and was completed on 28 December 2007. The completed properties comprised 13,132 residential flats, with an aggregate saleable GFA of approximately 1,817,338 sq.m. and 36 retail shops with an aggregate saleable GFA of approximately 10,625 sq.m., an office building with an aggregate saleable GFA of approximately 18,666 sq.m. and a hotel with an aggregate saleable GFA of approximately 10,979 sq.m. As of 31 December 2007, 12,631 residential flats with an aggregate saleable GFA of approximately 1,703,933 sq.m. and one retail shop with an aggregate saleable GFA of approximately 370 sq.m. had been sold and delivered. The remaining completed properties, which included sold but undelivered properties and unsold properties, comprised 501 residential flats with an aggregate saleable GFA of approximately 113,405 sq.m., 35 retail shops with an aggregate saleable GFA of approximately 10,255 sq.m., an office building with an aggregate saleable GFA of approximately 18,666 sq.m. and a hotel with total aggregate saleable GFA of approximately 10,979 sq.m.

As of 31 December 2007, the properties under development occupied an aggregate site area of approximately 199,478 sq.m. and had an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 138,753 sq.m. Construction of these properties commenced on 26 September 2005 and is expected to be completed in the fourth quarter of 2008. Upon completion, there will be 492 residential flats with an aggregate saleable GFA of approximately 137,742 sq.m. and one retail shop with an aggregate saleable GFA of approximately 296 sq.m.

As of 31 December 2007, the properties held for future development occupied an aggregate site area of approximately 113,560 sq.m. and had an expected aggregate GFA of approximately 160,500 sq.m.

Shunde Country Garden offers various types of products, including villas, townhouses, low-rise apartment buildings and high-rise apartment buildings, as well as retail shops. Since its development, approximately 40,000 residents have moved in. This development features a four-star resort hotel, Shunde Country Garden Holiday Resort (順德碧桂園度假村) as well as four clubhouses, a fresh produce market, an international cultural plaza, Country Garden Hospital (碧桂園醫院) and Country Garden School (碧桂園學校).

Shunde Country Garden has been awarded the title of 2006 Excellent Real Estate Development for Mortgage (2006年優質按揭樓盤) by the China Construction Bank, 2005 Guangzhou Creating the National Model City of Environmental Protection Special Contribution Prize (廣州市創建國家模範城市特別貢獻獎) by Guangzhou Environmental Protection Educational Centre (廣州市環境保護宣傳教育中心) and 2005 Most Reliable Brand for Consumers (2005年消費者最信賴十大質量品牌) by China Quality Leading Enterprise Expert Judging Committee (中國質量領先企業專家評審委員會).

• Jun'an Country Garden (均安碧桂園)

Jun'an Country Garden is located on Cuihu Road, Jun'an Town, Shunde District, Foshan City. It is being developed by Foshan Shunde Jun'an Country Garden Property Development Co., Ltd., a project company in which we hold a 90% equity interest. The project occupies an aggregate site area of approximately 244,468 sq.m. and has an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 267,766 sq.m.

As of 31 December 2007, the completed properties occupied an aggregate site area of approximately 117,137 sq.m. and had an aggregate GFA (including saleable and non-saleable GFA) of approximately 121,448 sq.m. Construction of these properties commenced on 13 April 2000 and was completed on 24 December 2007. The completed properties comprised 859 residential flats with an aggregate saleable GFA of approximately 111,619 sq.m. As of 31 December 2007, 857 residential flats with an aggregate saleable GFA of approximately 111,377 sq.m. had been sold and delivered. The remaining completed properties, which included sold but undelivered properties and unsold properties, comprised two residential flats with an aggregate saleable GFA of approximately 242 sq.m.

As of 31 December 2007, the properties under development occupied an aggregate site area of approximately 95,233 sq.m. and had an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 102,228 sq.m. Construction of these properties commenced on 9 December 2005 and is expected to be completed in the fourth quarter of 2008. Upon completion, there will be 560 residential flats with an aggregate GFA of approximately 101,683 sq.m.

As of 31 December 2007, the properties held for future development occupied an aggregate site area of approximately 32,098 sq.m. and had an expected aggregate GFA of approximately 44,090 sq.m.

Jun'an Country Garden offers villas, townhouses and low-rise apartment buildings, and is expected to offer high-rise apartment buildings in the future. A supermarket is in the proximity of this development.

Project Overview (continued)



• Peninsula Country Garden (半島碧桂園)

Peninsula Country Garden is located next to the Jin Sha Bridge, Chencun Town, Shunde District, Foshan City. It is being developed by Foshan Shunde Country Garden Property Development Co., Ltd., our wholly-owned project company. The project occupies an aggregate site area of approximately 529,948 sq.m. and has an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 294,323 sq.m.

As of 31 December 2007, the completed properties occupied an aggregate site area of approximately 529,862 sq.m. and had an aggregate GFA (including saleable and non-saleable GFA) of approximately 294,118 sq.m. Construction of these properties commenced on 28 April 2003 and was completed on 19 October 2007. The completed properties comprised 1,105 residential flats with an aggregate saleable GFA of approximately 287,043 sq.m., as well as a retail shop with an aggregate GFA of approximately 280 sq.m. As of 31 December 2007, 1,104 residential flats with an aggregate saleable GFA of approximately 286,021 sq.m. had been sold and delivered. The remaining completed properties, which included sold but undelivered properties and unsold properties, comprised 1 residential flat with an aggregate saleable GFA of approximately 1,022 sq.m. and a retail shop with an aggregate saleable GFA of approximately 280 sq.m.

As of 31 December 2007, the properties under development occupied an aggregate site area of approximately 86 sq.m. and had an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 205 sq.m. Construction of these properties commenced on 25 January 2007 and is expected to be completed in the first quarter of 2008.

As of 31 December 2007, there was no property held for future development in Peninsula Country Garden.

Peninsula Country Garden offers various types of products including villas, townhouses, low-rise apartment buildings and retail shops. This development features a luxurious clubhouse, a swimming pool, tennis courts, basketball courts, poker rooms and table-tennis rooms, as well as a supermarket and a commercial street.

Peninsula Country Garden has been awarded the title of 2006 Excellent Real Estate Development for Mortgage (2006年優質按揭樓盤) by the China Construction Bank and 2005 Developed Enterprise (2005年規模企業獎) and 2005 Tax Contribution Prize (2005年稅收貢獻獎) by Chencun People's Government (陳村鎮人民政府).

• Gaoming Country Garden (高明碧桂園)

Gaoming Country Garden is located at San Zhou Bai Ling Road, Gaoming District, Foshan City. It is being developed by Foshan Gaoming Country Garden Property Development Co., Ltd., our wholly-owned project company. The project occupies an aggregate site area of approximately 1,774,595 sq.m. and has an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 1,034,539 sq.m.

As of 31 December 2007, the completed properties occupied an aggregate site area of approximately 194,430 sq.m. and had an aggregate GFA (including saleable and non-saleable GFA) of approximately 194,628 sq.m. Construction of these properties commenced on 28 July 2004 and was completed on 29 September 2006. The completed properties comprised 1,130 residential flats with an aggregate GFA of approximately 184,658 sq.m., as well as 129 retail shops with an aggregate GFA of approximately 5,040 sq.m. As of 31 December 2007, 1,129 residential flats with an aggregate GFA of approximately 184,323 sq.m. as well as 13 retail shops with an aggregate GFA of approximately 472 sq.m. had been sold and delivered. The remaining completed properties, which included sold but undelivered properties and unsold properties, comprised 1 residential flats with an aggregate saleable GFA of approximately 335 sq.m. and 116 retail shops with an aggregate saleable GFA of approximately 4,568 sq.m.

As of 31 December 2007, the properties under development occupied an aggregate site area of approximately 1,523,586 sq.m. and had an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 752,424 sq.m. Construction of these properties commenced on 31 May 2006 and is expected to be completed in the second quarter of 2009. Upon completion, there will be 4,035 residential flats with an aggregate GFA of approximately 745,374 sq.m.

As of 31 December 2007, the properties held for future development occupied an aggregate site area of approximately 56,579 sq.m. and had an expected aggregate GFA of approximately 87,487 sq.m.

Gaoming Country Garden offers various types of products, including villas, townhouses, low-rise apartment buildings and retail shops, and is expected to offer high-rise apartment buildings in the future. This development features various amenities, such as reading rooms, poker rooms, tennis courts, basketball courts, swimming pools, table tennis rooms, a supermarket, commercial streets and Gaoming Country Garden Phoenix Hotel (高明碧桂園鳳凰酒店), a hotel built to a five-star standard.

Gaoming Country Garden has been awarded the title of 2005 Advanced Real Estate Developer (2005年先進房地產開發企業) by Foshan Gaoming Construction Bureau (佛山市高明區建設局).



• Nanhai Country Garden (南海碧桂園)

Nanhai Country Garden is located in Yayao Village, Dali Town, Nanhai District, Foshan City, near Guangfo Highway, Yayao Intersection and 325 Highway. It is being developed by Foshan Nanhai Country Garden Property Development Co., Ltd., our wholly-owned project company. The project occupies an aggregate site area of approximately 494,294 sq.m. and has an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 572,194 sq.m.

As of 31 December 2007, the completed properties occupied an aggregate site area of approximately 251,112 sq.m. and had an aggregate GFA (including saleable and non-saleable GFA) of approximately 374,553 sq.m. Construction of these properties commenced on 27 June 2005 and was completed on 27 December 2007. The completed properties comprised 1,503 residential flats with an aggregate saleable GFA of approximately 373,325 sq.m. As of 31 December 2007, 1,482 residential flats with an aggregate GFA of 367,546 sq.m. had been sold and delivered. The remaining completed properties, which included sold but undelivered properties and unsold properties, comprised 21 residential flats with an aggregate saleable GFA of approximately 5,779 sq.m.

As of 31 December 2007, the properties under development occupied an aggregate site area of approximately 227,937 sq.m. and had an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 180,748 sq.m. Construction of these properties commenced on 27 June 2005 and is expected to be completed in the fourth quarter of 2008. Upon completion, there will be 694 residential flats with an aggregate saleable GFA of approximately 168,127 sq.m., as well as 15 retail shops with an aggregate saleable GFA of approximately 500 sq.m.

As of 31 December 2007, the properties held for future development occupied an aggregate site area of approximately 15,245 sq.m. and had an expected aggregate GFA of approximately 16,893 sq.m.

Nanhai Country Garden offers various types of products, including villas, townhouses, low-rise apartment buildings, high-rise apartment buildings and retail shops. This development features a clubhouse with swimming pools, tennis courts, basketball courts, a library, table-tennis rooms and a supermarket.

Jiangmen City, Guangdong Province

• Heshan Country Garden (鶴山碧桂園)

Heshan Country Garden is located on Heshan Avenue, Shaping Town, Heshan District, Jiangmen City, across from Heshan Central Station and in the proximity of the commercial district of Heshan. It is being developed by Heshan Country Garden Property Development Co., Ltd., our wholly-owned project company. The project occupies an aggregate site area of approximately 3,487,786 sq.m. and has an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 3,231,987 sq.m.

As of 31 December 2007, the completed properties occupied an aggregate site area of approximately 750,091 sq.m. and had an aggregate GFA (including saleable and non-saleable GFA) of approximately 436,205 sq.m. Construction of these properties commenced on 26 March 2004 and was completed on 28 December 2007. The completed properties comprised 2,486 residential flats with an aggregate GFA of approximately 406,923 sq.m. and 134 retail shops with an aggregate saleable GFA of approximately 15,300 sq.m. As of 31 December 2007, 2,282 residential flats with an aggregate saleable GFA of approximately 379,524 sq.m. had been sold and delivered. The remaining completed properties, which included sold but undelivered properties and unsold properties, comprised 204 residential flats with an aggregate GFA of approximately 27,399 sq.m. as well as 134 retail shops with an aggregate GFA of approximately 15,300 sq.m.

As of 31 December 2007, the properties under development occupied an aggregate site area of approximately 711,361 sq.m. and had an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 365,416 sq.m. Construction of these properties commenced on 22 March 2007 and is expected to be completed in the fourth quarter of 2008. Upon completion, there will be 2,145 residential flats with an aggregate saleable GFA of approximately 355,699 sq.m., and there will be 156 retail shops with an aggregate saleable GFA of approximately 7,701 sq.m.

As of 31 December 2007, the properties held for future development occupied an aggregate site area of approximately 2,026,334 sq.m. and had an expected aggregate GFA of approximately 2,430,366 sq.m.

Heshan Country Garden offers various types of products, including villas, townhouses, low-rise apartment buildings, parking spaces and retail shops and is expected to offer high-rise apartment buildings in the future. This development features Heshan Country Garden Phoenix Hotel (鶴山碧桂園鳳凰酒店), a hotel built to a five-star standard and a commercial plaza.

Heshan Country Garden has been awarded the title of 2005 Heshan Significant Taxpayer (2005年鶴山納稅大戶) by the Heshan People's Government (鶴山市人民政府).

Project Overview (continued)



• Wuyi Country Garden (五邑碧桂园)

Wuyi Country Garden is located on Xihuan Road, Beixin Zone, Pengjiang District, Jiangmen City. It is being developed by Jiangmen Wuyi Country Garden Property Development Co., Ltd. ("Wuyi Country Garden Co."), our wholly-owned project company. The project occupies an aggregate site area of approximately 1,350,251 sq.m. and has an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 692,621 sq.m.

As of 31 December 2007, the completed properties occupied an aggregate site area of approximately 786,931 sq.m. and had an aggregate GFA (including saleable and non-saleable GFA) of approximately 375,198 sq.m. Construction of these properties commenced on 16 August 2004 and was completed on 11 December 2007. The completed properties comprised 1,751 residential flats with a saleable aggregate GFA of approximately 347,965 sq.m. As of 31 December 2007, 1,722 residential flats with an aggregate saleable GFA of approximately 331,532 sq.m. had been sold and delivered. The remaining completed properties, which included sold but undelivered properties and unsold properties, comprised 29 residential flats with an aggregate saleable GFA of approximately 16,433 sq.m.

As of 31 December 2007, the properties under development occupied an aggregate site area of approximately 563,021 sq.m. and had an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 316,481 sq.m. Construction of these properties commenced on 13 October 2006 and is expected to be completed in the second quarter of 2009. Upon completion, there will be 1,641 residential flats, with an aggregate saleable GFA of approximately 309,134 sq.m.

As of 31 December 2007, the properties held for future development occupied an aggregate site area of approximately 300 sq.m. and had an expected aggregate GFA of approximately 942 sq.m.

Wuyi Country Garden offers various types of products including villas, townhouses, low-rise apartment buildings and high-rise apartment buildings. This development features Wuyi Country Garden Phoenix Hotel (五邑碧桂园凤凰酒店), a hotel built to a five-star standard, as well as kindergartens, primary schools, a supermarket and a commercial street.

Wuyi Country Garden has been awarded the title of 2005 Best Habitation Villa Community (2005年最佳居住价值别墅社区) by Jiangmen Daily (江門日報).

• Xinhui Country Garden (新會碧桂园)

Xinhui Country Garden is located at the intersection of Xin Hui Avenue and Xin Gang Road, Nan Xin District in the city centre of Xinhui and in the proximity of Xinhui Central Station, Jiangmen City. It is being developed by Jiangmen East Coast Country Garden Property Development Co., Ltd., our wholly-owned project company. The project occupies an aggregate site area of approximately 356,762 sq.m. and has an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 591,159 sq.m.

As of 31 December 2007, the completed properties occupied an aggregate site area of approximately 190,776 sq.m. and had an aggregate GFA (including saleable and non-saleable GFA) of approximately 109,113 sq.m. Construction of these properties commenced on 7 November 2005 and was completed on 30 December 2007. The completed properties comprised of 459 residential flats with an aggregate GFA of approximately 100,774 sq.m. as well as 132 retail shops with an aggregate GFA of approximately 6,078 sq.m. As of 31 December 2007, 437 residential flats with an aggregate saleable GFA of approximately 92,573 sq.m. as well as 26 retail shops, with an aggregate GFA of approximately 1,122 sq.m. had been sold and delivered. The remaining completed properties which included sold but undelivered properties and unsold properties, comprised of 22 residential flats with an aggregate GFA of approximately 8,201 sq.m. and 106 retail shops with an aggregate saleable GFA of approximately 4,956 sq.m.

As of 31 December 2007, the properties under development occupied an aggregate site area of approximately 60,472 sq.m. and had an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 173,701 sq.m. Construction of these properties commenced on 19 April 2007 and is expected to be completed in the fourth quarter of 2008. Upon completion, there will be 1,096 residential flats with an aggregate saleable GFA of approximately 172,781 sq.m.

As of 31 December 2007, the properties held for future development occupied an aggregate site area of approximately 105,514 sq.m. and had an expected aggregate GFA of approximately 308,344 sq.m.

Xinhui Country Garden offers various types of products, including villas, townhouses and low-rise apartment buildings, high-rise apartment buildings and retail shops. This development features Xinhui Country Garden Phoenix Hotel (新會碧桂园凤凰酒店), which has been developed to a five-star standard, a supermarket, Phoenix Commercial Plaza and a clubhouse.



• **Taishan Country Garden (台山碧桂園)**

Taishan Country Garden is located in Shagang Hu Development Zone, Taicheng Town, Taishan District, Jiangmen City. It is being developed by Taishan Country Garden Property Development Co., Ltd. ("Taishan Country Garden Co."), our wholly-owned project company. The project occupies an aggregate site area of approximately 4,277,222 sq.m. and has an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 2,966,953 sq.m.

As of 31 December 2007, the completed properties occupied an aggregate site area of approximately 244,336 sq.m., and had an aggregate GFA (including saleable and non-saleable GFA) of approximately 154,924 sq.m. Construction of these properties commenced on 31 March 2006 and was completed on 30 December 2007. The completed properties comprised 1,039 residential flats with an aggregate GFA of approximately 148,179 sq.m. and 106 retail shops with an aggregate saleable GFA of approximately 5,976 sq.m. As of 31 December 2007, 545 residential flats with aggregate saleable GFA of approximately 95,735 sq.m. had been sold and delivered. The remaining completed properties, with included sold but undelivered properties and unsold properties, comprised 494 residential flat with an aggregate GFA of 52,444 sq.m. as well as 106 retail shops with an aggregate approximately 5,976 sq.m.

As of 31 December 2007, the properties under development occupied an aggregate site area of approximately 836,533 sq.m. and had an aggregate GFA (including saleable and non-saleable GFA) of approximately 365,758 sq.m. Construction of these properties commenced on 31 March 2006 and is expected to be completed in the fourth quarter of 2008. Upon completion, there will be 1,293 residential flats with an aggregate saleable GFA of approximately 332,711 sq.m., as well as 374 retail shops with an aggregate saleable GFA of approximately 14,455 sq.m.

As of 31 December 2007, the properties held for future development occupied an aggregate site area of approximately 3,196,353 sq.m. and had an expected aggregate GFA of approximately 2,446,271 sq.m.

Taishan Country Garden offers various types of products, including villas, townhouses, low-rise apartment buildings and retail shops, and is expected to offer high-rise apartment building in the future. This development features Taishan Country Garden Phoenix Hotel (台山碧桂園鳳凰酒店), a hotel built to a five-star standard, and a commercial pedestrian street.

• **Enping Country Garden (恩平碧桂園)**

Enping Country Garden is located at Shi Street, Chakeng Administration District, Enping District, Jiangmen City. It is being developed by Enping Country Garden Property Development Co., Ltd., our wholly-owned project company. This development occupies an aggregate site area of approximately 400,665 sq.m. and has an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 405,723 sq.m.

As of 31 December 2007, there was no completed property in Enping Country Garden.

As of 31 December 2007, the properties under development occupied an aggregate site area of approximately 146,599 sq.m. and had an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 93,373 sq.m. Construction of these properties commenced on 1 November 2007 and is expected to be completed in the fourth quarter of 2008. Upon completion, there will be 293 residential flats, with an aggregate saleable GFA of approximately 87,782 sq.m.

As of 31 December 2007, the properties held for future development occupied an aggregate site area of approximately 254,066 sq.m. and had an expected aggregate GFA of approximately 312,350 sq.m.

Enping Country Garden offers townhouses, low-rise apartment buildings, and is expected to offer high-rise apartment buildings and retail shops in the future.

Project Overview (continued)



Yangjiang City, Guangdong Province

- **Yangdong Country Garden (陽東碧桂園)**

Yangdong Country Garden is located at Hubin West Road, Yangdong Town, Yangjiang City, beside the Yangdong Central Station in proximity to Yangjiang City Centre and Jiangcheng District. It is being developed by Yangdong Country Garden Property Development Co., Ltd. ("Yangdong Country Garden Co."), our wholly-owned project company. The project occupies an aggregate site area of approximately 574,381 sq.m. and has an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 392,319 sq.m.

As of 31 December 2007, the completed properties occupied an aggregate site area of approximately 387,638 sq.m. and had an aggregate GFA (including saleable and non-saleable GFA) of approximately 243,744 sq.m. Construction of these properties commenced on 29 April 2005 and was completed on 19 October 2007. The completed properties comprised 1,044 residential flats with an aggregate saleable GFA of approximately 206,822 sq.m. and 137 retail shops with an aggregate saleable GFA of approximately 21,874 sq.m. As of 31 December 2007, 849 residential flats, with an aggregate saleable GFA of approximately 151,517 sq.m. had been sold and delivered. The remaining completed properties, which includes sold but undelivered properties and unsold properties, comprised 195 residential flats, with an aggregate GFA of approximately 55,305 sq.m. and 137 retail shops with an aggregate GFA of approximately 21,874 sq.m.

As of 31 December 2007, the properties under development occupied an aggregate site area of approximately 186,743 sq.m. and had an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 148,575 sq.m. Construction of these properties commenced on 29 April 2005 and is expected to be completed in the fourth quarter of 2008. Upon completion, there will be 907 residential flats with an aggregate saleable GFA of approximately 139,881 sq.m., as well as 59 retail shops with an aggregate saleable GFA of approximately 1,775 sq.m.

As of 31 December 2007, there was no property held for future development in Yangdong Country Garden.

Yangdong Country Garden will offer various types of products, including villas, townhouses, low-rise apartment buildings, high-rise apartment buildings and retail shops. This development features a hotel developed to the five-star rating standard, Yangjiang Country Garden Phoenix Hotel (陽江碧桂園鳳凰酒店), Yanshan Lake City Plaza, a kindergarten and a commercial street.

Yangdong Country Garden has been awarded the title of 2005 Creditworthy Enterprise (2005年守合同重信用企業) by the Yangdong Industrial and Commercial Administration Bureau (陽東縣工商行政管理局) and 2005 Top Ten Best Real Estate Development in Yangjiang (2005年陽江十佳樓盤) by the Top Ten Best Real Estate Judging Committee of Yangjiang Real Estate Conference (陽江房地產高峰論壇暨十佳樓盤評選組委會).

Zhaoqing City, Guangdong Province

- **Zhaoqing Lanling Residence (肇慶藍領公寓)**

Zhaoqing Lanling Residence is located inside the high-tech industrial park of Dawang District, Zhaoqing City. It is being developed by Zhaoqing Gaoxin Country Garden Property Development Co., Ltd. ("Zhaoqing Country Garden Co."), our wholly-owned project company. The project occupies an aggregate site area of approximately 123,593 sq.m. and has an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 186,030 sq.m.

As of 31 December 2007, the completed properties occupied an aggregate site area of approximately 10,894 sq.m. and had an aggregate GFA (including saleable and non-saleable GFA) of approximately 14,430 sq.m. Construction of these properties commenced on 5 September 2006, and was completed on 18 October 2007. The completed properties comprised retail shops with an aggregate saleable GFA of approximately 2,532 sq.m. which remain unsold before 31 December 2007.

As of 31 December 2007, the properties under development occupied an aggregate site area of approximately 112,699 sq.m. and had an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 171,600 sq.m. Construction of these properties commenced on 5 September 2006 and is expected to be completed in the fourth quarter of 2008. Upon completion, there will be 227 retail shops with an aggregate saleable GFA of approximately 17,127 sq.m.

As of 31 December 2007, there was no property held for future development in Zhaoqing Lanling Residence.

Zhaoqing Lanling Residence offers various types of products, including low-rise apartment buildings for rental purpose and retail shops.



- **Zhaoqing Country Garden (肇慶碧桂園)**

Zhaoqing Country Garden is located in Xiangshan District, Zhaoqing City. It is being developed by Gaoyao Biyi Property Development Co., Ltd., a project company in which we hold a 51% interest. This development occupies an aggregate site area of approximately 650,877 sq.m. and has an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 517,932 sq.m.

As of 31 December 2007, the completed properties occupied an aggregate site area of approximately 75,177 sq.m. and had an aggregate GFA (including saleable and non-saleable GFA) of 36,733 sq.m. Construction of these properties commenced on 16 September 2006 and was completed on 11 December 2007. The completed properties comprised 139 residential flats with an aggregate GFA of 36,733 sq.m. As of 31 December 2007, 116 residential flats, with an aggregate saleable GFA of 28,863 sq.m. had been sold and delivered. The remaining completed properties, which includes sold but undelivered and unsold properties, comprised 23 residential flats, with an aggregate GFA of 7,870 sq.m.

As of 31 December 2007, the properties under development occupied an aggregate site area of approximately 461,823 sq.m. and had an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 299,169 sq.m. Construction of these properties commenced on 19 September 2006 and is expected to be completed in the fourth quarter of 2008. Upon completion, there will be 1,415 residential flats with an aggregate saleable GFA of approximately 287,020 sq.m.

As of 31 December 2007, the properties held for future development occupied an aggregate site area of approximately 113,877 sq.m. and had an expected aggregate GFA of approximately 182,030 sq.m.

Zhaoqing Country Garden offers various types of products, including townhouses, low-rise apartment buildings and retail shops, and is expected to offer high-rise apartment buildings in the future. This development features a hotel developed to the five-star rating standards, Gaoyao Country Garden Phoenix Hotel (高要碧桂園鳳凰酒店). The development will feature a kindergarten, a commercial street.

Huizhou City, Guangdong Province

- **Huiyang Country Garden (惠陽碧桂園)**

Huiyang Country Garden is located in the industrial district of Huiyang Sanhe Economic Development Zone, Huizhou City. It is being developed by Huizhou Huiyang Qishan Holiday Resorts Development Co., Ltd., a project company in which we hold a 90% equity interest. This development occupies an aggregate site area of approximately 810,025 sq.m. and has an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 918,426 sq.m.

As of 31 December 2007, there was no completed property in Huiyang Country Garden.

As of 31 December 2007, the properties under development occupied an aggregate site area of approximately 585,043 sq.m., and had an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 797,850 sq.m. Construction of these properties commenced on 22 August 2007 and is expected to be completed in the fourth quarter of 2009. Upon completion, there will be 1,662 residential flats, with an aggregate saleable GFA of approximately 789,570 sq.m.

As of 31 December 2007, the properties held for future development occupied an aggregate site area of approximately 224,981 sq.m. and had an expected aggregate GFA of approximately 120,576 sq.m.

Huiyang Country Garden offers townhouses and high-rise apartment buildings. It will also feature a hotel developed to a five-star rating standard.

Project Overview (continued)



Shanwei City, Guangdong Province

- **Shanwei Country Garden (汕尾碧桂園)**

Shanwei Country Garden is located in the Shanwei City, close to Pinqing Lake. It is being developed by Shanwei Country Garden Property Development Co., Ltd., our wholly-owned project company. This development occupies an aggregate site area of approximately 309,422 sq.m. with an expected GFA (including saleable and non-saleable) of approximately 747,293 sq.m.

As of 31 December 2007, there were no completed property developments or properties under development in Shanwei Country Garden.

As of 31 December 2007, the properties held for future development occupied a site area of 309,422 sq.m., with an expected GFA (including saleable and non-saleable) of approximately 747,293 sq.m.

Shanwei Country Garden is expected to offer townhouses and high-rise apartment buildings in the future.

Shaoguan City, Guangdong Province

- **Shaoguan Country Garden (韶關碧桂園)**

Shaoguan Country Garden is located in Lashi Ba, Zhen Jiang District, Shaoguan City, in the proximity of the commercial centre. It is being developed by Shaoguan Shunhong Property Development Co., Ltd. ("Shaoguan Shun Hong Co."), our wholly-owned project company. This development occupies an aggregate site area of approximately 2,324,623 sq.m. and has an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 1,996,262 sq.m.

As of 31 December 2007, there was no completed property in Shaoguan Country Garden.

As of 31 December 2007, the properties under development occupied an aggregate site area of approximately 1,245,200 sq.m. and had an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 579,182 sq.m. Construction of these properties commenced on 17 January 2007 and is expected to be completed in the fourth quarter of 2008. Upon completion, there will be 2,687 residential flats with an aggregate saleable GFA of approximately 565,521 sq.m., as well as 70 retail shops with an aggregate saleable GFA of approximately 2,800 sq.m.

As of 31 December 2007, the properties held for future development occupied an aggregate site area of approximately 1,079,423 sq.m. and had an expected aggregate GFA of approximately 1,417,080 sq.m.

Shaoguan Country Garden offers various types of products, including townhouses, low-rise apartment buildings and retail shops, and is expected to offer high-rise apartment buildings in the future. This development will also feature a commercial street and other amenities.



• **Lechang Country Garden (樂昌碧桂園)**

Lechang Country Garden is located in Meile Road, Lechang Districts, Shaoguan City. It is being developed by Lechang Country Garden Property Development Co., Ltd. The project occupies an aggregate site area of approximately 192,248 sq.m. and has an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 261,926 sq.m.

As of 31 December 2007, there were no completed property developments in Lechang Country Garden.

As of 31 December 2007, the properties under development occupied an aggregate site area of approximately 167,883 sq.m. and had an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 186,700 sq.m. Construction of these properties commenced on 23 October 2007 and is expected to be completed in the second quarter of 2009. Upon completion, there will be 1,097 residential flats with an aggregate saleable GFA of approximately 186,474 sq.m.

As of 31 December 2007, the properties held for future development occupied a site area of 24,365 sq.m., with an expected GFA (including saleable and non-saleable) of approximately 75,226 sq.m.

Lechang Country Garden offers townhouses and high-rise apartment buildings, and is expected to offer low-rise apartment buildings and retail shops in the future. The development will feature a hotel developed to a five-star rating standard.

• **Shaoguan Country Garden — Sun Palace (韶關碧桂園 • 太陽城)**

Shaoguan Country Garden — Sun Palace is located in Furong Avenue, Wujiang District, Shaoguan City. It is being developed by Shaoguan Country Garden Property Development Co., Ltd., our wholly-owned project company. This development occupies an aggregate site area of approximately 2,171,441 sq.m. with an expected GFA (including saleable and non-saleable) of approximately 3,887,714 sq.m.

As of 31 December 2007, there were no completed property developments or properties under development in Shaoguan Country Garden — Sun Palace.

As of 31 December 2007, the properties held for future development occupied a site area of 2,171,441 sq.m., with an expected GFA (including saleable and non-saleable) of approximately 3,887,714 sq.m.

Shaoguan Country Garden — Sun Palace is expected to offer townhouses, high-rise apartment buildings and retail shops in the future. It will also feature a hotel developed to a five-star rating standard.

Project Overview (continued)



Changsha City, Hunan Province

• Changsha Country Garden (長沙碧桂園)

Changsha Country Garden is located at the north end of Xingsha Avenue, Changsha City. It is being developed by Changsha Venice Palace Property Development Co., Ltd. ("Changsha Venice Co."), our wholly-owned project company. The project occupies an aggregate site area of approximately 1,724,298 sq.m. and has an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 1,273,404 sq.m.

As of 31 December 2007, the completed properties occupied an aggregate site area of approximately 726,830 sq.m. and had an aggregate GFA (including saleable and non-saleable GFA) of approximately 373,798 sq.m. Construction of these properties commenced on 30 September 2005 and was completed on 28 December 2007. The completed properties comprised 1,396 residential flats with an aggregate saleable GFA of approximately 319,964 sq.m. and 53 retail shops with an aggregate saleable GFA of approximately 10,729 sq.m. As of 31 December 2007, 1,008 residential flats, with an aggregate saleable GFA of approximately 208,514 sq.m. had been sold and delivered. The remaining completed properties, which includes sold but undelivered properties and unsold properties, comprised 388 residential flats, with an aggregate GFA of approximately 111,450 sq.m. and 53 retail shops with an aggregate GFA of approximately 10,729 sq.m.

As of 31 December 2007, the properties under development occupied an aggregate site area of approximately 666,670 sq.m. and had an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 271,561 sq.m. Construction of these properties commenced on 18 December 2006 and is expected to be completed in the third quarter of 2008. Upon completion, there will be 837 residential flats with an aggregate saleable GFA of approximately 271,211 sq.m.

As of 31 December 2007, the properties held for future development occupied an aggregate site area of approximately 330,798 sq.m. and had an expected aggregate GFA of approximately 628,045 sq.m.

Changsha Country Garden offers various types of products, including villas, townhouses, low-rise apartment buildings and retail shops and is expected to offer high-rise apartment buildings in the future. This development features a hotel built to a five-star standard, bilingual schools and a commercial plaza.

• Ningxiang Country Garden (寧鄉碧桂園)

Ningxiang Country Garden is located at Jinzhou Avenue, Ningxiang County, Changsha City. It is being developed by Changsha Ningxiang Country Garden Property Development Co., Ltd., our wholly-owned project company. This development occupies an aggregate site area of approximately 187,265 sq.m. and has an aggregate GFA (including saleable and non-saleable GFA) of approximately 186,972 sq.m.

As of 31 December 2007, there was no completed property in Ningxiang Country Garden.

As of 31 December 2007, the properties under development occupied an aggregate site area of approximately 97,632 sq.m. and had an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 59,949 sq.m. Construction of these properties commenced on 12 November 2007 and is expected to be completed in the fourth quarter of 2008. Upon completion, there will be 116 residential flats, with an aggregate saleable GFA of approximately 34,553 sq.m.

As of 31 December 2007, the properties held for future development occupied an aggregate site area of approximately 89,633 sq.m. and had an expected aggregate GFA of approximately 127,023 sq.m.

Ningxiang Country Garden offers townhouses and is expected to offer high-rise apartment buildings in the future. The development will feature a hotel developed to a five-star rating standard.



Taizhou City, Jiangsu Province

- **Taizhou Country Garden (泰州碧桂园)**

Taizhou Country Garden is located in the northeast of Hailing District, Taizhou City. It is being developed by Taizhou Country Garden Property Development Co., Ltd., our wholly-owned project company. This development occupies an aggregate site area of approximately 473,371 sq.m. and has an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 741,430 sq.m.

As of 31 December 2007, there was no completed property in Taizhou Country Garden.

As of 31 December 2007, the properties under development occupied an aggregate site area of approximately 220,522 sq.m. and had an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 217,041 sq.m. Construction of these properties commenced on 27 June 2007 and is expected to be completed in the fourth quarter of 2008. Upon completion, there will be 882 residential flats, with an aggregate saleable GFA of approximately 213,810 sq.m.

As of 31 December 2007, the properties held for future development occupied an aggregate site area of approximately 272,849 sq.m. and had an expected aggregate GFA of approximately 524,389 sq.m.

Taizhou Country Garden offers townhouses and high-rise apartment buildings. The development will feature a hotel developed to a five-star rating standard.



Wuhan City, Hubei Province

- **Wuhan Country Garden (武汉碧桂园)**

Wuhan Country Garden is located at Zilin Street of Hannan District, Wuhan City. It is being developed by Wuhan Country Garden Property Development Co., Ltd., our wholly-owned project company. This development occupies an aggregate site area of approximately 374,294 sq.m. with an expected GFA (including saleable and non-saleable) of approximately 514,855 sq.m.

As of 31 December 2007, there were no completed property developments in Wuhan Country Garden.

As of 31 December 2007, the properties under development occupied an aggregate site area of approximately 78,965 sq.m. and had an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 42,926 sq.m. Construction of these properties commenced on 28 December 2007 and is expected to be completed in the fourth quarter of 2008. Upon completion, there will be 143 residential flats, with an aggregate saleable GFA of approximately 42,926 sq.m.

As of 31 December 2007, the properties held for future development occupied a site area of 295,329 sq.m., with an expected GFA (including saleable and non-saleable) of approximately 471,929 sq.m.

Wuhan Country Garden offers townhouses, and is expected to offer high-rise apartment buildings in the future. It will also feature a hotel developed to a five-star rating standard.

Project Overview (continued)



Xianning City, Hubei Province

- **Xianning Country Garden (咸寧碧桂園)**

Xianning Country Garden is located in Pansizhou of Xian'an District, Xianning City. It is being developed by Xianning Country Garden Property Development Co., Ltd., our wholly-owned project company. This development occupies an aggregate site area of approximately 666,690 sq.m. with an expected GFA (including saleable and non-saleable) of approximately 1,232,718 sq.m.

As of 31 December 2007, there were no completed property developments or properties under development in Xianning Country Garden.

As of 31 December 2007, the properties held for future development occupied a site area of 666,690 sq.m., with an expected GFA (including saleable and non-saleable) of approximately 1,232,718 sq.m.

Xianning Country Garden is expected to offer townhouses, high-rise apartment buildings and lowrise apartment buildings in the future.

- **Country Garden — Fountain Village (碧桂園 • 溫泉城)**

Country Garden — Fountain Village is located at Yuzuo Village, Xian'an District, Xianning City. It is being developed by Xianning Country Garden Property Development Co., Ltd., our wholly-owned project company. This development occupies an aggregate site area of approximately 466,457 sq.m. and has an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 755,023 sq.m.

As of 31 December 2007, there were no completed property developments or properties under development in Country Garden — Fountain Village.

As of 31 December 2007, the properties held for future development occupied an aggregate site area of approximately 466,457 sq.m. and had an expected aggregate GFA of approximately 755,023 sq.m.

Country Garden — Fountain Village is expected to offer townhouses and high-rise apartment buildings in the future. It will also feature a hotel developed to a five-star rating standard.



Chongqing Municipality

- **Changshou Country Garden (長壽碧桂園)**

Changshou Country Garden is located at the eastern part of Taohuaxincheng, Changshou District, Chongqing Municipality. It is being developed by Chongqing Country Garden Property Development Co., Ltd., our wholly-owned project company. This development occupies an aggregate site area of approximately 288,825 sq.m. and has an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 425,501 sq.m.

As of 31 December 2007, there was no completed property in Changshou Country Garden.

As of 31 December 2007, the properties under development occupied an aggregate site area of approximately 221,430 sq.m. and had an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 381,100 sq.m. Construction of these properties commenced on 5 November 2007 and is expected to be completed in the fourth quarter of 2009. Upon completion, there will be 2,990 residential flats, with an aggregate saleable GFA of approximately 360,129 sq.m.

As of 31 December 2007, the properties held for future development occupied an aggregate site area of approximately 67,395 sq.m. and had an expected aggregate GFA of approximately 44,401 sq.m.

Changshou Country Garden offers townhouses, high-rise apartment buildings and low-rise apartment buildings. The development will feature a hotel developed to a five-star rating standard.

Chaohu City, Anhui Province

- **Country Garden — Grand Lake City (碧桂園 • 濱湖城)**

Country Garden — Grand Lake City is located at Jingtanghe Village, Zhongmiao Town, Chaohu City. It is being developed by Anhui Zhongmiao Country Garden Property Development co., Ltd., our wholly-owned project company. This development occupies an aggregate site area of approximately 255,532 sq.m. and has an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 260,453 sq.m.

As of 31 December 2007, there were no completed property developments or properties under development in Country Garden — Grand Lake City.

As of 31 December 2007, the properties held for future development occupied an aggregate site area of approximately 255,532 sq.m. and had an expected aggregate GFA of approximately 260,453 sq.m.

Country Garden — Grand Lake City is expected to offer townhouses, low-rise apartment buildings and high-rise apartment buildings in the future. The development will feature a hotel developed to a five-star rating standard.

Project Overview (continued)



Chizhou City, Anhui Province

- **Chizhou Country Garden (池州碧桂园)**

Chizhou Country Garden is located at the opposite site of Chizhou Railway Station, Chizhou City. It is being developed by Chizhou Country Garden Property Development Co., Ltd., our wholly-owned project company. This development occupies an aggregate site area of approximately 436,795 sq.m. and has an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 483,372 sq.m.

As of 31 December 2007, there were no completed property developments or properties under development in Chizhou Country Garden.

As of 31 December 2007, the properties held for future development occupied an aggregate site area of approximately 436,795 sq.m. and had an expected aggregate GFA of approximately 483,372 sq.m.

Chizhou Country Garden is expected to offer townhouses and high-rise apartment buildings in the future. The development will feature a hotel developed to a five-star rating standard.

Huangshan City, Anhui Province

- **Huangshan Country Garden (黄山碧桂园)**

Huangshan Country Garden is located at Meilin Avenue, Huangshan Economic and Technological Development Zone, Huangshan City. It is being developed by Huangshan Country Garden Property Development Co., Ltd., our wholly-owned project company. This development occupies an aggregate site area of approximately 257,952 sq.m. and has an expected aggregate GFA (including saleable and nonsaleable GFA) of approximately 321,893 sq.m.

As of 31 December 2007, there were no completed property developments or properties under development in Huangshan Country Garden.

As of 31 December 2007, the properties held for future development occupied an aggregate site area of approximately 257,952 sq.m. and had an expected aggregate GFA of approximately 321,893 sq.m.

Huangshan Country Garden is expected to offer townhouses, high-rise apartment buildings and lowrise apartment buildings in the future. The development will feature a hotel developed to a five-star rating standard.



Wuhu City, Anhui Province

- **Wuhu Country Garden (蕪湖碧桂園)**

Wuhu Country Garden is located at Longwo Lake, Sanshan District, Wuhu City. It is being developed by Wuhu Jinzhi Country Garden Property Development Co., Ltd., our wholly-owned project company. This development occupies an aggregate site area of approximately 1,186,704 sq.m. and has an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 2,228,630 sq.m.

As of 31 December 2007, there were no completed property developments or properties under development in Wuhu Country Garden.

As of 31 December 2007, the properties held for future development occupied an aggregate site area of approximately 1,186,704 sq.m. and had an expected aggregate GFA of approximately 2,228,630 sq.m.

Wuhu Country Garden is expected to offer townhouses and high-rise apartment buildings in the future. The development will feature a hotel developed to a five-star rating standard.

Shenyang City, Liaoning Province

- **Country Garden — Sun Palace (碧桂園 • 太陽城)**

Country Garden — Sun Palace is located in Shangxiao Village Daoyi Town, Shenbei District, Shenyang City. It is being developed by Shenyang Country Garden Property Development Co., Ltd., our wholly-owned project company. This development occupies an aggregate site area of approximately 443,782 sq.m. and has an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 766,538 sq.m.

As of 31 December 2007, there was no completed property in Country Garden — Sun Palace.

As of 31 December 2007, the properties under development occupied an aggregate site area of approximately 178,300 sq.m., and had an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 94,663 sq.m. Construction of these properties commenced on 21 July 2007 and is expected to be completed in the fourth quarter of 2008. Upon completion, there will be 306 residential flats, with an aggregate saleable GFA of approximately 91,765 sq.m.

As of 31 December 2007, the properties held for future development occupied an aggregate site area of approximately 265,482 sq.m. and had an expected aggregate GFA of approximately 671,875 sq.m.

Country Garden — Sun Palace offers townhouses, and is expected to offer high-rise apartment buildings in the future. The development will feature a hotel developed to a five star rating standard.

Project Overview (continued)



• Shenyang Country Garden (瀋陽碧桂園)

Shenyang Country Garden is located in Huashan Village, Huishan Agricultural High-tech Development Zone, Shenyang City. It is being developed by Shenyang Country Garden Property Development Co., Ltd., our wholly-owned project company. This development occupies an aggregate site area of approximately 211,354 sq.m. and has an expected aggregate GFA (including saleable and nonsaleable GFA) of approximately 267,544 sq.m.

As of 31 December 2007, there was no completed property in Shenyang Country Garden.

As of 31 December 2007, the properties under development occupied an aggregate site area of approximately 33,198 sq.m., and had an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 13,942 sq.m. Construction of these properties commenced on 21 July 2007 and is expected to be completed in the fourth quarter of 2008. Upon completion, there will be 35 residential flats, with an aggregate saleable GFA of approximately 11,039 sq.m.

As of 31 December 2007, the properties held for future development occupied an aggregate site area of approximately 178,156 sq.m. and had an expected aggregate GFA of approximately 253,602 sq.m.

Shenyang Country Garden offers townhouses and is expected to offer high-rise apartment buildings in the future. The development will feature a hotel developed to a five star rating standard.

• Country Garden — Galaxy Palace (碧桂園 • 銀河城)

Country Garden — Galaxy Palace is located at Wanghe Road of Yuhong District, Shenyang City. It is being developed by Shenyang Hua Rui Zhi Ye Co., Ltd., our wholly-owned project company. This development occupies an aggregate site area of approximately 687,064 sq.m. with an expected GFA (including saleable and non-saleable) of approximately 1,760,074 sq.m.

As of 31 December 2007, there were no completed property developments or properties under development in Country Garden — Galaxy Palace.

As of 31 December 2007, the properties held for future development occupied a site area of 687,064 sq.m., with an expected GFA (including saleable and non-saleable) of approximately 1,760,074 sq.m.

Country Garden — Galaxy Palace is expected to offer townhouses and high-rise apartment buildings in the future. It will also feature a hotel developed to a five-star rating standard.



- **Country Garden — Phoenix City (碧桂園 • 鳳凰城)**

Country Garden — Phoenix City is located at Dingxiang Street of Sujiatun District, Shenyang City. It is being developed by Shengyang Hunnan Xincheng Country Garden Property Development Co., Ltd., our wholly-owned project company. This development occupies an aggregate site area of approximately 764,399 sq.m. with an expected GFA (including saleable and non-saleable) of approximately 1,430,849 sq.m.

As of 31 December 2007, there were no completed property developments in Country Garden — Phoenix City.

As of 31 December 2007, the properties under development occupied an aggregate site area of approximately 729,799 sq.m. and had an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 1,294,400 sq.m. Construction of these properties commenced on 24 September 2007 and is expected to be completed in the fourth quarter of 2010. Upon completion, there will be 9,166 residential flats, with an aggregate saleable GFA of approximately 1,189,102 sq.m.

As of 31 December 2007, the properties held for future development occupied a site area of 34,600 sq.m., with an expected GFA (including saleable and non-saleable) of approximately 136,449 sq.m.

Country Garden — Phoenix City offers townhouses and high-rise apartment buildings. It will also feature a hotel developed to a five-star rating standard.

Anshan City, Liaoning Province

- **Haicheng Country Garden (海城碧桂園)**

Haicheng Country Garden is located at Tiexinghai Administration District, Anshan City. It is being developed by Haicheng Country Garden Property Development Co., Ltd., our wholly-owned project company. This development occupies an aggregate site area of approximately 429,894 sq.m. and has an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 552,000 sq.m.

As of 31 December 2007, there was no completed property in Haicheng Country Garden.

As of 31 December 2007, the properties under development occupied an aggregate site area of approximately 429,894 sq.m. and had an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 552,000 sq.m. Construction of these properties commenced on 25 October 2007 and is expected to be completed in the fourth quarter of 2012. Upon completion, there will be 2,799 residential flats, with an aggregate saleable GFA of approximately 552,000 sq.m.

As of 31 December 2007, there was no property held for future development in Haicheng Country Garden.

Haicheng Country Garden offers townhouses and high-rise apartment buildings.

Project Overview (continued)



Hulunbeier City, Inner Mongolia

- **Manzhouli Country Garden (滿洲里碧桂園)**

Manzhouli Country Garden is located at the intersection of Xinjia East Road and Hubei Road, Manzhouli City. It is being developed by Manzhouli Country Garden Property Development Co., Ltd., our wholly-owned project company. This development occupies an aggregate site area of approximately 2,643,302 sq.m. and has an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 3,675,700 sq.m.

As of 31 December 2007, there was no completed property in Manzhouli Country Garden.

As of 31 December 2007, the properties under development occupied an aggregate site area of approximately 187,200 sq.m. and had an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 126,630 sq.m. Construction of these properties commenced on 23 July 2007 and is expected to be completed in the fourth quarter of 2008. Upon completion, there will be 624 residential flats, with an aggregate saleable GFA of approximately 123,630 sq.m.

As of 31 December 2007, the properties held for future development occupied an aggregate site area of approximately 2,456,102 sq.m. and had an expected aggregate GFA of approximately 3,549,070 sq.m.

Manzhouli Country Garden offers townhouses and low-rise apartment buildings, and is expected to offer high-rise apartment buildings in the future. The development will feature a hotel developed to a five-star rating standard and a commercial street.

Tongliao City, Inner Mongolia

- **Tongliao Country Garden (通遼碧桂園)**

Tongliao Country Garden is located at Jianguo North Road, Tongliao City. It is being developed by Tongliao Country Garden Property Development Co., Ltd., our wholly-owned project company. This development occupies an aggregate site area of approximately 609,179 sq.m. and has an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 636,844 sq.m.

As of 31 December 2007, there was no completed property in Tongliao Country Garden.

As of 31 December 2007, the properties under development occupied an aggregate site area of approximately 52,799 sq.m. and had an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 13,725 sq.m. Construction of these properties commenced on 3 November 2007 and is expected to be completed in the second quarter of 2009. Upon completion, there will be 36 residential flats, with an aggregate saleable GFA of approximately 10,821 sq.m.

As of 31 December 2007, the properties held for future development occupied an aggregate site area of approximately 556,380 sq.m. and had an expected aggregate GFA of approximately 623,119 sq.m.

Tongliao Country Garden offers townhouses, and is expected to offer high-rise apartment buildings and low-rise apartment buildings in the future. The development will feature a hotel developed to a five-star rating standard.



Xing'anmeng, Inner Mongolia

- **Xing'anmeng Country Garden (興安盟碧桂園)**

Xing'anmeng Country Garden is located at Keerqin Town of Keyouqianqi, Xing'anmeng. It is being developed by Keyouqianqi Country Garden Property Development Co., Ltd., our wholly-owned project company. This development occupies an aggregate site area of approximately 1,259,396 sq.m. with an expected GFA (including saleable and non-saleable) of approximately 1,018,400 sq.m.

As of 31 December 2007, there were no completed property at Xing'anmeng Country Garden.

As of 31 December 2007, the properties under development occupied an aggregate site area of approximately 856,696 sq.m. and had an expected aggregate GFA (including saleable and non-saleable GFA) of approximately 516,253 sq.m. Construction of these properties commenced on 20 September 2007 and is expected to be completed in the third quarter of 2009. Upon completion, there will be 2,468 residential flats, with an aggregate saleable GFA of approximately 439,885 sq.m.

As of 31 December 2007, the properties held for future development occupied a site area of 402,700 sq.m., with an expected GFA (including saleable and non-saleable) of approximately 502,147 sq.m.

Xing'anmeng Country Garden offers townhouses, high-rise apartment buildings, low-rise apartment buildings and retail shops. This development features a hotel developed to a five-star rating standard and a commercial street.

Management Discussion and Analysis

SUMMARY

(RMB million)	Year ended 31 December	
	2007	2006
Revenue	17,735	7,941
Gross Profit	8,174	3,018
Operating Profit	6,965	2,435
LAT provision	1,155	374
Profit attributable to equity owners	4,136	1,519
Profit per share (RMB cents)	26.63	11.17
Gross profit margin (after LAT)	39.6%	33.3%
Net profit margin	23.3%	19.1%

	As at 31 December	
	2007	2006
Total assets	38,634	15,311
Total liabilities	(19,235)	(13,836)
Net assets	19,399	1,475
Cash position (including restricted cash)	9,497	1,984
Borrowings	(6,992)	(4,081)
Net cash/ (Net borrowings)	2,505	(2,097)
Asset turnover	65.8%	54.1%
The rate of return on equity	40.4%	84.1%

OVERVIEW

The preliminary statistics from the State Bureau of Statistics released that the GDP for the year of 2007 grew by 11.4% as compared with the corresponding period in 2006. According to a research from the National Development and Reform Commission and the State Bureau of Statistics, the average selling price of properties in 70 large and medium cities for the year of 2007 increased 7.6% as compared with corresponding period in 2006.

A series of control policies have been imposed in the year of 2007 on property sector by Chinese government, which include the clarification on the settlement measure and scope of land appreciation tax, stepwise lifting the bank borrowing interest rates and tightening of money supply. However, the Chinese property market still maintained steady growth.

With the capital raised upon the Initial Public Offering ("IPO") of the Company in April 2007, the Group becomes more competitive in the market place capturing the new opportunities in expanding its land bank in China. The Group's land bank has increased from approximately 19.0 million sq.m. upon listing in April 2007 to approximately 38.4 million sq.m. as at 31 December 2007. The Group is well positioned to expand property market into high growth economic areas both within and beyond Guangdong Province. Extending the success of the property development in Guangdong Province in the whole country, the Group had acquired more land in Guangdong Province and acquired land in other areas such as Liaoning Province, Anhui Province, Hunan Province, Hubei Province Chongqing municipality directly under the central government and Inner Mongolia Autonomous Region in 2007 to develop projects.

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.

Property Development	Year ended 31 December			
	2007		2006	
	Revenue RMB'000	Percentage of Revenue %	Revenue RMB'000	Percentage of Revenue %
Huanan Country Garden — Phase One to Five and Phase Seven	1,031,987	6.2	3,912	0.1
Hunan Country Garden — Phase Six	604,081	3.6	1,404,084	20.2
Country Garden Phoenix City	2,687,226	16.1	2,036,523	29.2
Licheng Country Garden	684,328	4.1	425,513	6.1
Shawan Country Garden	944	—	3,597	0.1
Country Garden East Court	5,290	0.1	28,911	0.4
Nansha Country Garden	641,528	3.8	71,755	1.0
Holiday Island — Huadu	674,535	4.0	101,322	1.5
Shunde Country Garden (including Country Garden West Court)	2,396,823	14.4	816,696	11.7
Peninsula Country Garden	637,398	3.8	609,725	8.7
Jun'an Country Garden	193,679	1.2	4,006	0.1
Gaoming Country Garden	58,484	0.4	420,057	6.0
Wuyi Country Garden	856,653	5.1	428,933	6.2
Heshan Country Garden	1,098,721	6.6	332,672	4.8
Yangdong Country Garden	679,566	4.1	144,513	2.1
Chencun Country Garden*	—	—	3,369	—
Shanghai Moon River*	—	—	125,777	1.8
Nanhai Country Garden	2,128,687	12.8	—	—
Taishan Country Garden	412,667	2.5	—	—
Xinhui Country Garden	555,888	3.3	—	—
Changsha Venice	1,151,384	6.9	—	—
Gaoyao Country Garden	167,072	1.0	—	—
Total	16,666,941	100.0	6,961,365	100.0

* Chencun Country Garden and Shanghai Moon River have been transferred to independent third party in May 2006 and June 2006 respectively.

Construction and decoration

Revenue generated from the construction and decoration increased by approximately 13.5% to approximately RMB631.1 million for the corresponding period 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 (related company).

Management Discussion and Analysis (continued)

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.

Cost of sales

Cost of sales of the Group represents primarily the costs we incur directly for our property development activities which include construction, decoration and design costs, land use rights cost, business taxes, and land appreciation tax. Cost of sales increased by approximately 94.2% to approximately RMB9,560.9 million in 2007 from approximately RMB4,922.6 million ended 2006. The increase of cost of sales was approximately in line with the increase in aggregate GFA of the residential properties in respect of which sales revenue has been confirmed.

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 cost-net

Finance 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

Profit 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.

Use of listing proceeds

The Group has used listing proceeds according to purposes stated in the prospectus and related particulars are as follows:

RMB million	Use conditions stated in the prospectus		Actual use conditions	Usage percentage
Acquired land	30%	4,278.9	4,131.8	96.6%
Existing projects	60%	8,557.9	8,353.3	97.6%
Operating capital	10%	1,388.2	1,057.9	74.2%
Total		14,225.0	13,543.0	95.0%

Net current assets and current ratio

The Group had net current assets of approximately RMB9,704.8 million as at 31 December 2007. The current ratio, being current assets over current liabilities, increased to approximately 1.7 as at 31 December 2007 from approximately 1.1 as at 31 December 2006.

Borrowings and charges on group assets

The Group had aggregated borrowings of approximately RMB6,991.8 million as at 31 December 2007, and the repayment time is as follows:

RMB million	Year ended 31 December	
	2007	2006
Within 1 year	2,764.4	1,223.1
1 to 2 years	2,527.4	2,044.4
2 to 5 years	1,700.0	813.8
Total	6,991.8	4,081.3

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

Management Discussion and Analysis (continued)

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

As of 31 December 2007, the Group had 27,839 full-time employees. An analysis of employees by function as the same date is as follows:

Administration and Human Resources Management	197
Marketing and Sales	1,210
Finance Management	387
Project Management	1,904
Construction and Decoration Management	5,548
Property Management	15,785
Hotel	2,808
Total	27,839

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 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 Municipality. 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.

MANAGEMENT EMPHASES IN 2008

Since 2008 the Group has induced Enterprise resource management system including financial sector, supply chain sector, human resource sector and capital management sector. The new management system will satisfy the requirement of corporate rapid development and establish a management platform with various projects' operation and integration of finance and business so as to make resource allocation of the Company more reasonable and management more standardized.

Biographical Details of Directors and Senior Management

EXECUTIVE DIRECTORS

Yeung Kwok Keung (楊國強), aged 53, is the Chairman and an executive Director of our Company. 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 and ensuring the Board is functionally properly, with good corporate practice and procedures. From 1992 to 1997, he was the general manager of Shunde Sanhe Property Development Co., Ltd. (順德市三和物業發展有限公司). From 1986 to 1997, Mr. Yeung served as the general manager of Shunde Beijiao Construction Company Limited (順德市北滘建築工程有限公司) 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 Chairman of the Company after its formation in 2006. Mr. Yeung has over 30 years of experience in construction and approximately 16 years of experience in property development. Mr. Yeung was recognised as “Guangzhou Real Estate Excellent Contributor for 20 years” in 2005. Mr. Yeung is currently a member of the Standing Committee of the People’s Political Consultative Conference of Foshan (佛山市政協常務委員).

Cui Jianbo (崔健波), aged 43, is the President and an executive Director of our Company. Mr. Cui graduated from the Beijing Institute of Technology (北京理工大學), majoring in accounting and is a qualified PRC accountant. He is primarily responsible for the management of daily operation and general administration of the Group. Prior to joining the Group in 2003 as the President, Mr. Cui was the deputy secretary of Shunde Local Taxation Bureau (順德市地方稅局) from 1995 to 2000 and the mayor of Beijiao Town Government (北滘鎮政府) from 2000 to 2003. Mr. Cui is also currently the deputy chairman of the Guangdong Real Estate Association (廣東省房地產協會).

Yang Huiyan (楊惠妍), aged 26, is an executive Director of our Company. Ms. Yang graduated from Ohio State University with a degree in marketing and logistic. She joined the Group in 2005 and served as the manager of the procurement department. She is primarily responsible for the overall supervision on procurement, enterprise resources management and formulation of development strategies. Ms. Yang is the daughter of Mr. Yeung Kwok Keung.

Yang Erzhu (楊貳珠), aged 56, is an executive Director of our Company. Mr. Yang graduated from the School of Economic Management of Jinan University. He is primarily responsible for managing the design and decoration of our property development projects, responsible for the coordination and management of the Procurement Department and Engineering Bidding Department of the Group, and assisting the Chairman in investment planning. From 1994 to 1997, Mr. Yang served as a deputy general manager of Shunde Sanhe Property Development Co., Ltd. From 1986 to 1997, Mr. Yang served as a deputy general manager of Shunde Beijiao Construction Company Limited and has served as a director and deputy general manager of Giant Leap Construction Co. and Shunde

Country Garden Co. since 1997. Since 1999, he has been serving as a director and deputy general manager of Finest Decoration Co. in Shunde District, Foshan City. Mr. Yang has over 30 years of experience in construction and approximately 14 years of experience in property development.

Su Rubo (蘇汝波), aged 53, is an executive Director of our Company. Mr. Su graduated from the School of Economic Management of Jinan University. He is primarily responsible for construction management, supervision and coordination of our property development projects in Shanyang Region, Anhui Region and Taizhou. From 1994 to 1997, Mr. Su served as a deputy general manager of Shunde Sanhe Property Development Co., Ltd. From 1986 to 1997, Mr. Su served as deputy general manager of Shunde Beijiao Construction Company Limited and has been serving as a director and deputy general manager of Giant Leap Construction Co. and Shunde Country Garden Co. since 1997. Mr. Su has over 30 years of experience in construction and approximately 14 years of experience in property development and approximately 11 years of experience in procurement of construction materials.

Zhang Yaoyuan (張耀垣), aged 62, is an executive Director of our Company. He is primarily responsible for construction management, supervision and coordination of each of our property development projects in Guangdong Province. From 1994 to 1997, Mr. Zhang served as a deputy general manager of Shunde Sanhe Property Development Co., Ltd. From 1986 to 1997, Mr. Zhang served as manager and deputy general manager of Shunde Beijiao Construction Company Limited and has been serving as a director and deputy general manager of Giant Leap Construction Co. and Shunde Country Garden Co. since 1997. Mr. Zhang has over 40 years of experience in construction and approximately 14 years of experience in the management of property development.

Ou Xueming (區學銘), aged 58, is an executive Director of our Company. He is primarily responsible for construction management, supervision and coordination of our property development projects in Inner Mongolia Autonomous Region, Wuhan Region and Chongqing City. From 1994 to 1997, Mr. Ou served as a deputy general manager of Shunde Sanhe Property Development Co., Ltd.. From 1986 to 1997, Mr. Ou served as deputy general manager of Shunde Beijiao Construction Company Limited and has been acting as a director and deputy general manager of Giant Leap Construction Co. and Shunde Country Garden Co. since 1997. Mr. Ou has over 30 years of experience in construction and approximately 14 years of experience in the operation and management of property development.

Yang Zhicheng (楊志成), aged 34, is an executive Director of our Company and the director and general manager of Changsha Venice Co. He is primarily responsible for the overall development and management of our property project in Changsha, Hunan Province. Prior to joining the Group in 1997, Mr. Yang had worked in Shunde Sanhe Property Development

Co., Ltd. as project manager. He had also served as the general manager of Jun'an Country Garden Co. and project general manager of the Group. Mr. Yang has approximately 14 years of experience in project development. Mr. Yang is a nephew of Mr. Yeung Kwok Keung.

Yang Yongchao (楊永潮), aged 33, is an executive Director of our Company and the general manager of our sales centre. He is primarily responsible for our overall sales management. He has been responsible for the management of the operation and sales centre of Shunde Country Garden Co. since 1997. Mr. Yang has approximately 11 years of experience in property sales management, market research, product planning proposal, pricing, marketing, sales and customer resource management. Mr. Yang is a nephew of Mr. Yeung Kwok Keung.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Lai Ming, Joseph (黎明), aged 63, is an independent non-executive Director, Chairman of the Audit Committee and a member of the Remuneration Committee of our Company. Mr. Lai is a fellow member of Hong Kong Institute of Certified Public Accountants ("HKICPA"), CPA Australia and the Chartered Institute of Management Accountants ("CIMA") and the Hong Kong Institute of Directors. He was the president of HKICPA in 1986 and the president of the Hong Kong Branch of CIMA in 1974 to 1975 and 1979 to 1980. Mr. Lai was the managing director of Hsin Chong International Holdings Ltd., which is a substantial shareholder of Hsin Chong Construction Group Ltd., a listed company in Hong Kong which engages primarily in construction and related business in Hong Kong, Macau and the PRC, from November 2001 until December 2003. He was also a non-executive director of Synergis Holdings Ltd., a listed company in Hong Kong which is a property and facility management services provider in Hong Kong and PRC from August 2003 until August 2005. He was an independent non-executive director of SNP Leefung Holdings Ltd. (a company previously listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") from August 2004 until its privatisation in September 2006. Mr. Lai is an independent non-executive director and chairman of the audit committee of Dynasty Fine Wines Group Limited, 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. Mr. Lai also holds directorships in several private companies engaging in property development in Canada. Mr. Lai is also a founding member and first treasurer of Opera Hong Kong Ltd. and a director of the Hong Kong University of Science and Technology R & D Corporation Limited. He is also an advisor to the corporate governance committee of the Hong Kong China Division of CPA Australia.

Shek Lai Him, Abraham (石禮謙) SBS, JP, aged 62, is an independent non-executive Director, a member of the Audit Committee and Remuneration Committee of our Company.

Mr. Shek is a member of the Hong Kong Legislative Council representing the Real Estate and Construction Functional Constituency and was appointed a Justice of the Peace in 1995. He was previously an independent non-executive director of New World TMT Limited whose shares were listed on the Stock Exchange. Mr. Shek is an independent non-executive director of Midas International Holdings Limited, Lifestyle International Holdings Limited, NWS Holdings Limited, Titan Petrochemicals Group Limited, See Corporation Limited, ITC Corporation Limited, Hop Hing Holdings Limited, Hsin Chong Construction Group Limited and MTR Corporation Limited, all of which are companies whose shares are listed on the Stock Exchange. He is also an independent non-executive director of Paliburg Holdings Limited and Chuang's Consortium International Limited, both of which are listed companies in Hong Kong which engage in property investment. Mr. Shek is currently an independent non-executive director of Eagle Asset Management (CP) Limited, the manager of Champion Real Estate Investment Trust, a real estate investment fund formed primarily to own and invest in a portfolio of office and retail properties in Hong Kong and the units of which are listed on the Stock Exchange. He is also an independent non-executive director of Regal Portfolio Management Limited, the manager of Regal Real Estate Investment Trust, a real estate investment fund formed primarily to own and invest in a portfolio of hotels in Hong Kong and the units of which are listed on the Stock Exchange. Mr. Shek also holds directorships in several property-related private companies. He is a director of The Hong Kong Mortgage Corporation Limited.

Tong Wui Tung, Ronald (唐滙棟), aged 57, is an independent non-executive Director, a member of the Audit Committee and Remuneration Committee of our Company. He has been practising as a solicitor in Hong Kong for over 20 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 listed on the Stock Exchange. Mr. Tong was a non-executive director of Multifield International Holdings Limited from September 1997 to September 2004, an independent non-executive director of Beauforte Investors Corporation Limited from November 2000 to March 2004, an independent non-executive director of Wonson International Holdings Limited from December 1999 to November 2006 and a non-executive director of Perfectech International Holdings Limited from August 1994 to May 2007.

Mr. Tong was a non-executive director of Innovative International (Holdings) Limited (subsequently renamed as Carico (Holdings) Limited, also listed on the Stock Exchange) from August 1995 to December 2002. Innovative International (Holdings) Limited entered into a debt restructuring agreement in July, 2001 for an amount of debt of approximately HK\$660 million. Receivers and managers of all the property and assets of Innovative International (Holdings) Limited were appointed in October 2001 pursuant to terms of a composite guarantee

Biographical Details of Directors and Senior Management (continued)

and debenture granted to its secured creditors. Thereafter, Innovative International (Holdings) Limited entered into schemes of arrangement for restructuring in both Hong Kong and Bermuda. Mr. Tong remained as a non-executive director of Innovative International (Holdings) Limited until the restructuring was completed on 20 December 2002. Mr. Tong has confirmed that there was no wrongful act on his part leading to the debt restructuring of Innovative International (Holdings) Limited and that, as far as Mr. Tong is aware, no actual or potential claim has been or will be made against him as a result of such debt restructuring.

QUALIFIED ACCOUNTANT

NG Yi Kum, Estella (伍綺琴), aged 50, is the chief financial officer and qualified accountant of the Company with effect from 21 January 2008. From September 2005 to November 2007, Ms. Ng was an executive director of Hang Lung Properties Limited, a company listed on the Hong Kong Stock Exchange. Prior to her joining Hang Lung Properties in 2003, she was employed by the Hong Kong 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 the Hong Kong University of Science and Technology. She is an Association of The Institute of Chartered Accountants in England and Wales, The Institute of Chartered Secretaries and Administration and a Fellow of the Chartered Association of 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 59, is our company secretary. Mr. Huen joined the Group in March 2007. Mr. Huen 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. Mr. Huen has over 25 years of experience in company management and secretarial fields and has served many listed clients over the years.

SENIOR MANAGEMENT

Song Jun (宋軍), aged 40, is a vice-president of our Company. Mr. Song graduated from the 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 the overall management and supervision of our property development projects. Prior to joining the Group in 1997, he worked in Xiangxi Construction Institute

(湘西自治州建築規劃勘察設計院) and Elite Architectural Co. with responsibility for architectural design work. Since 1997, he has been serving in Shunde Country Garden Co. as project manager and project supervisor responsible for the management of property development. Mr. Song has approximately 11 years of experience in the management of property development.

Xie Shutai (謝樹太), aged 43, is a vice-president of our Company. Mr. Xie graduated from Hunan University (湖南大學) with a degree in civil engineering and is a qualified PRC civil engineer. He is responsible for the overall management of our hotels and property management companies. Prior to joining the Group in 1997, he had worked in Hengyang City Construction Institute (衡陽市建築設計研究院) from 1986 to 1991 with responsibility for structural design work and worked in Shunde Sanhe Property Development Co., Ltd. from 1992 to 1997 with responsibility for property management. Since 1997, he has been working in Shunde Country Garden Co. and Guangdong Management Co. responsible for the overall property and hotel management of the Group. Mr. Xie has approximately 16 years of experience in property management and approximately 11 years of experience in hotel management.

Wang Zhidun (王志敦), aged 38, is a vice-president of our Company. Mr. Wang graduated from Shantou University (汕頭大學), majoring in international business laws and is a qualified PRC lawyer. Mr. Wang is responsible for investment development and legal matters of the Group. He joined the Group in 2003 and prior to joining the Group, Mr. Wang was a partner in Guangdong Bowen Law Offices from 1996 to 2003.

Hu Ran (胡冉), aged 38, is a vice-president of our Company. Mr. Hu graduated from Tsing Hua University (清華大學), majoring in hydraulic-engineering and corporate management. He also studied a master degree in industrial external trading and is now studying a doctoral degree in finance at the National Sun Yat-Sen University (中山大學). Mr. Hu is responsible for capital management. He joined the Group in 2006 and prior to joining the Group, Mr. Hu was the vice-head of China Citic Bank Guangzhou Branch Beixiu Sub-branch (中信銀行廣州分行北秀支行) as well as the general manager of China Southern Airline Group Finance Company (中國南航集團財務公司).

Chen Hua (陳華), aged 58, is a vice-president of our Company. Mr. Chen graduated from Northeast Agricultural University (東北農業大學), majoring in Agriculture Economic Management. He is in charge of the group office and human resource department of the Company and is responsible for the management of charity and commonweal projects endowed by the Company. Before Mr. Chen joined the Group in 2007, he acted as the director of Poverty Alleviation and Development Office of Heilongjiang Provincial Government and has over 32 years of working experience in government. Mr. Chen is the father-in-law of Ms. Yang Huiyan.

Corporate Governance Report

COMMITMENT TO CORPORATE GOVERNANCE

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 enhancement and management of shareholder value. The Board believes that good corporate governance will bring long-term benefits to its shareholders and to the Group.

CODE ON CORPORATE GOVERNANCE PRACTICE

The Company has complied with the Code on Corporate Governance (the “Code”) as set out in the Appendix 14 to the Rules (the “Listing Rules”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) 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 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

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. Specific confirmation has been obtained from all Directors for 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 incidence of material non-compliance has been 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.

THE BOARD

The Board currently consists of nine executive Directors, namely, 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; and three independent non-executive directors, namely, Mr. Lai Ming, Joseph, Mr. Shek Lai Him, Abraham and Mr. Tong Wui Tung, Ronald.

Corporate Governance Report (continued)

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, during the year, none of other Directors has or maintained any financial, business, family or other material, relevant 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. Cui Jianbo, 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 page 44 to 46.

All of the independent non-executive Directors are appointed for a term of two years commencing from 1 January 2007, which are subject to retirement in accordance with the articles of association of the Company (the "Articles"). According to the Articles, 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 the 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 company secretary 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 matter 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 initiative 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.

MEETINGS

The Board held four meetings in 2007 to discuss the overall strategy as well as the operation and financial performance of the Group. The Board reserved for its decision or consideration matters covering overall group strategy, major acquisitions and

disposals, annual budgets, annual and interim results, approval of major capital transactions and other significant operational and financial matters.

The attendance of each of the Directors is set out below:

Directors	No. of meetings attended/ No. of meetings held
Executive Directors	
Mr. Yeung Kwok Keung (Chairman)	4/4
Mr. Cui Jianbo	4/4
Ms. Yang Huiyan	3/4
Mr. Yang Erzhu	4/4
Mr. Su Rubo	4/4
Mr. Zhang Yaoyuan	4/4
Mr. Ou Xueming	4/4
Mr. Yang Zhicheng	4/4
Mr. Yang Yongchao	4/4
Independent Non-executive Directors	
Mr. Lai Ming, Joseph	4/4
Mr. Shek Lai Him, Abraham SBS, JP	4/4
Mr. Tong Wui Tung, Ronald	4/4

During these meetings, the Directors discussed and formulated business policies and strategies, corporate governance and financial and internal control systems. They reviewed the interim and final business results and other relevant important matters. For those Directors who are not able to attend these meetings in persons, participation by telephone conference is available.

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 the 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.

AUDIT COMMITTEE

The Audit Committee was established on 5 December 2006 with terms of references in compliance with the Code set out

in Appendix 14 of the Listing Rules. 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.

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 2007 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 and external auditors of the Company. The committee's review covers the audit plans and findings of external auditors, 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 (Chairman)	4/4
Mr. Shek Lai Him, Abraham, SBS, JP	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 auditors. 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 2008 as the Company's external auditor at the forthcoming Annual General Meeting.

Corporate Governance Report (continued)

REMUNERATION COMMITTEE

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.

During the year, the Remuneration Committee held two meetings, with full minutes kept by the company secretary. It reviews the remuneration package of the vice presidents of the Company and approves the appointment of Mr. Chen Hua as vice president of the Company and his remuneration package. Attendance of the members is set out below:

Members	No. of meetings attended/ No. of meetings held
Mr. Yeung Kwok Keung (Chairman)	2/2
Mr. Cui Jianbo	2/2
Mr. Lai Ming, Joseph	2/2
Mr. Shek Lai Him, Abraham, SBS, JP	2/2
Mr. Tong Wui Tung, Ronald	2/2

INTERNAL CONTROLS

The Board is ultimately responsible for the internal control system of the Group and, through Audit Committee, has reviewed the effectiveness of the system. The Board has delegated to the senior management the implementation of such systems of internal controls as well as the relevant financial and operational and compliance controls and risk management procedures.

During the year under review, the Board has reviewed the operational and financial reports (interim and quarterly financial statements) provided by the senior management. Besides, the Audit Committee has performed review of the financial budgets and internal controls as provided by the senior management. The management has employed the service of Protiviti, an external consultancy firm to review various aspects of internal control.

The Board assesses and reviewed the effectiveness of the internal control systems and procedures based on information derived from discussions with the senior management and its external auditor. The Audit Committee has reviewed the comments of external auditors provided at the Audit Committee meetings.

Based on the assessment made by the senior management for the year ended 31 December 2007, the Audit Committee is satisfied that there is an ongoing process in place for identifying, evaluating and managing the significant risks faced by the Group.

AUDITOR'S REMUNERATION

For the year ended 31 December 2007, the fees paid/payable to the auditor of the Company (inclusive of business tax) in respect of the audit services and other services provided amounted to approximately RMB7,894,000 and RMB2,610,000 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 2007, 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 61 to 62.

GOING CONCERN

There are no material uncertainties relating to events or conditions that cast significant doubt upon the Company's ability to continue as a going concern.

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 2007.

CORPORATE REORGANIZATION AND PUBLIC LISTING

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

Pursuant to a corporate reorganization (the “Corporate Reorganization”) to rationalize the structure of the Group in preparation for the public listing of the Company’s Shares on The Stock Exchange of Hong Kong Company Limited (the “Stock Exchange”), the Company became the holding company of the Group. Details of Corporate Reorganization are set out in the Appendix VII of the prospectus of the Company (the “Prospectus”) issued on 3 April 2007.

The Shares were listed on the Stock Exchange on 20 April 2007.

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 2007 are set out in the consolidated income statement of the Group on page 66.

DIVIDENDS

The Directors recommend the payment of the final dividend of RMB9.52 cents per share in respect of the year.

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 19 to the consolidated financial statements of the Group.

RESERVES

Details of the movements in reserves during the year are set out in note 18 to the consolidated financial statements of the Group.

As at 31 December 2007, the distributable reserve of the Company amounted to approximately RMB1,919,211,000.

DONATIONS

The donations made by the Group during the year amounted to approximately RMB77,648,000 (2006: RMB9,089,000).

MAJOR ACQUISITION OF SUBSIDIARY

Details of the acquisition of a subsidiary made by the Group are set out in note 33 to the consolidated financial statements of the Group.

FINANCIAL SUMMARY

A financial summary of the Group is set out on page 127 of this annual report.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2007, revenue attributable to the largest customer of the Group amounted to approximately 3.1% 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 2007, purchases attributable to the largest supplier of the Group amounted to approximately 6.5% 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.

Report of the Directors (continued)

DIRECTORS AND SHAREHOLDERS INTERESTS IN SUPPLIERS AND CUSTOMERS OF THE GROUP

During the year ended 31 December 2007, so far as the Directors are aware, the following persons who are Directors and their associates (herein 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.	52% equity interest
Mr. Yang Erzhu	Qingyuan Country Garden Property Development Co., Ltd.	12% equity interest
Mr. Su Rubo	Qingyuan Country Garden Property Development Co., Ltd.	12% equity interest
Mr. Zhang Yaoyuan	Qingyuan Country Garden Property Development Co., Ltd.	12% equity interest
Mr. Ou Xueming	Qingyuan Country Garden Property Development Co., Ltd.	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.	52% equity interest
Mr. Yang Erzhu	Guangdong Elite Architectural Co., Ltd.	12% equity interest
Mr. Su Rubo	Guangdong Elite Architectural Co., Ltd.	12% equity interest
Mr. Zhang Yaoyuan	Guangdong Elite Architectural Co., Ltd.	12% equity interest
Mr. Ou Xueming	Guangdong Elite Architectural Co., Ltd.	12% equity interest
Mr. Yeung Kwok Keung	Foshan Shunde Grand Cement Co., Ltd	52% equity interest
Mr. Yang Erzhu	Foshan Shunde Grand Cement Co., Ltd	12% equity interest
Mr. Su Rubo	Foshan Shunde Grand Cement Co., Ltd	12% equity interest
Mr. Zhang Yaoyuan	Foshan Shunde Grand Cement Co., Ltd	12% equity interest
Mr. Ou Xueming	Foshan Shunde Grand Cement Co., Ltd	12% equity interest

Foshan Shunde Grand Cement Co., Ltd ("Grand Cement") is a non-wholly owned subsidiary of Foshan Shunde Lida Investment Co., Ltd ("Lida Investment"). Lida Investment is owned by Ms. Yang Meirong (a sister of Mr. Yeung Kwok Keung) as to 52%, 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) as to 12% and by Ms. Ou Jieping (a daughter of Mr. Ou Xueming) as to 12%. As Grand Cement is owned as to 73.6% by Lida Investment, an associate of Mr. Yeung Kwok Yeung, as to 73.6% of its total equity interest, 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 2007.

SHARE CAPITAL

On 10 November 2006, the date of incorporation of the Company, one Share was allotted and issued to Codan Trust Company (Cayman) Limited for cash at par and such Share was transferred to Mr. Yang Erzhu on the same date. Subsequent to the balance sheet date, on 19 March 2007, Mr. Yang Erzhu transferred his one Share to Automic Group

Limited ("Automic") at par value, and 70 Shares, 11 Shares, 6 Shares, 6 Shares and 6 Shares were allotted and issued as fully paid up to Concrete Win Limited ("Concrete Win"), Automic, Easy Hope Holdings Ltd. ("Easy Hope"), Acura International Global Limited ("Acura") and Highlander Group Limited ("Highlander") respectively. Pursuant to the Corporate Reorganization, on 26 March 2007, the Company acquired the entire issued share capital of Smart World Development Holdings Ltd. ("Smart World") from Concrete Win, Automic, Easy Hope, Acura and Highlander, the consideration of which was satisfied by the issue and allotment of 699,999,930 Shares, 119,999,988 Shares, 59,999,994 Shares, 59,999,994 Shares and 59,999,994 Shares to Concrete Win, Automic, Easy Hope, Acura and Highlander respectively, credited as fully paid. On 20 March 2007, conditional on the share premium account of the Company being credited as a result of the listing of the Company, an amount of HK\$1,260,000,000 from the share premium was applied in paying up in full at par 12,600,000,000 Shares, such Shares to be allotted and issued, credited as fully paid at par to Concrete Win, Automic, Easy Hope, Acura and Highlander, being Shareholders appearing on the register of members of the Company on the date of the Prospectus. On 19 April 2007, additional 2,400,000,000 Shares were issued pursuant to the Global Offering (as defined in the Prospectus) of the Company. Details of the movements in the share capital of the Company are set out in note 17 to the consolidated financial statements of the Group.

DIRECTORS AND DIRECTORS' SERVICE CONTRACTS

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

Executive Directors

Mr. Yeung Kwok Keung (Chairman)
 Mr. Cui Jianbo
 Ms. Yang Huiyan
 Mr. Yang Erzhu
 Mr. Su Rubo
 Mr. Zhang Yaoyuan
 Mr. Ou Xueming
 Mr. Yang Zhicheng
 Mr. Yang Yongchao

Independent non-executive Directors

Mr. Lai Ming, Joseph
 Mr. Shek Lai Him, Abraham
 Mr. Tong Wui Tung, Ronald

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.

Each of the executive directors of the Company has entered into a service contract with the Company taking effect from 1 January 2007 for a period of three years. All the independent non-executive directors are appointed for a period up to 31 December 2008.

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.

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 2007 are set out in note 24 to the consolidated financial statements of the Group.

DIRECTORS' INTERESTS IN CONTRACTS

The Company only became listed on the Stock Exchange on 20 April 2007 and had transactions which constituted connected transactions or continuing connected transactions under Chapter 14A of the Listing Rules for the year ended 31 December 2007, details are set out in the section headed under "Continuing Connected transactions". Save as aforesaid,

no contracts of significance in relation to the Company's business to which the Company, many 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 Qingyuan Country Garden Property Development Co., Ltd. and Qingyuan Country Cultural Development Co., Ltd.. Qingyuan Country Garden Property Development Co., Ltd. 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 2007, none of the Directors are considered to be in businesses which compete or are likely to compete, either directly or indirectly interests, with the businesses of the Group.

CONTINUING CONNECTED TRANSACTIONS

As disclosed in the Prospectus, 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:

(a) Water Supply Agreements

Pursuant to the water supply agreement ("Jiangkou WS Agreement") dated 27 March 2007 between Shunde Country Garden Property Development Co., Ltd. ("Shunde CG") and Foshan Shunde Jiangkou Water Plant Co., Ltd. ("Jiangkou Plant") and the water agreement ("Crystal WS Agreement") dated 27 March 2007 between Zengcheng Country Garden Property Development Co., Ltd. ("Zengcheng CG") and Zengcheng Crystal Water Plant Co., Ltd. ("Crystal Plant"), Jiangkou Plant and Crystal Plant shall provide the Group water supply for use in operations in Pangyu and Shunde Districts and in Zengcheng District respectively for three years commencing from 1 January 2007 and subject to the annual caps of not exceeding RMB3.5 million and RMB17 million respectively for each of the years 2007, 2008 and 2009 respectively. The water supply shall be at rates no less favourable than rates chargeable by other water plants operated

Report of the Directors (continued)

by independent third parties in Panyu District, Shunde District and Zengcheng District. The water fees received by Jiangkou Plant and Crystal Plants during the Period amounted to RMB3.47 million and RMB8.93 million respectively.

Each of Jiangkou Plant and Crystal Plant is owned by Ms. Yang Huiyan as to 52%, by Mr. Yang Erzhu as to 12%, by Mr. Su Rubo as to 12%, by Mr. Ou Xueming as to 12% and by Mr. Zhang Yaoyuan as to 12%. Jiangkou Plant and Crystal Plant are associates of a connected person of the Company as Ms. Yang Huiyan is a Director and a controlling shareholder of the Company.

(b) Interior Decoration Services Agreements

Pursuant to the interior decoration services agreements ("Decoration Services Agreements") entered into between Foshan Shunde Finest Decoration & Design Enterprises Company ("Finest Decoration") and Qingyuan CG on 9 November 2006 and 15 November 2006 respectively (as amended by a supplemental agreement dated 27 March 2007), Finest Decoration agreed to provide interior decoration services for properties constructed under the project of Qingyuan CG for an aggregate sum of approximately RMB40.7 million, subject to the cap of not exceeding RMB34 million for year 2007. The interior decoration services are charged by Finest Decoration with reference to market prices and on terms no more favourable than those offered by independent third parties for comparable services to Qingyuan CG. The charge for the interior decoration service was determined with reference to the estimated costs plus profits for provision of such services. During the year, the total amount of charges for interior decoration services charged by Finest Decoration amounted to RMB33.47 million.

Qingyuan is owned by Ms. Yang Huiyan as to 52%, by Mr. Yang Erzhu as to 12%, by Mr. Su rubo as to 12%, by Ou Xueming as to 12% and Mr. Zhang Yaoyuan as to 12% of its total equity interest. Qingyuan CG is an associate of a connected person of the Company as Ms. Yang Huiyan is a Director and a controlling shareholder of the Company.

(c) Design Services Agreements

Pursuant to the design services agreement ("Design Services Agreement") dated 27 March 2007 entered into between Shunde CG and Guangdong Elite Architectural Co., Ltd. ("Elite"), Elite 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 2007 and subject to annual cap of RMB74.75 million for each of the years 2007, 2008 and 2009 respectively. During the year, the total amount of design services charged by Elite amounted to RMB74.75 million.

Elite is owned by Ms. Yang Huiyan as to 52%, by Mr. Yang Erzhu as to 12%, by Mr. Su Rubo as to 12%, by Mr. Ou Xueming as to 12% and by Mr. Zhang Yaoyuan as to 12%. Elite is an associate of a connected person as Ms Yang Huiyan is a Director and a controlling shareholder of the Company.

(d) Cement Product Sales Agreement

Pursuant to the cement products sales agreement ("Cement Products Agreements") dated 27 March 2007 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 2007 and subject to annual cap of not exceeding RMB240 million for each of the years 2007, 2008 and 2009 respectively. During the year, the amount of cement purchased by Grand Cement amounted to RMB152.25 million.

Grand Cement is a non-wholly owned subsidiary of Lida Investment. Lida Investment is owned by Ms. Yang Meirong (a sister of Mr. Yeung Kwok Keung) as to 52%, by Mr. Yang Minsheng (a son of Mr. Yang Erzhu) as to 12%, by Mr. Su Zhiyan (a son of Su Rubo) as to 12%, by Mr. Zhang Chibiao (a son of Mr. Zhang Yaoyuan) as to 12% and by Ms. Ou Jieping (a daughter of Mr. Ou Xueming) as to 12%. As Grand Cement is owned as to 73.6% by Lida Investment, an associate of Mr. Yeung Kwok Yeung, as to 73.6% of its total equity interest, Grand Cement is thus an associate of a connected person of the Company.

(e) 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 for an aggregate amount of approximately RMB1,723 million. The amount is subject to annual caps of not exceeding RMB590 million for a period of 3 years in 2007, 2008

and 2009 respectively. 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. During the year, the value of construction services provided by Giant Leap amounted to RMB521.63 million.

Giant Leap is a wholly-owned subsidiary. Qingyuan CG is an associate of a connected person of the Company as Ms. Yang Huiyan is a Director and a controlling shareholder of the Company.

Ms. Yang Huiyan is executive Director and controlling shareholder of the Company. Each of Messrs. Yang Euzhu, Su Rubo, Ou Xueming and Zhang Yaoyuan is executive 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 transactions under item (a) to (c) are subject to full reporting and announcement but be exempt from the independent shareholders' approval under Rule 14A.34 of the Listing Rules while the transactions under item (d) to (e) are subject to independent shareholders' approval under Rule 14A.35 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 no 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 of the Company as a whole.

For the purpose of Rule 14A.38 of the Listing Rules, PricewaterhouseCoopers, the auditor of the Company, have also performed random sample checking on the above Continuing Connected Transactions and confirmed that the transactions entered into:

- (i) were approved by the Board of the Company;
- (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 2007, 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 35 "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 were granted during the period 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 the people working for the interest of the Group with incentives to perform better for the interest of the Group contributing to the success of the Group's business and to attract high quality staff for the purpose of enhancing competitiveness of the Group.

(ii) Who may join

The Board may, at its absolute discretion, invite any executive or non-executive directors including independent non-executive directors of each member of the Group and their associates and any full-time employees of each member of the Group (together, the "Participants" and each "Participant"), to take up options ("Options") to subscribe for Shares at a price calculated in accordance with paragraph (v) below.

In determining the basis of eligibility of each Participant, the Board would take into account such factors as the Board may at its discretion consider appropriate.

Report of the Directors (continued)

(iii) Grant of Options

On and subject to the terms of the Share Option Scheme, the Board shall be entitled at any time, within 10 years after the date on which the Share Option Scheme is conditionally adopted by the Shareholders to make an offer of the grant of an Option by the Board (the "Offer") to any Participant as the Board may in its absolute discretion select to subscribe for such number of Shares as the Board may determine at the subscription price.

(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

Subject to any adjustments made as stipulated in the Share Option Scheme, the subscription price in respect of each Share issued under the Share Option Scheme will be a price solely determined by the Board and notified to a Participant and will be at least the highest of:

- (1) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of offer to the Participant, which must be a day (other than a Saturday or a Sunday) on which licensed banks are open for business in Hong Kong and the Stock Exchange is open for the business of dealing in securities (a "Business Day");
- (2) a price being the average of the closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the 5 Business Days immediately preceding the date of offer to the Participant (provided that the new issue price shall be used as the closing price for any Business Day falling within the period before listing of the Shares where the Company has been listed for less than 5 Business Days as at the date of offer to the Participant); and
- (3) the nominal value of a Share.

(vi) Maximum number of Shares available for subscription

- (1) The total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of the Company shall not in aggregate exceed approximately 10% of the total number of Shares in issue immediately following completion of the Global Offering and

Capitalization Issue (as defined in the Prospectus), being 1,600,000,000 Shares, unless the Company obtains an approval from its Shareholders. Options lapsed in accordance with the terms of the Share Option Scheme will not be counted for the purpose of calculating such approximately 10% limit.

- (2) The Company may seek approval of its Shareholders in general meeting for refreshing the approximately 10% limit set out in sub-paragraph (1) above such that the total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of the Company under the limit as refreshed shall not exceed approximately 10% of the total number of Shares in issue as at the date of approval to refresh such limit excluding Options previously granted under the Share Option Scheme and any other share option schemes. Options previously granted under the Share Option Scheme and any other share option schemes (including those outstanding, cancelled, lapsed in accordance with the Share Option Scheme or any other share option schemes or exercised Options) will not be counted for the purpose of calculating such limit as refreshed. In such a case, the Company shall send a circular to its shareholders containing the information required under the Listing Rules.
- (3) The Company may seek separate approval by its shareholders in general meeting for granting Options beyond the approximately 10% limit set out in sub-paragraph (1) or subparagraph (2) (as the case may be) provided the Options in excess of such limit are granted only to participants specifically identified by the Company before such approval is sought. In such a case, the Company shall send a circular to its shareholders containing the information required under the Listing Rules.

Notwithstanding the above and subject to the terms stipulated in the Share Option Scheme, 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 and any other share option schemes of the Company must not exceed 30% (or such higher percentage as may be allowed under the Listing Rules) of the total number of Shares in issue from time to time. No option may be granted under the Share Option Scheme and any other share option schemes of the Company if this will result in the aforesaid 30% limit being exceeded.

As at the date of this report, a total of 1,636,000,000 Shares (representing 10% of the issued share capital of the Company) 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 the Options granted to each Participant (including both exercised and outstanding Options) in any 12-month period shall not exceed 1% of the total number of Shares in issue.

Where any further grant of Options to a Participant would result in the Shares issued and to be issued upon exercise of all Options granted and to be granted to such Participant under the Share Option Scheme and any other share option schemes of the Company (including exercised, cancelled and outstanding options) in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of the total number of Shares in issue, such further grant must be separately approved by the shareholders in general meeting with such Participant and his associates (as defined in the Listing Rules) abstaining from voting. The number and terms (including the exercise price) of the Options to be granted to such Participants shall be fixed before the Shareholders' approval and the date of the Board meeting for proposing such further grant should be taken as the date of grant for the purpose of calculating the subscription price. In such a case, the Company shall send a circular to its shareholders containing the information required under the Listing Rules.

Any grant of Options to a Participant who is a director, chief executive or substantial shareholder (each as defined in the Listing Rules) of the Company or their respective associates (as defined in the Listing Rules) must be approved by the independent non-executive Directors (excluding an independent non-executive Director who is the relevant grantee). Where the Board proposes to grant any Option to a Participant who is a substantial shareholder or an independent non-executive Director or any of their respective associates, would result in the Shares issued and to be issued upon exercise of all options already granted under the Share Option Scheme and any other share option schemes of the Company (including options exercised, cancelled and outstanding) to such Participant in the 12-month period up to and including the date of grant:

- (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.

Such proposed grant of Options must be approved by the Shareholders by poll in general meeting. In such a case, the Company shall send a circular to its shareholders containing all those terms as required under the Listing Rules. All connected persons of the Company must abstain from voting in favour at such general meeting (except that any connected person may vote against such proposed grant at the general meeting provided that his intention to do so has been stated in the circular issued to the Shareholders). Any vote taken at the meeting to approve the grant of such Options must be taken on a poll and the applicable requirements of the Listing Rules must be complied with.

(viii) Time of exercise of option

An Option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period to be determined by the Board at its discretion and notified by the Board to each grantee as being the period during which an Option may be exercised any in any event, such period shall not be longer than 10 years from the date upon which any particular Option is granted in accordance with the Share Option Scheme.

Unless otherwise determined by the Board and specified in the Offer Letter at the time of the Offer of the Option, there is neither any performance target that needs to be achieved by the grantee before an Option can be exercised nor any minimum period for which an Option must be held before the Option can be exercised. An Option may be exercised in whole or in part in the manner as set out in the Offer Letter and in the Share Option Scheme by the Grantee (or his personal representative(s)) giving notice in writing to the Company stating that the Option is thereby exercised and the number of Shares in respect of which it is exercised. Each such notice must be accompanied by a remittance for the full amount of the total subscription price for the Shares in respect of which the notice is given. Within 28 days after receipt of the notice and the remittance, and where appropriate, receipt of the certificate of the independent financial advisor or auditor pursuant to terms set out in the Offer Letter, the Company shall allot the relevant Shares to the grantee (or his personal representative(s)) credited as fully paid and issue to the grantee (or his personal representative(s)) a share certificate in respect of the Shares so allotted.

Report of the Directors (continued)

DISCLOSURE OF INTERESTS

Directors' and Chief Executives' Interests

As at 31 December 2007, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register which were 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") were as follows:

(i) Interest in the Company (long position)

Name of director	Capacity	Number of ordinary shares (Note)	Percentage to issued share capital
Ms. Yang Huiyan	interest of controlled corporation	9,520,000,000	58.19%
Mr. Yang Erzhu	interest of controlled corporation	1,632,000,000	9.98%
Mr. Su Rubo	interest of controlled corporation	816,000,000	4.99%
Mr. Zhang Yaoyuan	interest of controlled corporation	816,000,000	4.99%
Mr. Ou Xueming	interest of controlled corporation	816,000,000	4.99%

(ii) Interest in an associated corporation of the Company (long position)

Name of Director	Name of the associated corporation	Capacity	Number of class of securities	Shareholding percentage
Ms. Yang Huiyan	Concrete Win Limited	beneficial owner	2 shares of US\$1.00	100%

Note:

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.

Save as disclosed above, none of the Directors or chief executive of the Company had or was deemed to have any interests or short positions in the shares of the Company, underlying shares or debentures of the Company or any of its associated corporations as recorded in the register which were required to be kept by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the

Model Code. None of Directors or their spouse or children under the age of 18, had been granted any right to subscribe for the equity or debt securities of the Company or any of its associated corporations, or had exercised any such right during the period (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.

SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 31 December 2007, the interests and short positions of persons, other than the Directors or chief executive of the Company in the shares and the underlying shares of the Company representing 5% or more of the nominal value of shares comprised in the relevant share capital of the Company as recorded in the register kept by the Company under Section 336 of the SFO were as follows:

Interest in the Company (long position)

Name of shareholder	Capacity	Number of ordinary shares	Percentage to issued share capital
Concrete Win Limited	beneficial owner	9,520,000,000 (Note 1)	58.19%
Automic Group Limited	beneficial owner	1,632,000,000 (Note 2)	9.98%

Notes:

- These 9,520,000,000 shares are held by Concrete Win Limited, the entire issued share capital of which is beneficially owned by Ms. Yang Huiyan.
- These 1,632,000,000 shares are held by Automic Group Limited, the entire issued share capital of which is beneficially owned by Mr. Yang Erzhu.

Save as disclosed, none of the Directors knows of any person (not being a Director or chief executive of the Company) who will have an interest or short position in the shares or underlying shares of the Company as representing 5% or more of the nominal value of shares comprised in the relevant share capital of the Company.

expenses) amounted to approximately RMB14,225 million which has been applied in accordance with the proposed applications set out in the section headed "Future plans and use of proceeds" contained in the prospectus. During the Period, approximately 95.2% of the net proceeds has been utilised.

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.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's articles of association, or the law 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 Shareholder.

CORPORATE GOVERNANCE

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

USE OF NET PROCEEDS FROM THE COMPANY'S INITIAL PUBLIC OFFERING

The Company was listed on the Stock Exchange on 20 April 2007. The net proceeds from the Company's issue of new shares (after deducting the underwriting commission and listing

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

Report of the Directors (continued)

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 and confirm sufficiency of public float in the successive annual reports after listing. At the time of the Listing of the Company, 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 report, the Directors confirm that the Company has maintained the amount of public float as required under the Listing Rules.

LOAN AGREEMENT WITH COVENANTS RELATING TO SPECIFIC PERFORMANCE OF THE CONTROLLING SHAREHOLDERS

On 15 October 2007, the Company as borrower, Angel View International Limited, Estonia Development Ltd., Falcon Investments Development Ltd. and Impreza Group Limited (each of them is a wholly-owned subsidiary of the Company) as guarantors, and Bank of China (Hong Kong) Limited as lender, entered into an agreement for a six months non-revolving term loan facility of up to an aggregate amount of HK\$1.5 billion, which includes a condition imposing specific performance obligations on the controlling shareholders of the Company. On 27 February 2008, the Company has fully repaid the loan and accrued interest thereon and such covenants ceased to exist.

POST BALANCE SHEET EVENTS

Details of the significant post balance sheet events are set out in note 36 to the consolidated financial statements of the Group.

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 ensuring year is to be proposed at the forthcoming annual general meeting.

PROFESSIONAL TAX ADVICE RECOMMENDED

If the shareholders ("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 Shareholders will be closed from Monday, 14 April 2008 to Thursday, 17 April 2008, 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 Friday, 11 April 2008.

For and on behalf of the Board

Yeung Kwok Keung

Chairman

Hong Kong, 18 March 2008

Independent Auditor's Report



羅兵咸永道會計師事務所

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INDEPENDENT AUDITOR'S REPORT 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 63 to 126, which comprise the consolidated and Company balance sheets as at 31 December 2007, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement of the Group for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors of the Company (the "Directors") are responsible for the preparation and the true and fair presentation of these consolidated financial statements 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. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 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 (continued)

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF COUNTRY GARDEN HOLDINGS COMPANY LIMITED (continued)

(Incorporated in the Cayman Islands with limited liability)

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 2007 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, 18 March 2008

Consolidated Balance Sheet

		As at 31 December	
	Note	2007 RMB'000	2006 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	6	1,621,654	944,571
Intangible assets	7	4,083	—
Land use rights	8	8,196,080	2,171,614
Available-for-sale financial assets	9	20,000	20,000
Properties under development	10	3,690,575	212,573
Deferred income tax assets	20	556,112	555,566
		14,088,504	3,904,324
Current assets			
Land use rights	8	1,914,099	1,584,777
Properties under development	10	5,382,650	3,725,848
Completed properties held for sale	12	1,636,368	1,641,029
Inventories	13	102,787	89,955
Trade and other receivables	14	5,262,929	1,439,064
Prepaid taxes		749,743	942,012
Restricted cash	15	1,013,515	454,669
Cash and cash equivalents	16	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	17	14,989,639	764,568
Reserves	18	278,785	32,705
Retained earnings			
— proposed final dividend	27	1,557,472	—
— others	18	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

Consolidated Balance Sheet (continued)

	Note	As at 31 December	
		2007 RMB'000	2006 RMB'000
LIABILITIES			
Non-current liabilities			
Borrowings	19	4,227,400	2,858,200
Deferred income tax liabilities	20	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	21	2,619,771	1,115,035
Income tax payable		2,287,881	1,026,735
Borrowings	19	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

Approved by the Board of Directors on 18 March 2008

Cui Jianbo
Director

Yang Erzhu
Director

The notes on pages 69 to 126 are an integral part of these consolidated financial statements.

Balance Sheet

		As at 31 December	
	Note	2007 RMB'000	2006 RMB'000
ASSETS			
Non current assets			
Investments in subsidiaries	11	16,596,978	—
Current assets			
Amounts due from subsidiaries	11	1,702,491	—
Prepayments	14	1,001	653
Cash and cash equivalents	16	22,704	—
		1,726,196	653
Total assets		18,323,174	653
EQUITY			
Capital and reserves attributable to the equity owners			
Share capital and premium	17	14,989,639	—
Retained earnings			
— proposed final dividend	27	1,557,472	—
— others	18	361,739	(1,349)
Total equity		16,908,850	(1,349)
LIABILITIES			
Current liabilities			
Amounts due to subsidiaries	11	9,567	—
Other payables	21	187	2,002
Borrowings	19	1,404,570	—
Total liabilities		1,414,324	2,002
Total equity and liabilities		18,323,174	653
Net current assets/(liabilities)		311,872	(1,349)
Total assets less current liabilities		16,908,850	(1,349)

Approved by the Board of Directors on 18 March 2008

Cui Jianbo
Director

Yang Erzhu
Director

The notes on pages 69 to 126 are an integral part of these consolidated financial statements.

Consolidated Income Statement

	Note	Year ended 31 December	
		2007 RMB'000	2006 RMB'000
Revenue	5	17,735,011	7,940,937
Cost of sales	23	(9,560,890)	(4,922,581)
Gross profit		8,174,121	3,018,356
Other gains — net	22	34,640	38,816
Selling and marketing costs	23	(310,833)	(214,497)
Administrative expenses	23	(933,236)	(407,388)
Operating profit		6,964,692	2,435,287
Finance income	25	425,418	20,192
Finance costs	25	(579,228)	(264,776)
Finance costs — net		(153,810)	(244,584)
Profit before income tax		6,810,882	2,190,703
Income tax expenses	26	(2,607,141)	(518,224)
Profit for the year		4,203,741	1,672,479
Attributable to:			
Equity owners		4,135,908	1,519,473
Minority interests		67,833	153,006
		4,203,741	1,672,479
Basis and diluted earnings per share, expressed in RMB cents per share	30	26.63 cents	11.17 cents
Dividends	27	2,070,026	2,513,704

The notes on pages 69 to 126 are an integral part of these consolidated financial statements.

Consolidated Statements of Changes in Equity

	Capital and reserves attributable to the equity owners			
	Share capital and premium	Reserves	Minority interests	Total
	RMB'000 (note 17)	RMB'000 (note 18)	RMB'000	RMB'000
Balance as at 1 January 2006	764,568	1,540,216	17,054	2,321,838
Capital injections to subsidiaries by their then equity holders	—	9,551	11,450	21,001
Acquisition of subsidiaries	—	—	11,345	11,345
Disposals of subsidiaries and businesses	—	(10,277)	(27,320)	(37,597)
Profit for the year	—	1,519,473	153,006	1,672,479
Dividends (note 27)	—	(2,513,704)	—	(2,513,704)
Balance as at 31 December 2006 and 1 January 2007	764,568	545,259	165,535	1,475,362
Capital injections to subsidiaries by their then equity holders	—	—	7,500	7,500
Issue of shares in connection with the listing	14,671,195	—	—	14,671,195
Share issue cost	(446,124)	—	—	(446,124)
Profit for the year	—	4,135,908	67,833	4,203,741
Dividends (note 27)	—	(512,554)	—	(512,554)
Balance as at 31 December 2007	14,989,639	4,168,613	240,868	19,399,120

The notes on pages 69 to 126 are an integral part of these consolidated financial statements.

Consolidated Cash Flow Statement

	Note	Year ended 31 December	
		2007 RMB'000	2006 RMB'000
Cash flows from operating activities			
Net cash (used in)/generated from operations	28	(6,795,257)	5,200,900
Income tax paid		(1,343,055)	(1,481,183)
Interest paid		(283,598)	(264,776)
Net cash (used in)/generated from operating activities		(8,421,910)	3,454,941
Cash flows from investing activities			
Acquisition of subsidiaries, net of cash acquired	33	(550,000)	(17,741)
Disposals of subsidiaries and businesses, net of cash received		—	(6,307)
Purchases of property, plant and equipment		(806,145)	(332,264)
Purchase of intangible assets		(4,824)	—
Purchases of land use rights		(389,255)	(10,997)
Proceeds of disposals of property, plant and equipment	28	2,035	67,638
Proceeds of disposals of available-for-sale financial assets		—	5,000
Interest received	25	425,418	20,192
Cash advances made to related parties		(275,250)	(247,592)
Repayments of cash advances from related parties		638,797	1,021,557
Net cash (used in)/generated from investing activities		(959,224)	499,486
Cash flows from financing activities			
Proceeds from issuing shares	17	14,671,195	—
Capital contributions from minority shareholders		7,500	21,001
Share issue cost		(446,124)	—
Proceeds from borrowings		6,439,978	3,436,632
Repayments of borrowings		(3,529,500)	(3,690,050)
Repayments of cash advances to related parties		—	(503,324)
Dividends paid to then equity holders	27	(512,554)	(2,513,704)
Net cash generated from/(used in) financing activities		16,630,495	(3,249,445)
Net increase in cash and cash equivalents		7,249,361	704,982
Cash and cash equivalents at the beginning of the year		1,529,689	824,707
Exchange losses on cash and cash equivalents		(295,630)	—
Cash and cash equivalents at the end of the year	16	8,483,420	1,529,689

The notes on pages 69 to 126 are an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

1 GENERAL INFORMATION

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

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

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 was disclosed in note 1 of the Group’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 have been approved for issue by the board of directors of the Company on 18 March 2008.

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

(i) Application of merger accounting

These consolidated financial statements have been prepared using the principles of merger accounting, as prescribed 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 include 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 (excluded from) the consolidated financial statements of the Group from the date of that acquisition (disposal).

(ii) Compliance with Hong Kong Financial Reporting Standards (“HKFRS”)

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

(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’, introduces new disclosures relating to financial instruments. The Group has assessed the impact of these new and revised standards and concluded that the main additional disclosures will be the sensitivity analysis to market risk and capital disclosures requires by these new and revised standards.

Notes to the Consolidated Financial Statements (continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

(ii) Compliance with Hong Kong Financial Reporting Standards ("HKFRS") (continued)

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

HK(IFRIC)-Int 8, 'Scope of HKFRS 2', requires consideration of transactions involving the issuance of equity instruments, where the identifiable consideration received is less than the fair value of the equity instruments issued in order to establish whether or not they fall within the scope of HKFRS 2. This standard does not have any impact on the Group's financial statements.

HK(IFRIC)-Int 10, 'Interim financial reporting and impairment', prohibits the impairment losses recognised in an interim period on goodwill and investments in equity instruments and in financial assets carried at cost to be reversed at a subsequent balance sheet date. This standard does not have any impact on the Group's financial statements.

(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 early adopted them:

- HKAS 1 (Revised), "Presentation of Financial Statements" (effective from 1 January 2009). HKAS 1 (Revised) requires all owner changes in equity to be presented in a statement of changes in equity. All comprehensive income is presented in one statement of comprehensive income or in two statements (a separate income statement and a statement of comprehensive income). It requires presenting a statement of financial position as at the beginning of the earliest comparative period in a complete set of financial statements when there are retrospective adjustments or reclassification adjustments. However, it does not change the recognition, measurement or disclosure of specific transactions and other events required by other HKFRSs. The Group will apply HKAS 1 (Revised) from 1 January 2009.
- HK(IFRIC)-Int 11, 'HKFRS 2 — Group and treasury share transactions' (effective from 1 March 2007), HK(IFRIC)-Int 11 provides guidance on whether share-based transactions involving treasury shares or involving Group entities (for example, options over a parent's shares) should be accounted for as equity-settled or cash-settled share-based payment transactions in the stand-alone accounts of the parent and Group companies. This interpretation does not have an impact on the Group's financial statements.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

(ii) Compliance with Hong Kong Financial Reporting Standards ("HKFRS") (continued)

- (c) *Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group (continued)*
- HKAS 23 (Amendment), 'Borrowing costs' (effective from 1 January 2009). The amendment requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. The option of immediately expensing those borrowing costs will be removed. The Group will apply HKAS 23 (Amended) from 1 January 2009.
 - HKFRS 8, 'Operating segments' (effective from 1 January 2009). HKFRS 8 replaces HKAS 14 and aligns segment reporting with the requirements of the US standard SFAS 131, 'Disclosures about segments of an enterprise and related information'. The new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. The Group will apply HKFRS 8 from 1 January 2009. The expected impact is still being assessed in detail by management, but it appears likely that the number of reportable segments, as well as the manner in which the segments are reported, will change in a manner that is consistent with the internal reporting provided to the chief operating decision-maker. As goodwill is allocated to Groups of cash-generating units based on segment level, the change will also require management to reallocate goodwill to the newly identified operating segments. Management does not anticipate that this will result in any material impairment to the goodwill balance.
 - HK(IFRIC)-Int 14, HKAS 19 — 'The limit on a defined benefit asset, minimum funding requirements and their interaction' (effective from 1 January 2008). HK(IFRIC)-Int 14 provides guidance on assessing the limit in HKAS 19 on the amount of the surplus that can be recognised as an asset. It also explains how the pension asset or liability may be affected by a statutory or contractual minimum funding requirement. The Group will apply HK(IFRIC)-Int 14 from 1 January 2008, but it is not expected to have any impact on the Group's financial statements.
- (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 12 applies to contractual arrangements whereby a private sector operator participates in the development, financing, operation and maintenance of infrastructure for public sector services. HK(IFRIC)-Int 12 is not relevant to the Group's operations because none of the Group's companies provide for public sector services.
 - HK (IFRIC)-Int 13, 'Customer loyalty programmes' (effective from 1 July 2008). HK(IFRIC)-Int 13 clarifies that where goods or services are sold together with a customer loyalty incentive (for example, loyalty points or free products), the arrangement is a multiple-element arrangement and the consideration receivable from the customer is allocated between the components of the arrangement using fair values. HK(IFRIC)-Int 13 is not relevant to the Group's operations because none of the Group's companies operate any loyalty programmes.

Notes to the Consolidated Financial Statements (continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Consolidation

The consolidated financial statements include the financial statements of the Company and all of its subsidiaries made up to 31 December.

(i) *Merger accounting for common control combination*

The consolidated financial statements incorporate the financial statements of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party.

The net assets of the combining entities or businesses are combined using the existing book values from the controlling parties' perspective. No amount is recognised in consideration for goodwill or excess of acquirers' interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest.

The consolidated income statement includes the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where there is a shorter period, regardless of the date of the common control combination.

The comparative amounts in the consolidated financial statements are presented as if the entities or businesses had been combined at the previous balance sheet date or when they first came under common control, whichever is shorter.

A uniform set of accounting policies is adopted by those entities. All intra-group transactions, balances and unrealised gains on transactions between combining entities or businesses are eliminated on consolidation.

Transaction costs, including professional fees, registration fees, costs of furnishing information to shareholders, costs or losses incurred in combining operations of the previously separate businesses, etc., incurred in relation to the common control combination that is to be accounted for by using merger accounting is recognised as an expense in the period in which it is incurred.

(ii) *Subsidiaries*

Subsidiaries are all 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.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group, except for those acquisitions which qualify as a common control combination and are therefore accounted for using the merger accounting.

Under the purchase method of accounting, 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 cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Consolidation (continued)

(ii) **Subsidiaries** (continued)

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

(iii) **Transactions and minority interest**

The Group applies a policy of treating transactions with minority interests as transactions with parties external to the Group. Disposals to minority interests result in gains and losses for the Group that are recorded in the consolidated income statement. Purchases from minority interests result in goodwill, being the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary.

2.3 Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in activities within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments.

2.4 Foreign currency translation

(i) **Functional and presentation currency**

Items included in the financial statements of each of the companies now comprising the Group are measured using the currency of the primary economic environment in which the company operates (the “functional currency”). For the purpose of this report, the consolidated financial statements are presented in RMB, which is the functional and presentation currency of the Company.

(ii) **Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transaction. 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 the consolidated income statement, except when defined in equity as qualifying cash flow hedges or qualifying net investment hedges.

Changes in the fair value of monetary securities denominated in foreign currency classified as available for sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in the amortised cost are recognised in profit or loss, and other changes in the carrying amount are recognised in equity.

Translation differences on non-monetary financial assets and liabilities are reported as part of the fair value gain or loss. Translation difference on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as available for sale are included in the available-for-sale reserve in equity.

Notes to the Consolidated Financial Statements (continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Foreign currency translation (continued)

(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 income statement are translated at average exchange rates; and
- All resulting exchange differences are recognised as a separate component of equity.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

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. All other repairs and maintenance are expensed in the income statement during the years.

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 each balance sheet date.

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 (losses)/gains-net in the income statement.

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 developing or maintaining computer software programmes which do not generate economic benefits exceeding costs beyond one year are recognised as an expense as incurred.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.7 Impairment of investments in subsidiaries and non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment and reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. 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.

2.8 Financial assets

The Group classifies its financial assets in the following categories: loans and receivables and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date.

(i) Loans and receivables

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 14).

(ii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

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. Investments 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. Available-for-sale financial assets (except for unlisted equity investments that do not have quoted price in active market and whose fair value cannot be reliably measured) are subsequently carried at fair value. Loans and receivables are carried at amortised cost using the effective interest method.

The fair values of quoted investments are based on current bid prices. Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less impairment.

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available-for-sale financial assets, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss — measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the income statement — is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement. Impairment testing of trade and other receivables is described in note 2.13.

2.9 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.

Notes to the Consolidated Financial Statements (continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.9 Properties under development (continued)

Development cost of property comprises construction costs, depreciation of machinery and equipment, amortisation of land use rights 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 unless the construction period of the relevant property development project is expected to complete beyond normal operating cycle.

2.10 Completed properties held for sale

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

Cost comprises development costs attributable to the unsold properties.

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

2.11 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.

2.12 Construction contracts

Contract costs are recognised when 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.

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 balance sheet date as a percentage of total estimated costs for each contract.

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

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

2.13 Trade and other receivables

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. A provision for impairment of trade and other receivables is established when there is objective evidence that it will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the consolidated income statement.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.14 Cash and cash equivalents

Cash and cash equivalent includes cash in hand and at banks and deposits held at call with banks with original maturities of three months or less.

2.15 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.

2.16 Trade payable

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

2.17 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 the income statements over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless there is an unconditional right to defer settlement of the liability for at least 12 months after the respective balance sheet date.

2.18 Borrowing costs

Borrowing costs are charged to the income statement in the accounting period in which they are incurred.

The fair value of the liability portion of a convertible bond is determined using a market interest rate for an equivalent non-convertible bond. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or maturity of the bonds. The remainder of the proceeds is allocated to the conversion option. This is recognised in shareholders' equity, net of income tax effects.

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 balance sheet date.

2.19 Current and deferred income tax

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

Deferred income tax is provided in full, 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 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.

Notes to the Consolidated Financial Statements (continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.19 Current and deferred income tax (continued)

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, 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.

2.20 Employee benefits

(i) Employee leave entitlements

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

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

(ii) Retirement benefits

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

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

The Group also participates in a pension 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 pension 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.

2.21 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 more likely than not 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.

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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.22 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 discount and after eliminating sales with the companies now comprising the Group. 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 collectibility 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 sheets as advanced proceeds received from customers under current liabilities.

(ii) Construction services

Revenue arising from construction services is recognised in the accounting period in which the services is rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided (note 2.12).

(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. When a receivable impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cashflow discounted at original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

(vii) Rental income

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

2.23 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

Payments made under operating leases (net of any incentives received from the lessor), including up-front prepayment made for the land use rights, are charged to the consolidated income statements or capitalised in the properties under development (note 2.9) on a straight-line basis over the period of the lease.

(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 sheets. 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 (continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.24 Dividend distribution

Dividend distribution to the then equity holders of the companies now comprising the Group during the year is recognised in this report in the period in which the dividends are approved by the equity holders or the board of directors, where applicable, of relevant companies now comprising the Group.

2.25 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 income statement.

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.

(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, there are no significant non-RMB assets and liabilities. 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 Hong Kong 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 and the Company'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	
	2007	2006	2007	2006
	RMB'000	RMB'000	RMB'000	RMB'000
Assets				
Hong Kong dollar ("H.K. dollar")	3,515,710	23,236	22,704	—
U.S. dollar	52	—	—	—
	3,515,762	23,236	22,704	—
Liabilities				
H.K. dollar	1,404,570	—	1,404,570	—

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	
	Year ended 31 December		Year ended 31 December	
	2007	2006	2007	2006
	RMB'000	RMB'000	RMB'000	RMB'000
H.K. dollar				
Decrease in profit for the year	315,368	—	13,037	—
U.S. dollar				
Decrease in profit for the year	3	—	—	—

(ii) Interest rate risk

The Group

The Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group has no significant interest-bearing assets. The Group's exposure to changes in interest rates is mainly attributable to its borrowings. Borrowings at variable rates expose the Group to cash flow 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 and hedging. 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 2007 and 2006, 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 RMB40,456,000 and RMB38,234,000, lower/higher respectively, mainly as a result of higher/lower interest expense on floating rate borrowings.

The Company

The Company's income and operating cash flows are substantially independent of changes in market interest rates. The Company has no significant interest-bearing assets. The Company's exposure to changes in interest rates is mainly attributable to its borrowings. Borrowings at variable rates expose the Company to cash flow interest-rate risk.

As at 31 December 2007 and 2006, 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 RMB2,657,000 and nil, lower/higher respectively, mainly as a result of higher/lower interest expense on floating rate borrowings.

Notes to the Consolidated Financial Statements (continued)

3 FINANCIAL RISK MANAGEMENT (continued)

(a) Financial risk factors (continued)

(iii) Price risk

The unlisted investments in classified as available-for-sale financial assets are held for strategic rather than trading purposes. The Group does not actively trade these investments. Where appropriate, it considers exiting the investments at terms that are the most favourable to the Group.

(iv) 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 number of counterparties and customers.

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 70% 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. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

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 31.

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

(v) Liquidity risk

The Group aims to maintain sufficient cash and cash equivalents and ensure the availability of funding through an adequate amount of available financing, including short-term and long term bank loans to meet its construction commitments. Due to the dynamic nature of the underlying businesses, the Group's finance department maintains flexibility in funding by maintaining adequate amount of cash and cash equivalents and flexibility in funding through having available sources of financing.

3 FINANCIAL RISK MANAGEMENT (continued)

(a) Financial risk factors (continued)

(v) Liquidity risk (continued)

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. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	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 2007					
Borrowings	2,764,370	2,527,400	1,700,000	—	6,991,770
Trade and other payables (excluding other tax payables)	2,319,042	18,129	—	—	2,337,171
Total	5,083,412	2,545,529	1,700,000	—	9,328,941
At 31 December 2006					
Borrowings	1,223,092	2,044,400	813,800	—	4,081,292
Trade and other payables (excluding other tax payables)	902,116	57,729	—	—	959,845
Total	2,125,208	2,102,129	813,800	—	5,041,137

(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 capital. Net debt is calculated as total borrowings (including borrowings and trade and other payables, as shown in the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as equity, as shown in the consolidated balance sheet, plus net debt.

Notes to the Consolidated Financial Statements (continued)

3 FINANCIAL RISK MANAGEMENT (continued)

(b) Capital risk management (continued)

The gearing ratios at 31 December 2007 and 2006 were as follows:

	As at 31 December	
	2007 RMB'000	2006 RMB'000
Total borrowings (note 19)	6,991,770	4,081,292
Less: cash and bank balances (note 16)	(8,483,420)	(1,529,689)
Net debt	(1,491,650)	2,551,603
Total equity	19,158,252	1,309,827
Total capital	17,666,602	3,861,430
Gearing ratio	-7.8%	194.8%

The decrease in gearing ratio at 31 December 2007 is due to significant increase cash and cash equivalent derived from the net proceeds from the global offering of approximately RMB14,225,000,000.

(c) Fair value estimation

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques such as estimated discounted cash flow.

The carrying value less impairment provisions of trade and other receivables and the carrying value of trade and other payables approximate their fair values due to their short maturities. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

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.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

(b) Construction contract revenue recognition

According to the accounting policies of construction contracts as stated in note 2.12, the Group uses the “percentage of completion method” to determine the appropriate revenues to be recognised in a given period. The stage of completion is measured by reference to the contract costs incurred up to the balance sheet date as a percentage of total estimated costs for each contract.

Upon applying the percentage of completion method, the Group need to estimate the gross profit margin of each construction contract, which was determined based on the estimated total construction contract costs and total construction contract sum. If the actual gross profit margin of each construction contract differs from the management’s estimates, the construction contract revenue to be recognised within the next year will need to be adjusted accordingly.

In addition, the directors of the Company are of the opinion that there were no expected losses, where the estimated total construction contract costs exceed the total construction contract revenue, which need to be recognised in the income statement.

5 SEGMENT INFORMATION — GROUP

The Group is principally engaged in the property development, construction, fitting and decoration, property management and hotel operation businesses. Other businesses of the Group mainly represent operation of schools as ancillary facilities to the property development business, which were disposed of in 2006 (see note 33 of 2006 annual report for details). As less than 10% of the Group’s consolidated turnover and results are attributable to the market outside the PRC and less than 10% of the Group’s consolidated assets are located outside the PRC, no geographical segment data is presented.

Revenue consists of the followings:

	Year ended 31 December	
	2007 RMB'000	2006 RMB'000
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 decoration services	33,587	41,908
Rendering of school services	—	59,100
	17,735,011	7,940,937

Notes to the Consolidated Financial Statements (continued)

5 SEGMENT INFORMATION — GROUP (continued)

Primary reporting format — business segments

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

	Property development RMB'000	Construction, fitting and decoration RMB'000	Property management RMB'000	Hotel operation RMB'000	Others RMB'000	Elimination RMB'000	Group RMB'000
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 RMB'000	Construction, fitting and decoration RMB'000	Property management RMB'000	Hotel operation RMB'000	Others RMB'000	Elimination RMB'000	Group RMB'000
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 disposal 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

5 SEGMENT INFORMATION — GROUP (continued)

Primary reporting format — business segments (continued)

Inter-segment transfers or transactions are entered into at terms and conditions agreed upon by respective parties.

Other segment items included in the consolidated income statements and capital expenditure are as follows:

Year ended 31 December 2007							
	Property development RMB'000	Construction, fitting and decoration RMB'000	Property management RMB'000	Hotel operation RMB'000	Others RMB'000	Elimination RMB'000	Group RMB'000
Depreciation (note 6)	36,047	27,053	8,404	63,817	—	(8,047)	127,274
Amortisation of land use rights and intangible assets (note 7 and 8)	78,994	477	—	6,111	—	—	85,582
Capital expenditure (note 6 and 7)	309,278	44,056	11,078	531,867	—	(85,271)	811,008

Year ended 31 December 2006							
	Property development RMB'000	Construction, fitting and decoration RMB'000	Property management RMB'000	Hotel operation RMB'000	Others RMB'000	Elimination RMB'000	Group RMB'000
Depreciation (note 6)	27,126	33,824	7,054	69,296	5,642	(5,778)	137,164
Amortisation of land use rights and intangible assets (note 7 and 8)	37,519	1,440	—	688	—	—	39,647
Impairment of property, plant and equipment (note 6)	—	—	—	3,267	154	—	3,421
Capital expenditure (note 6 and 7)	286,686	6,819	5,352	78,451	535	(45,229)	332,614

Notes to the Consolidated Financial Statements (continued)

5 SEGMENT INFORMATION — GROUP (continued)

Primary reporting format — business segments (continued)

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

	Property development RMB'000	Construction, fitting and decoration RMB'000	Property management RMB'000	Hotel operation RMB'000	Others RMB'000	Elimination RMB'000	Group RMB'000
Segment assets	36,021,313	3,047,340	164,414	1,876,542	—	(3,031,706)	38,077,903
Unallocated assets							556,112
Total assets							38,634,015
Liabilities	10,506,305	499,876	108,423	1,210,007	—	(2,536,154)	9,788,457
Unallocated liabilities							9,446,438
Total liabilities							19,234,895

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

	Property Development RMB'000	Construction, fitting and decoration RMB'000	Property management RMB'000	Hotel operation RMB'000	Others RMB'000	Elimination RMB'000	Group RMB'000
Segment assets	20,227,493	4,367,792	119,137	986,482	—	(10,945,103)	14,755,801
Unallocated assets							555,566
Total assets							15,311,367
Liabilities	14,928,764	2,559,287	83,899	966,359	—	(9,941,288)	8,597,021
Unallocated liabilities							5,238,984
Total liabilities							13,836,005

Segment assets consist primarily of property, plant and equipment, intangible assets, 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 (notes 6 and 33) and intangible assets (note 7).

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 2006						
Cost	700,014	311,569	259,618	125,511	122,810	1,519,522
Accumulated depreciation	(134,039)	(175,162)	(147,000)	(51,048)	—	(507,249)
Accumulated impairment	(3,007)	(1,306)	(2,907)	(8,513)	—	(15,733)
Net book amount	562,968	135,101	109,711	65,950	122,810	996,540
Year ended 31 December 2006						
Opening net book amount	562,968	135,101	109,711	65,950	122,810	996,540
Additions	10,902	30,075	21,280	33,769	236,238	332,264
Reclassification	9,280	—	—	—	(9,280)	—
Acquisition of subsidiaries	—	—	126	224	—	350
Disposals of subsidiaries and businesses	(105,120)	(51,705)	(11,800)	(4,031)	(4,969)	(177,625)
Disposals	(10,991)	(21,799)	(13,200)	(20,383)	—	(66,373)
Depreciation	(45,372)	(39,177)	(29,201)	(23,414)	—	(137,164)
Impairment charges	—	(3,268)	—	(153)	—	(3,421)
Closing net book amount	421,667	49,227	76,916	51,962	344,799	944,571
At 31 December 2006						
Cost	521,906	137,096	201,583	98,096	344,799	1,303,480
Accumulated depreciation	(97,232)	(83,782)	(124,667)	(46,084)	—	(351,765)
Accumulated impairment	(3,007)	(4,087)	—	(50)	—	(7,144)
Net book amount	421,667	49,227	76,916	51,962	344,799	944,571
Year ended 31 December 2007						
Opening net book amount	421,667	49,227	76,916	51,962	344,799	944,571
Additions	48,577	44,330	76,250	70,555	566,433	806,145
Acquisition of subsidiary (note 33)	—	—	—	39	—	39
Reclassification	418,006	—	—	—	(418,006)	—
Disposals	(450)	(795)	(533)	(49)	—	(1,827)
Depreciation	(48,891)	(24,990)	(30,868)	(22,525)	—	(127,274)
Closing net book amount	838,909	67,772	121,765	99,982	493,226	1,621,654
At 31 December 2007						
Cost	987,164	170,383	270,949	168,307	493,226	2,090,029
Accumulated depreciation	(145,249)	(99,394)	(149,184)	(68,275)	—	(462,102)
Accumulated impairment	(3,006)	(3,217)	—	(50)	—	(6,273)
Net book amount	838,909	67,772	121,765	99,982	493,226	1,621,654

Notes to the Consolidated Financial Statements (continued)

6 PROPERTY, PLANT AND EQUIPMENT — GROUP (continued)

Depreciation charge was capitalised or expensed in the following categories in the consolidated balance sheets and income statements:

	Year ended 31 December	
	2007 RMB'000	2006 RMB'000
Properties under development	28,619	33,289
Cost of sales	64,174	76,214
Selling and marketing costs	2,405	8,490
Administrative expenses	32,076	19,171
	127,274	137,164

As at 31 December 2007, buildings with net book value of RMB435,068,000 (2006: RMB357,745,000) and construction in progress with net book value of RMB nil (2006: RMB64,913,000) were pledged as collateral for the Group's borrowings.

As at 31 December 2007, title certificates of buildings with net book value of RMB304,721,000 (2006: RMB19,324,000) were still in the progress of being obtained.

Also as at 31 December 2007, included in buildings are the hotels located in the PRC, which are classified as property, plant and equipment, with net book value of RMB666,701,000 (2006: RMB 381,837,000).

7 INTANGIBLE ASSETS — GROUP

	Computer software	
	2007 RMB'000	2006 RMB'000
At 31 December		
Cost	4,824	—
Accumulated amortisation	(741)	—
Net book amount	4,083	—
Year ended 31 December		
Opening net book amount	—	—
Addition during the year	4,824	—
Amortisation	(741)	—
Opening and closing net book amount	4,083	—

8 LAND USE RIGHTS – GROUP

	As at 31 December	
	2007 RMB'000	2006 RMB'000
Opening net book amount	3,756,391	3,716,656
Acquisition of subsidiaries (note 33)	493,620	89,200
Additions	6,953,118	781,598
Amortisation:		
— expensed in administrative expenses (note 23)	(84,841)	(39,647)
— capitalised in properties under development (note 10)	(27,844)	(23,152)
Disposals of subsidiaries and businesses	—	(282,527)
Transfer to cost of sales	(980,265)	(485,737)
	10,110,179	3,756,391
Amount expected to be transferred to cost of sales within normal operating cycle included under current assets	(1,914,099)	(1,584,777)
Closing net book amount under non-current assets	8,196,080	2,171,614
Outside Hong Kong, held on leases of:		
Between 50 to 70 years	6,309,726	3,636,535
Between 10 to 50 years	3,800,453	119,856
	10,110,179	3,756,391

Land use rights comprise cost of acquiring rights to use certain land, which are all located in the PRC, for property development over fixed periods. Amortisation of land use rights is either recognised as an expense or capitalised in properties under development on a straight-line basis over the unexpired period of the rights, and the remaining carrying amount is recognised as cost of sales when the relevant properties are sold.

As at 31 December 2007, land use rights with net book value of RMB1,763,571,000 (2006: RMB1,427,365,000) were pledged as collateral for the Group's borrowings.

As at 31 December 2007, certificates of land use rights with net book value of RMB7,264,000 (2006: RMB7,264,000) were still in the progress of being obtained.

Notes to the Consolidated Financial Statements (continued)

9 AVAILABLE-FOR-SALE FINANCIAL ASSETS – GROUP

	As at 31 December	
	2007 RMB'000	2006 RMB'000
Unlisted securities without active market	20,000	20,000

As at 31 December 2007 and 2006, available-for-sale financial assets of RMB20,000,000 represented the Group's 2.3% equity investment in The Rural Credit Co-operatives Union of Shunde.

There were no impairment provisions on available-for-sale financial assets during the year (2006: Nil).

The carrying amounts of the above available-for-sale financial assets during the year are denominated in RMB.

The directors are of the opinion that as at 31 December 2007 and 2006, the fair value of available-for-sale financial assets of the Group approximated to their carrying amounts.

The maximum exposure to credit risk at the reporting date is the fair value of the above financial assets.

The financial assets are neither past due nor impaired.

10 PROPERTIES UNDER DEVELOPMENT

	As at 31 December	
	2007 RMB'000	2006 RMB'000
Properties under development expected to be completed:		
Within normal operating cycle included under current assets	5,382,650	3,725,848
Beyond normal operating cycle included under non-current assets	3,690,575	212,573
	9,073,225	3,938,421
Amount comprises:		
Construction costs	9,045,381	3,915,269
Amortisation of land use rights (note 8)	27,844	23,152
	9,073,225	3,938,421

The properties under development are located in the PRC.

11 INVESTMENT IN SUBSIDIARIES – COMPANY

	As at 31 December	
	2007 RMB'000	2006 RMB'000
Non-current asset		
— Unlisted investment at cost	16,596,978	—
Current assets		
— Amounts due from subsidiaries (note below)	1,702,491	—
Current liabilities		
— Amounts due to subsidiaries (note below)	(9,567)	—
	18,289,902	—

Note:

Amounts due from/(to) subsidiaries are interest free, unsecured and with no fixed terms of repayment.

Details of the principal subsidiaries as at 31 December 2007 are set out in note 38.

12 COMPLETED PROPERTIES HELD FOR SALE – GROUP

	As at 31 December	
	2007 RMB'000	2006 RMB'000
Completed properties held for sale, at cost	1,636,368	1,641,029

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

13 INVENTORIES – GROUP

	As at 31 December	
	2007 RMB'000	2006 RMB'000
Construction materials, at cost	102,787	89,955

The cost of inventories recognised as expenses and included in cost of sales amounted to RMB3,714,256,000 (2006: RMB1,898,271,000).

Notes to the Consolidated Financial Statements (continued)

14 TRADE AND OTHER RECEIVABLES

	Group		Company	
	As at 31 December		As at 31 December	
	2007	2006	2007	2006
	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables				
— third parties (note(a))	154,680	49,937	—	—
Other receivables	902,831	818,499	—	—
Related parties (note 35(d))	275,250	638,797	—	—
Third parties (note(b))	630,538	182,659	—	—
Provision for impairment of receivables	(2,957)	(2,957)	—	—
Amounts due from customers				
for contract work (note(c))	61,301	103,694	—	—
Prepayments — third parties (note(d))	4,144,117	466,934	1,001	653
	5,262,929	1,439,064	1,001	653

Notes:

- (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 was as follows:

	Group	
	As at 31 December	
	2007	2006
	RMB'000	RMB'000
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

- (b) Other receivables mainly related to the auction deposit in respect of application of the land use rights at land auctions conducted by the PRC government.

14 TRADE AND OTHER RECEIVABLES (continued)

Notes: (continued)

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

	Group	
	AS at 31 December	2006
	2007	
	RMB'000	RMB'000
Cost incurred	3,123,809	2,700,866
Recognised profits (less recognised losses)	1,393,360	1,363,660
	4,517,169	4,064,526
Less: progress billings	(4,455,868)	(3,960,832)
	61,301	103,694
Represented by:		
Amounts due from customers	61,301	103,694
Including: Related companies (note 35(d))	19,319	92,623
Third parties	41,982	11,071

(d) Prepayments are mainly in respect of acquisition of land use rights of RMB3,384 million (2006: RMB356 million) upon successfully bidding at the land auctions conducted by the PRC government, and that the land use right of the respective prepayment was not obtained at 31 December 2007.

15 RESTRICTED CASH – GROUP

In accordance with relevant documents issued by local State-Owned Land and Resource Bureau, certain property development companies of the Group are required to place in designated bank accounts certain amount of presale proceeds of properties as guarantee deposits for constructions of related properties. The deposits can only be used for purchases of construction materials and payments of construction fee of the relevant property projects when approval from local 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.

16 CASH AND CASH EQUIVALENTS

	Group		Company	
	As at 31 December	2006	As at 31 December	2006
	2007		2007	
	RMB'000	RMB'000	RMB'000	RMB'000
Cash at bank and in hand:				
Denominated in RMB	5,981,173	1,961,122	—	—
Denominated in HK dollar	3,515,710	23,236	22,704	—
Denominated in other currencies	52	—	—	—
	9,496,935	1,984,358	22,704	—
Less: Restricted cash (note 15)	(1,013,515)	(454,669)	—	—
	8,483,420	1,529,689	22,704	—

Notes to the Consolidated Financial Statements (continued)

16 CASH AND CASH EQUIVALENTS (continued)

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.

17 SHARE CAPITAL AND PREMIUM

	Note	Number of ordinary shares	Nominal value of ordinary shares HK\$'000	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	(a)	3,800,000	380	384	—	384
Increase in authorised share capital	(c)	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						
At 10 November 2006 (date of incorporation)		1	—	—	—	—
Issue of ordinary shares of HK\$0.10	(b)	99	—	—	—	—
At 31 December 2006 and 1 January 2007		100	—	—	—	—
Issue of shares arising from Reorganisation	(d)	999,999,900	100,000	99,060	665,508	764,568
Capitalisation of share premium account	(e)	12,600,000,000	1,260,000	1,246,014	(1,246,014)	—
Issue of shares in connection with the listing	(f)	2,760,000,000	276,000	272,699	14,398,496	14,671,195
Share issue cost		—	—	—	(446,124)	(446,124)
At 31 December 2007		16,360,000,000	1,636,000	1,617,773	13,371,866	14,989,639

Notes:

- (a) On 10 November 2006 (date of incorporation of the Company), the authorised share capital of the Company was HK\$380,000 divided into 3,800,000 ordinary shares of HK\$0.10 each.
- (b) On 10 November 2006 and 19 March 2007, 1 ordinary share and 99 ordinary shares were allotted and issued as fully paid up to the subscribers, respectively.
- (c) On 20 March 2007, the authorised share capital of the Company was increased from HK\$380,000 to HK\$10,000,000,000 by the creation of 99,996,200,000 ordinary shares of HK\$0.10 each.
- (d) On 26 March 2007, the Company acquired the entire issued share capital of Smart World Development Holdings Ltd. ("Smart World"), the then immediate holding company of the Group, from the then shareholders, and the consideration of which was satisfied by the issue and allotment of 999,999,900 shares to the then shareholders of Smart World, credited as fully paid. The excess of fair value of Smart World at the date of acquisition by the Company over the nominal value of ordinary shares issued by the Company, totalling approximately RMB665,508,000, was credited to the share premium account.

17 SHARE CAPITAL AND PREMIUM (continued)

Notes: (continued)

- (e) On 20 April 2007, pursuant to the written resolutions of shareholders of the Company passed on 20 March 2007, 12,600,000,000 ordinary shares of the Company were issued at par as fully paid to the shareholders whose names appeared on the register of members of the Company on 20 March 2007 in proportion to their then existing shareholdings in the Company. The amount was paid up in full by applying an amount of HK\$1,260,000,000 standing to the credit of the share premium account of the Company.
- (f) On 19 April 2007, the Company issued 2,400,000,000 ordinary shares of HK\$0.10 each at HK\$5.38 per share in connection with the listing, and raised gross proceeds of approximately HK\$12,912,000,000 (approximately RMB12,760,025,000). Besides, on 27 April 2007, pursuant to the exercise of the over-allotment option, additional 360,000,000 ordinary shares of HK\$0.10 each were issued at HK\$5.38 per share and raised gross proceeds of HK\$1,936,800,000 (approximately RMB1,910,169,000).
- (g) The share capital presented in the consolidated balance sheet as at 31 December 2006 represented the share capital of the Company, arising from the share swap transactions described in note(d) above, which is deemed to have been in issue throughout the accounting periods presented in these accounts in accordance with the basis of preparation as referred to in note 2.1(i). The related merger reserve and share premium are deemed to have been in issue throughout the accounting periods presented in accordance with the basis of presentation referred to in note 2.1(i).

18 RESERVES

	Merger reserve RMB'000 (note(a))	Statutory reserves RMB'000 (note(b))	Group Sub-total RMB'000	Retained earnings RMB'000	Total RMB'000
Balance as at 1 January 2006	(150,302)	116,263	(34,039)	1,574,255	1,540,216
Capital injections to subsidiaries by their then equity holders	9,551	—	9,551	—	9,551
Profit for the year	—	—	—	1,519,473	1,519,473
Transfer to statutory reserves	—	67,470	67,470	(67,470)	—
Disposals of subsidiaries and businesses	(9,050)	(1,227)	(10,277)	—	(10,277)
Dividends (note 27)	—	—	—	(2,513,704)	(2,513,704)
Balance as at 31 December 2006	(149,801)	182,506	32,705	512,554	545,259
Balance as at 1 January 2007	(149,801)	182,506	32,705	512,554	545,259
Profit for the year	—	—	—	4,135,908	4,135,908
Transfer to statutory reserves	—	246,080	246,080	(246,080)	—
Dividends (note 27)	—	—	—	(512,554)	(512,554)
Balance as at 31 December 2007	(149,801)	428,586	278,785	3,889,828	4,168,613
Representing:					
— Proposed final dividend				1,557,472	
— Others				2,332,356	
				3,889,828	

Notes to the Consolidated Financial Statements (continued)

18 RESERVES (continued)

	Company (Accumulated losses)/retained earnings RMB'000
Issue of share capital on 10 November 2006 (date of incorporation)	—
Loss for the period	(1,349)
Balance as at 31 December 2006	(1,349)
Balance at 1 January 2007	(1,349)
Profit for the year (note 29)	1,920,560
Balance as at 31 December 2007	1,919,211
Representing:	
— proposed final dividend	1,557,472
— Others	361,739
Balance as at 31 December 2007	1,919,211

Notes:

- (a) Merger reserve of the Group represents the difference between fair value of share capital of the Company issued and the aggregate of registered/share capital of the subsidiaries transferred pursuant to the Reorganisation.
- (b) In accordance with the relevant government regulations in the PRC and the provisions of the articles of association of the PRC companies now comprising the Group, In accordance with the relevant government regulations in the PRC and the provisions of the articles of association of the PRC subsidiaries of the Group, were required to appropriate at each year end 10% and 5% to 10% of the profit for the year after setting off the accumulated losses brought forward (based on figures reported in the statutory financial statements) to a statutory surplus reserve and a statutory public welfare fund respectively. These reserves are required to be retained in the PRC subsidiaries of the Group for designated purposes.

After the PRC subsidiaries of the Group were converted into foreign investment enterprises pursuant to the Reorganisation, these companies are required, in accordance with relevant rules and regulations concerning foreign investment enterprise established in the PRC and the revised Articles of Association of these companies, to make appropriations from net profit to the reserve fund, staff and workers' bonus and welfare fund and enterprise expansion fund, after offsetting accumulated losses from prior years, and before profit distributions are made to investors. The percentage of profits to be appropriated to the above three funds are solely determined by the board of directors of the PRC subsidiaries of the Group, except for those which are also wholly foreign owned enterprises, their transfer of 10% of the profit of each year to the reserve fund is mandatory until the accumulated total of the fund reaches 50% of their registered capital.

19 BORROWINGS

	Group As at 31 December		Company As at 31 December	
	2007 RMB'000	2006 RMB'000	2007 RMB'000	2006 RMB'000
Borrowings included in non-current liabilities:				
Bank borrowings				
— secured	2,926,200	3,876,700	—	—
— unsecured	2,661,000	—	—	—
Less: current portion of non-current borrowings	(1,359,800)	(1,018,500)	—	—
	4,227,400	2,858,200	—	—
Borrowings included in current liabilities:				
Bank borrowings				
— secured	—	140,000	—	—
— unsecured	1,404,570	—	1,404,570	—
Borrowings from related parties (note 35(d))	—	64,592	—	—
Current portion of non-current borrowings	1,359,800	1,018,500	—	—
	2,764,370	1,223,092	1,404,570	—

The Group's borrowings of RMB2,926,200,000 as at 31 December 2007 (2006: RMB4,016,700,000) were jointly secured by certain properties and land use rights of the Group (notes 6 and 8) with total carrying values of RMB2,468,640,000 as at 31 December 2007 (2006: RMB1,850,023,000).

The Company's borrowings of RMB1,404,570,000 as at 31 December 2007 (2006: Nil) was guaranteed by its fellow subsidiaries.

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

	6 months or less RMB'000	6—12 months RMB'000	1—5 years RMB'000	Over 5 years RMB'000	Total RMB'000
Borrowings included in non-current liabilities:					
At 31 December 2007	4,227,400	—	—	—	4,227,400
At 31 December 2006	2,858,200	—	—	—	2,858,200
Borrowings included in current liabilities:					
At 31 December 2007	2,764,370	—	—	—	2,764,370
At 31 December 2006	1,223,092	—	—	—	1,223,092

Notes to the Consolidated Financial Statements (continued)

19 BORROWINGS (continued)

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

	Group	
	As at 31 December	
	2007	2006
	RMB'000	RMB'000
Between 1 and 2 years	2,527,400	2,044,400
Between 2 and 5 years	1,700,000	813,800
	4,227,400	2,858,200

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

	Group		Company	
	31 December		31 December	
	2007	2006	2007	2006
Borrowings				
Bank borrowings	6.78%	6.22%	6.02%	—

The carrying amounts of the borrowings are as follows and approximate to their fair value as follows:

	Group				Company			
	Carrying amount		Fair value		Carrying amount		Fair value	
	As at 31 December		As at 31 December		As at 31 December		As at 31 December	
	2007	2006	2007	2006	2007	2006	2007	2006
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Bank borrowings	6,991,770	4,081,292	6,991,770	4,081,292	1,404,570	—	1,404,570	—

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

	Group		Company	
	As at 31 December		As at 31 December	
	2007	2006	2007	2006
	RMB'000	RMB'000	RMB'000	RMB'000
RMB	5,587,200	4,081,292	—	—
H.K. dollar	1,404,570	—	1,404,570	—
	6,991,770	4,081,292	1,404,570	—

20 DEFERRED INCOME TAX — GROUP

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset tax assets against tax liabilities and when the deferred income taxes relate to the same tax authority. The offset amounts are as follows:

	As at 31 December	
	2007 RMB'000	2006 RMB'000
Deferred income tax assets:		
— to be realised after more than 12 months	413,529	391,386
— to be realised within 12 months	142,583	164,180
	556,112	555,566
Deferred income tax liabilities:		
— to be settled after more than 12 months	(166,787)	(130,957)
— to be settled within 12 months	—	—
	(166,787)	(130,957)
	389,325	424,609
The net movement on the deferred taxation is as follows:		
Beginning of the year	424,609	89,160
Acquisition of subsidiaries and businesses (note 33)	(56,200)	(15,195)
Disposals of subsidiaries and businesses	—	(4,472)
Recognised in the consolidated income statement (note 26)	20,916	355,116
End of the year	389,325	424,609

Notes to the Consolidated Financial Statements (continued)

20 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 tax assets:

	Recognition of sales of property and related cost of sales RMB'000	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 2006	275,640	7,063	75,539	363,951	1,659	723,852
(Charged)/credited to the consolidated income statement	(242,350)	(6,356)	32,468	27,435	24,989	(163,814)
Disposals of subsidiaries and businesses	—	—	(4,472)	—	—	(4,472)
At 31 December 2006	33,290	707	103,535	391,386	26,648	555,566
At 1 January 2007	33,290	707	103,535	391,386	26,648	555,566
(Charged)/credited to the consolidated income statement	(16,363)	(171)	(24,635)	22,143	19,572	546
At 31 December 2007	16,927	536	78,900	413,529	46,220	556,112

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 2007 of RMB6,058,500 (2006: RMB4,095,000) in respect of accumulated losses amounting to RMB24,234,000 as at 31 December 2007 (2006: RMB12,408,000). Accumulated losses amounting to RMB4,474,000, RMB1,646,000, RMB690,000, RMB2,158,000 and RMB15,266,000 as at 31 December 2007 will expire in 2008, 2009, 2010, 2011 and 2012 respectively.

Deferred tax liabilities:

	Revaluation surplus on land use rights RMB'000	Recognition of construction contract revenue and contract costs RMB'000	Total RMB'000
At 1 January 2006	—	(634,692)	(634,692)
Acquisition of subsidiaries	(15,195)	—	(15,195)
Credited to the consolidated income statements (note)	—	518,930	518,930
At 31 December 2006	(15,195)	(115,762)	(130,957)
At 1 January 2007	(15,195)	(115,762)	(130,957)
Acquisition of subsidiaries (note 33)	(56,200)	—	(56,200)
Credited to the consolidated income statements	1,374	18,996	20,370
At 31 December 2007	(70,021)	(96,766)	(166,787)

Note:

The amount mainly represents the effect of the granting of a tax holiday concession to Guangdong Giant Leap Construction Co., Ltd. ("Giant Leap"), a subsidiary of the Group, during the year ended 31 December 2006 (see also note 26).

21 TRADE AND OTHER PAYABLES

	Group		Company	
	As at 31 December		As at 31 December	
	2007	2006	2007	2006
	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables (note(a))	1,645,848	517,018	—	—
Related parties (note 35(d))	51,926	37,567	—	—
Third parties	1,593,922	479,451	—	—
Other payables — Third parties	339,931	279,129	—	—
Other taxes payable	282,600	155,190	—	—
Staff welfare benefit payable	238,701	120,853	—	—
Accrued expenses	112,691	42,845	187	—
	2,619,771	1,115,035	187	—

Note:

- (a) The ageing analysis of trade payables was as follows:

	Group	
	As at 31 December	
	2007	2006
	RMB'000	RMB'000
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

22 OTHER GAINS — NET

	Year ended 31 December	
	2007	2006
	RMB'000	RMB'000
Forfeiture income	20,738	5,476
Gains on disposals of property, plant and equipment (note 28)	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

Notes to the Consolidated Financial Statements (continued)

23 EXPENSES BY NATURE

	Year ended 31 December	
	2007 RMB'000	2006 RMB'000
Auditor's remuneration	7,820	1,204
Advertising costs	154,878	83,653
Amortisation of intangible assets (note 7)	741	—
Business taxes and other levies (note(a))	1,082,501	506,745
Costs of completed properties sold	6,522,724	2,658,670
Donations	77,648	9,089
Depreciation (note 6)	127,274	137,164
Employee benefit expenses (note 24)	1,646,518	1,184,310
Impairment charges of property, plant and equipment (note 6)	—	3,421
Land use rights amortisation (note 8)	84,841	39,647
Late payment surcharges	340	33,374

Note:

(a) 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%

24 EMPLOYEE BENEFIT EXPENSES

	Year ended 31 December	
	2007 RMB'000	2006 RMB'000
Wages and salaries	1,577,916	1,138,550
Retirement scheme contribution (note a)	11,548	7,943
Staff welfare	25,453	18,046
Medical benefits	22,699	15,020
Other allowances and benefits	8,902	4,751
	1,646,518	1,184,310

(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.

24 EMPLOYEE BENEFIT EXPENSES (continued)

(b) Emoluments for directors and five highest paid individuals

(i) Directors' emoluments

The remuneration of each director of the Company for the year ended 31 December 2007 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	—	—	—	5	—	3,505
Mr. Cui Jianbo	—	2,000	—	—	—	2	—	2,002
Mr. Yang Erzhu	—	2,000	—	—	—	5	—	2,005
Ms. Yang Huiyan	—	1,700	—	—	—	2	—	1,702
Mr. Su Rubo	—	2,000	—	—	—	5	—	2,005
Mr. Zhang Yaoyuan	—	1,900	—	—	—	—	—	1,900
Mr. Ou Xueming	—	1,800	—	—	—	5	—	1,805
Mr. Yang Zhicheng	—	1,700	—	—	—	2	—	1,702
Mr. Yang Yongchao	—	1,900	—	—	—	2	—	1,902
Mr. Lai Ming, Joseph	300	—	—	—	—	—	—	300
Mr. Shek Lai Him, Abraham	300	—	—	—	—	—	—	300
Mr. Tong Wui Tung, Ronald	300	—	—	—	—	—	—	300
	900	18,500	—	—	—	28	—	19,428

The remuneration of each director of the Company for the year ended 31 December 2006 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	—	1,326	133	—	—	2	—	1,461
Mr. Cui Jianbo	—	600	388	—	—	2	—	990
Mr. Yang Erzhu	—	869	75	—	88	2	—	1,034
Ms. Yang Huiyan	—	367	12	—	—	1	—	380
Mr. Su Rubo	—	869	75	—	88	2	—	1,034
Mr. Zhang Yaoyuan	—	894	75	—	—	—	—	969
Mr. Ou Xueming	—	869	75	—	144	2	—	1,090
Mr. Yang Zhicheng	—	150	197	—	—	2	—	349
Mr. Yang Yongchao	—	1,430	139	—	—	2	—	1,571
Mr. Lai Ming, Joseph	—	—	—	—	—	—	—	—
Mr. Shek Lai Him, Abraham	—	—	—	—	—	—	—	—
Mr. Tong Wui Tung, Ronald	—	—	—	—	—	—	—	—
	—	7,374	1,169	—	320	15	—	8,878

Except Mr. Yang Erzhu who was appointed by the Company on 10 November 2006, other Directors were appointed by the Company on 4 December 2006. During 2007 and 2006, no Director received any emoluments from the Group as an inducement to join or leave the Group or compensation for loss of office, no director waived or has agreed to waive any emoluments.

Notes to the Consolidated Financial Statements (continued)

24 EMPLOYEE BENEFIT EXPENSES (continued)

(b) Emoluments for directors and five highest paid individuals (continued)

(ii) Five highest individuals

The five individuals whose emoluments were the highest of the Group for the year ended 31 December 2007 including five (2006: four) directors whose emoluments are reflected in the analysis presented above. The emoluments paid and payable to the remaining one individual in the year ended 31 December 2006, are as follows:

	Year ended 31 December 2006 RMB'000
Salaries and other benefits	1,278
Retirement scheme contributions	1
	1,279

The emoluments fell within the following bands:

	Year ended 31 December 2006
HK\$1,000,000 to HK\$1,500,000	1

25 FINANCE COSTS – NET

	For the year ended 31 December	
	2007 RMB'000	2006 RMB'000
Interest expense:	283,598	264,776
— bank borrowings wholly repayable within five years	283,598	237,895
— borrowings 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 from the Global Offering.

26 INCOME TAX EXPENSES

	Year ended 31 December	
	2007 RMB'000	2006 RMB'000
Current income tax		
— PRC enterprise income tax (note(a))	1,472,675	499,057
— Hong Kong profits tax	—	379
— Land appreciation tax (note(b))	1,155,382	373,904
Deferred income tax (note 20)		
— PRC enterprise income tax	(20,916)	(355,116)
	2,607,141	518,224

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 companies now comprising the Group as follows:

	Year ended 31 December	
	2007 RMB'000	2006 RMB'000
Profit before income tax	6,810,882	2,190,703
Calculated at PRC enterprise income tax rate of 33%	2,247,591	722,932
Tax effect of land appreciation tax	(379,956)	(123,388)
Effect of different tax rate	(44)	(373)
Effect of tax exemption	(363,229)	(106,594)
Tax losses not recognised as deferred income tax assets	19,258	708
Utilisation of previous tax losses	(259)	(552)
Income not subject to tax	(112,770)	—
Expenses not deductible for tax	41,168	47,655
Change in tax rate of Giant Leap Construction Co.	—	(396,068)
	1,451,759	144,320
Land appreciation tax	1,155,382	373,904
Income tax expenses	2,607,141	518,224

Notes:

- (a) 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 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.

Notes to the Consolidated Financial Statements (continued)

26 INCOME TAX EXPENSES (continued)

Notes: (continued)

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 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.

Furthermore, unlike the Income Tax Law of the People's Republic of China for Foreign-invested Enterprises and Foreign Enterprises, which specifically exempted withholding tax on any dividends payable to non-PRC enterprise investors, the PRC Enterprise Income Tax Law provides that an income tax rate of 20% will normally be applicable to dividends payable to non-PRC enterprise investors which are derived from sources within the PRC, unless there exists a tax treaty between the PRC and the relevant jurisdictions in which such non-PRC enterprise shareholders reside whereupon the relevant tax may be reduced or exempted. In accordance with the PRC Enterprise Income Tax Law and the “Implementation Rules of the People's Republic of China on the Enterprise Income Tax Law” promulgated by the State Council on 6 December 2007 and effective 1 January 2008, a reduced income tax rate of 10% shall be applicable to any dividends payable to non-PRC enterprise investors from foreign invested enterprises.

(b) PRC land appreciation tax

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.

27 DIVIDENDS

	Year ended 31 December	
	2007 RMB'000	2006 RMB'000
Proposed dividend of RMB9.52 cents per share (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 report.

28 CASH (USED IN)/GENERATED FROM OPERATIONS

	Year ended 31 December	
	2007 RMB'000	2006 RMB'000
Profit for the year	4,203,741	1,672,479
Adjustments for:		
Income tax expense (note 26)	2,607,141	518,224
Interest income (note 25)	(425,418)	(20,192)
Interest expense (note 25)	283,598	264,776
Net foreign exchange loss (note 25)	295,630	—
Depreciation (note 6)	127,274	137,164
Amortisation of land use rights (note 8)	84,841	39,647
Amortisation of intangible assets (note 7)	741	—
Gains on disposals of property, plant and equipment (note below)	(208)	(1,265)
Negative goodwill recognised as income	—	(10,360)
Gains on disposals of subsidiaries	—	(26,497)
Impairment charges of property, plant and equipment (note 6)	—	3,421
Changes in working capital (excluding the effects of acquisition and disposals of subsidiaries):		
Property under development and completed properties held for sale	(5,130,145)	(1,035,472)
Inventories	(12,832)	(13,417)
Land use rights	(5,555,756)	(261,711)
Restricted cash	(558,846)	(359,382)
Trade and other receivables	(4,074,869)	535,394
Prepaid taxes	168,416	(402,227)
Trade and other payables	1,504,734	347,692
Advanced proceeds received from customers	(313,299)	3,812,626
Cash (used in)/generated from operations	(6,795,257)	5,200,900

Note:

Gains on disposals of property, plant and equipment are as follows:

	Year ended 31 December	
	2007 RMB'000	2006 RMB'000
Net book amount disposed	1,827	66,373
Proceeds received	(2,035)	(67,638)
Gains on disposals	(208)	(1,265)

29 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 RMB1,929,560,000 (2006: loss of RMB1,349,000).

Notes to the Consolidated Financial Statements (continued)

30 EARNINGS PER SHARE

The calculation of basic earnings per share is based on the Group's profit attributable to equity holder 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 as referred to in notes 17(d) and 17(e) respectively 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).

31 CONTINGENCIES

The Group had the following contingent liabilities:

	As at 31 December	
	2007	2006
	RMB'000	RMB'000
Guarantees in respect of mortgage facilities for certain purchasers (note(a))	9,637,331	5,822,731

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 2007 of RMB537,169,000 (2006 : RMB764,414,000) was to be discharged two years from the day the mortgaged loans become due; and RMB9,100,162,000 (2006: RMB5,058,317,000), 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 and therefore no provision has been made in the financial statements for the guarantees.

32 COMMITMENTS – GROUP

(a) Commitments for capital and property development expenditures

	As at 31 December	
	2007	2006
	RMB'000	RMB'000
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

32 COMMITMENTS — GROUP (continued)

(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	
	2007 RMB'000	2006 RMB'000
Not later than one year	5,267	4,028
Later than one year and not later than five years	4,166	6,659
Later than five years	11,626	8,621
	21,059	19,308

(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	
	2007 RMB'000	2006 RMB'000
Not later than one year	20,982	16,558
Later than one year and not later than five years	95,199	55,091
Later than five years	156,483	134,103
	272,664	205,752

33 BUSINESS COMBINATIONS

On 17 May 2007, the Group acquired 100% equity interest in Shenyang Hua Rui Zhi Ye Co., Ltd. ("Shenyang Hua Rui") from third parties at a cash consideration of RMB550 million. During the year, Shenyang Hua Rui did not generate revenue or incur any operating results.

Details of net assets acquired are as follows:

	Total RMB'000
Purchase consideration	
— Cash paid	263,600
— Credited to other payables	286,400
Total purchase consideration	550,000
Fair value of net assets acquired — shown below	(550,000)
Goodwill	—

Notes to the Consolidated Financial Statements (continued)

33 BUSINESS COMBINATIONS (continued)

The assets and liabilities as at acquisition date are as follows:

	Acquiree's carrying amount RMB'000	Fair value RMB'000
Cash and cash equivalents	2	2
Trade and other receivables	112,544	112,544
Property, plant and equipment (note 6)	39	39
Land use rights (note 8)	268,823	493,620
Trade and other payables	(5)	(5)
Deferred income tax liabilities (note 20)	—	(56,200)
Net assets	381,403	550,000

34 ACCOUNTING ADJUSTMENT UNDER COMMON CONTROL COMBINATION

The following is a reconciliation of the effect arising from the common control combination on the consolidated balance sheet.

The consolidated balance sheet as at 31 December 2007:

	The Company RMB'000	Subsidiaries of the Company RMB'000	Adjustments RMB'000 (note)	Consolidated RMB'000
Investments in the subsidiaries	16,596,978	—	(16,596,978)	—
Other net assets	311,872	19,087,248	—	19,399,120
	16,908,850	19,087,248		19,399,120
Share capital/paid-in capital	14,989,639	3,225,112	(16,596,978)	1,617,773
Total reserves	1,919,211	15,621,268	—	17,540,479
	16,908,850	18,846,380		19,158,252
Minority interest	—	240,868	—	240,868

34 ACCOUNTING ADJUSTMENT UNDER COMMON CONTROL COMBINATION (continued)

The consolidated balance sheet as at 31 December 2006:

	The Company RMB'000	Subsidiaries of the Company RMB'000	Adjustments RMB'000 (note)	Consolidated RMB'000
Investments in the subsidiaries	—	—	—	—
Other (liabilities)/assets	(1,349)	1,476,711	—	1,475,362
Net (liabilities)/assets	(1,349)	1,476,711		1,475,362
Share capital and premium	—	764,568	—	764,568
Total reserve	(1,349)	546,608	—	545,259
	(1,349)	1,311,176		1,309,827
Minority interest	—	165,535	—	165,535

Notes:

- (a) The above adjustments represent adjustments to eliminate the share capital of the consolidated entities against the investment cost. The difference has been made to the merger reserve in the consolidated financial statements.
- (b) No other significant adjustments were made to the net assets and net profit or loss of any entities or businesses as a result of the common control combination to achieve consistency of accounting policies.

35 RELATED PARTY TRANSACTIONS**(a) Name and relationship with related parties****Existing Shareholders**

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

Close family members of Existing 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 Ziyang, Ms. Ou Jieping, Ms. Ou Jieling and Mr. Wu Weizhong.

Controlled by Existing Shareholders

Great Best Group Holdings Co., Ltd.

Guangdong Elite Architectural Co., Ltd.

(originally named as "Foshan Shunde Elite Architectural Co., Ltd.")

Qingyuan Country Garden

Qingyuan Country Cultural Development Co., Ltd.

Guangdong Country Garden School*

偉嘉集團控股有限公司

廣東博意建築設計院有限公司

(原名：佛山市順德區博意建築設計院有限公司)

清遠碧桂園物業發展有限公司

清遠市故鄉里文化發展有限公司

廣東碧桂園學校

Notes to the Consolidated Financial Statements (continued)

35 RELATED PARTY TRANSACTIONS (continued)

(a) Name and relationship with related parties (continued)

Controlled by close family members of Existing Shareholders

Foshan Shunde Guohua Memorial High School	佛山市順德區國華紀念中學
Foshan Shunde Hongye Property Development Co., Ltd.**	佛山市順德區鴻業房產有限公司
Foshan Shunde Shuangqiang Property Development Co., Ltd.**	佛山市順德區雙強物業發展有限公司
Foshan Shunde Quality Growth Investment Co., Ltd.	佛山市順德區高品投資有限公司
Foshan Yilian Fiber Cable Co., Ltd.**	佛山市毅聯電纜有限公司
Foshan Shunde Kexing Fiber Cable Plastic Co., Ltd.**	佛山市順德區科興電纜塑料有限公司
Guangzhou Yaoyuanhui Electronic Appliances Co., Ltd.	廣州市耀恒輝電器有限公司
Foshan Shunde Boya Furniture Co., Ltd.**	佛山市順德區博雅家具有限公司
Foshan Shunde Lida Investment Co., Ltd.	佛山市順德區利達投資有限公司
Qingyuan Golf	清遠碧桂園假日半島高爾夫球會有限公司

Controlled by Existing Shareholders and their close family members

Foshan Shunde Floral City Country Garden Property Development Co., Ltd.**	佛山市順德區陳村鎮花城碧桂園物業發展有限公司
Foshan Shunde Country Garden Floral City Kindergarten**	佛山市順德區碧桂園花城幼兒園
Panyu Country Garden	廣州番禺碧桂園物業發展有限公司
Foshan Shunde Teng'an Fire Protection Engineering Co., Ltd.**	佛山市順德區騰安消防設計工程有限公司
Shanghai Xinqiao Moon River Property Development Co., Ltd.	上海莘橋月亮河房地產開發有限公司
Shanghai Moon River Property Development Co., Ltd.	上海月亮河房地產開發有限公司
Foshan Shunde Jiangkou Water Plant Co., Ltd.	佛山市順德區江口自來水有限公司
Zengcheng Crystal Water Plant Co., Ltd.	增城市清源自來水廠有限公司
Foshan Landcoin Fiber Reinforce Plastic Co., Ltd.	佛山市順德區樂而康玻璃鋼製品有限公司
Grand Cement	佛山市順德區鴻業水泥製品有限公司

Minority shareholders

Guangzhou Zhencheng Property Development Co., Ltd.	廣州真誠房地產開發有限公司
Tianjin Xingcheng Investment Development., Ltd.	天津星城投資發展有限公司

* These companies were subsidiaries of the Group before they were disposed of in 2006.

** These companies became third parties in 2006 due to the changes in their ownership as a result of the Reorganisation.

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.

35 RELATED PARTY TRANSACTIONS (continued)

(b) Transactions with related parties

Apart from those related party transactions disclosed in notes 8, 19 and 33 above, during the years, the Group had the following significant transactions with related parties:

	Year ended 31 December	
	2007 RMB'000	2006 RMB'000
Construction and decoration service income (note(i)):		
Controlled by Existing Shareholders:		
清遠碧桂園物業發展有限公司		
Qingyuan Country Garden	555,095	380,845
清遠市故鄉里文化發展有限公司		
Qingyuan Country Cultural Development Co., Ltd.	—	9,324
廣東碧桂園學校		
Guangdong Country Garden School	30,290	14,371
	585,385	404,540
Purchase of design service (note(ii)):		
Controlled by Existing Shareholders:		
廣東博意建築設計院有限公司		
Guangdong Elite Architectural Co., Ltd.	74,755	70,928
Purchase of construction materials and water (note(iii)):		
Controlled by Existing Shareholders and their close family members:		
佛山市順德區樂而康玻璃鋼製品有限公司		
Foshan Landcoin Fiber Reinforce Plastic Co., Ltd.	679	1,084
佛山市順德區江口自來水有限公司		
Foshan Shunde Jiangkou Water Plant Co., Ltd.	3,472	3,389
增城市清源自來水廠有限公司		
Zengcheng Crystal Water Plant Co., Ltd.	8,929	7,923
佛山市順德區鴻業水泥製品有限公司		
Grand Cement	152,247	55,513
	165,327	67,909

Notes:

- (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.

Notes to the Consolidated Financial Statements (continued)

35 RELATED PARTY TRANSACTIONS (continued)

(c) Key management compensation

	Year ended 31 December	
	2007 RMB'000	2006 RMB'000
Salaries and other short-term employee benefits	26,410	10,672
Retirement scheme contributions	34	18
	26,444	10,690

(d) Balances with related parties

As at 31 December 2007, the Group had the following significant trading balances with related parties:

	31 December	
	2007 RMB'000	2006 RMB'000
Balance due from related parties		
— included in amount due from customers for contract work:		
Controlled by Existing Shareholders:		
清遠碧桂園物業發展有限公司		
Qingyuan Country Garden	19,319	80,799
廣東碧桂園學校		
Guangdong Country Garden School	—	11,824
	19,319	92,623
Balance due to related parties		
— included in trade payables:		
Controlled by Existing Shareholders:		
廣東博意建築設計院有限公司		
Guangdong Elite Architectural Co., Ltd.	21,059	33,418
Controlled by Existing Shareholders and their close family members:		
佛山市順德區樂而康玻璃鋼製品有限公司		
Foshan Landcoin Fiber Reinforce Plastic Co., Ltd.	68	1,122
佛山市順德德區鴻業水泥製品有限公司		
Grand Cement	30,799	3,027
	51,926	37,567

35 RELATED PARTY TRANSACTIONS (continued)

(d) Balances with related parties (continued)

As at 31 December 2007, the Group had the following significant non-trading balances with related parties:

	31 December	
	2007	2006
	RMB'000	RMB'000
Balance due from related parties		
— included in other receivables:		
Controlled by close family members of Existing Shareholders:		
佛山市順德區高品投資公司		
Foshan Shunde Quality Growth Investment Co., Ltd.	—	250,797
Minority shareholders:		
廣州真誠房地產開發有限公司		
Guangzhou Zhencheng Property Development Co., Ltd.	—	388,000
天津星城投資發展有限公司		
Tianjin Xingcheng Investment Development., Ltd.	275,250	—
	275,250	638,797

(i) Trading balances due from/to related parties are unsecured, interest-free and settled according to the contract terms.

(ii) Non-trading balances due from/to related parties are unsecured, interest-free and repayable on demand.

36 SUBSEQUENT EVENT

(i) Employee incentive scheme

Subsequent to the balance sheet date, the Company proposed to set up 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.

Notes to the Consolidated Financial Statements (continued)

36 SUBSEQUENT EVENT (continued)

(ii) Issue of convertible bond and enter of a share swap transaction

On 22 February 2008, the Company issued a RMB denominated USD settled 2.5% convertible bonds due 2013, of an initial principal amount of US dollar 500 million (equivalent to approximately RMB3,595 million). On 3 March 2008, due to over subscription of the convertible bonds, the principal amount of the convertible bonds increased to US dollar 600 million (equivalent to approximately RMB4,314 million). The bond is to be listed in Singapore Exchange Securities Trading Limited by way of selectively marketed securities.

Concurrently, the Company entered into a share swap transaction (the "Equity Swap") with Merrell Lynch & Co. 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 Company's announcement dated 17 February 2008) is higher than the Initial Price (as defined in Company's announcement dated 17 February 2008) and the Equity Swap Counterparty 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.

37 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. Respective items in the consolidated cashflow statements have been also revised accordingly. Land appreciation tax expenses for the year ended 31 December 2007 of RMB1,155,382,000 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 director 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.

38 PARTICULAR OF PRINCIPAL SUBSIDIARIES

Particulars of the principal subsidiaries of the Group as at 31 December 2007 are set out below:

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 Hong Kong, a limited liability company, operates in Hong Kong and indirectly held by the Company:				
Country Garden (Hong Kong) Company Limited	21 September 2005	HK\$10,000	100%	Trading
Incorporated in the BVI, of which is a limited liability company, 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 the BVI, all of which are limited liability companies, operate in the PRC and indirectly held by the Company:				
Angel View Investment Limited	7 April 2006	US\$200	100%	Investment holding
Boavista Investments Limited	7 April 2006	US\$200	100%	Investment holding
Estonia Development Ltd.	21 March 2006	US\$200	100%	Investment holding
Falcon Investments Development Ltd.	21 March 2006	US\$300	100%	Investment holding
Impreza Group Ltd.	7 April 2006	US\$300	100%	Investment holding
Infiniti Holdings Development Limited	7 April 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
Established and operate in the PRC, all of which are foreign investment enterprises and indirectly held by the Company:				
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	RMB110,800,000	100%	Hotel operation
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	RMB233,000,000	100%	Property development
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	RMB912,500,000	100%	Property development
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	RMB163,100,000	100%	Hotel operation

Notes to the Consolidated Financial Statements (continued)

38 PARTICULAR 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	RMB365,196,518	100%	Property development
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	RMB987,500,000	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	RMB3,900,000	100%	Decoration and design
Guangdong Country Garden Property Management Co., Ltd. 廣東碧桂園物業管理有限公司	19 April 2004	RMB12,100,000	100%	Property management
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	RMB99,960,874	100%	Construction
Guangzhou Country Garden Property Development Co., Ltd. 廣州碧桂園物業發展有限公司	30 July 1998	RMB506,000,000	100%	Property development
Guangzhou Nansha Economic and Technological Development Zone Country Garden Property Development Co., Ltd. 廣州南沙經濟技術開發區碧桂園物業發展有限公司	2 August 2001	RMB676,189,307	100%	Property development
Guangzhou Country Garden Service Co., Ltd. 廣州市碧桂園商業服務有限公司	18 September 2000	RMB500,000	100%	Club operation
Guangzhou Lychee Cultural Park Co., Ltd. 廣州市紅荔文化村有限公司	7 December 2004	RMB12,300,000	100%	Theme park operation
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	RMB116,300,000	100%	Property development
Heshan Country Garden Phoenix City Hotel Co., Ltd. 鶴山市碧桂園鳳凰酒店有限公司	29 September 2003	RMB116,300,000	100%	Hotel operation
Heshan Country Garden Property Development Co., Ltd. 鶴山市碧桂園物業發展有限公司	9 July 2003	RMB963,000,000	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	RMB650,000,000	100%	Property development
Jiangmen Jinyi Housing Co., Ltd. 江門市金怡置業有限公司	13 August 2003	RMB130,100,000	100%	Hotel operation

38 PARTICULAR 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
Jiangmen Wuyi Country Garden Phoenix City Hotel Co., Ltd. 江門市五邑碧桂園鳳凰酒店有限公司	14 January 2005	RMB103,800,000	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	RMB863,000,000	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	RMB130,801,069	100%	Hotel operation
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	RMB49,370,586	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	RMB87,764,151	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	RMB197,351,958	100%	Property development
Yangjiang Country Garden Phoenix Hotel Co., Ltd. 陽江市碧桂園鳳凰酒店有限公司	2 February 2005	RMB130,750,624	100%	Hotel operation
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	RMB500,700,000	100%	Hotel 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	RMB1,070,000,000	100%	Property development
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	RMB10,000,000	90%	Property development
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	RMB8,000,000	50%	Property development
Shaoguan Shunhong Property Development Co., Ltd. 韶關市順宏房地產開發有限公司	12 July 2006	RMB747,800,000	100%	Property development
Zhaoqing Gaoxin Country Garden Property Development Co., Ltd. 肇慶高新區碧桂園房地產開發有限公司	10 July 2006	RMB5,000,000	100%	Property development
Tianjin Phoenix Investment Development Co., Ltd. 天津鳳凰投資發展有限公司	5 July 2006	RMB30,000,000	70%	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	RMB60,000,000	90%	Property development

Notes to the Consolidated Financial Statements (continued)

38 PARTICULAR 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
Gaoyao Biyi Property Development Co., Ltd. 高要市碧頤房地產開發有限公司	15 September 2006	RMB20,000,000	51%	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	RMB5,000,000	100%	Hotel operation
Tianjin Country Garden Phoenix Hotel Co., Ltd. 天津碧桂園鳳凰酒店有限公司	26 December 2006	RMB10,000,000	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	RMB10,000,000	100%	Property development
Manchouli Country Garden Property Development Co., Ltd. 滿洲里碧桂園房地產開發有限公司	12 December 2006	RMB357,900,000	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	RMB1,115,200,000	100%	Property development
Shenyang Hunnan Xincheng Country Garden Property Development Co., Ltd. 沈陽渾南新城碧桂園房地產開發有限公司	25 April 2007	RMB1,540,000,000	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	RMB130,210,000	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	RMB750,000,000	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	RMB229,940,000	100%	Property development
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	RMB199,820,000	100%	Property development
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	RMB100,000,000	100%	Property development
Sihui Country Garden Property Development Co., Ltd. 四會市碧桂園房地產開發有限公司	22 June 2007	RMB100,140,000	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	RMB97,090,000	100%	Property development
Keyou Qianqi 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	RMB180,000,000	100%	Property development

38 PARTICULAR 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
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	RMB200,000,000	100%	Property development
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	RMB250,000,000	100%	Property development
Xianning Country Garden Property Development Co., Ltd. 咸寧市碧桂園房地產開發有限公司	8 August 2007	RMB200,000,000	100%	Property development
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	RMB150,000,000	100%	Property development
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	RMB350,000,000	100%	Property development
Lufeng Country Garden Property Development Co., Ltd. 陸豐市碧桂園房地產開發有限公司	30 August 2007	RMB100,000,000	100%	Property development
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	RMB350,000,000	100%	Property development
Suzhou Country Garden Property Development Co., Ltd. 隨州碧桂園房地產開發有限公司	31 August 2007	RMB500,000,000	100%	Property development
Yangshan Country Garden Property Development Co., Ltd. 陽山碧桂園房地產開發有限公司	5 September 2007	RMB130,000,000	100%	Property development
Anqing Country Garden Property Development Co., Ltd. 安慶碧桂園房地產開發有限公司	27 September 2007	RMB740,000,000	100%	Property development
Huangshan Country Garden Property Development Co., Ltd. 黃山碧桂園房地產開發有限公司	30 September 2007	RMB100,000,000	100%	Property development
Tongliao Country Garden Property Development Co., Ltd. 通遼碧桂園房地產開發有限公司	15 October 2007	RMB1,200,000,000	100%	Property development
Wuhu Country Garden Property Development Co., Ltd. 蕪湖晉智房地產開發有限公司	5 November 2007	RMB150,000,000	100%	Property development
Liuyang Country Garden Property Development Co., Ltd. 瀏陽碧桂園房地產開發有限公司	4 December 2007	RMB150,000,000	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	RMB110,000,000	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	RMB5,000,000	100%	Hotel operation

Notes to the Consolidated Financial Statements (continued)

38 PARTICULAR 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 Country Garden Phoenix Hotel Co., Ltd 韶關市碧桂園鳳凰酒店有限公司	5 June 2007	RMB16,040,000	100%	Hotel operation
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	RMB9,920,000	100%	Hotel operation
Sihui Country Garden Phoenix Hotel Co., Ltd 四會市碧桂園鳳凰酒店有限公司	21 June 2007	RMB30,000,000	100%	Hotel operation
Wuhan Country Garden Phoenix Hotel Co., Ltd 武漢市碧桂園鳳凰酒店有限公司	26 June 2007	RMB5,830,000	100%	Hotel operation
Shaoguan Country Garden Fujingwan Hotel Co., Ltd 韶關市碧桂園芙蓉景灣酒店有限公司	28 June 2007	RMB6,030,000	100%	Hotel operation
Keyou Qianqi Country Garden Phoenix Hotel Co., Ltd 科右前旗碧桂園鳳凰酒店有限公司	29 July 2007	RMB10,000,000	100%	Hotel operation
Chizhou Country Garden Phoenix Hotel Co., Ltd 池州市碧桂園鳳凰酒店有限公司	30 July 2007	RMB45,000,000	100%	Hotel operation
Chaochu Country Garden Phoenix Hotel Co., Ltd 巢湖碧桂園鳳凰城酒店有限公司	31 July 2007	RMB20,000,000	100%	Hotel operation
Chongqing Country Garden Phoenix Hotel Co., Ltd 重慶市碧桂園鳳城酒店有限公司	3 August 2007	RMB40,000,000	100%	Hotel operation
Xianning Country Garden Hotsprings Hotel Co., Ltd 咸寧市碧桂園溫泉酒店有限公司	8 August 2007	RMB20,000,000	100%	Hotel operation
Yiyang Country Garden Phoenix Hotel Co., Ltd 益陽市碧桂園鳳凰酒店有限公司	10 August 2007	RMB50,000,000	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	RMB10,000,000	100%	Hotel operation
Shenyang Nanying Country Garden Hotel Co., Ltd 沈陽南營碧桂園酒店有限公司	21 August 2007	RMB8,040,000	100%	Hotel operation
Shenyang Binhe Country Garden Hotel Co., Ltd 沈陽濱河碧桂園酒店有限公司	21 August 2007	RMB14,060,000	100%	Hotel operation
Shenyang Huashan Country Garden Hotel Co., Ltd 沈陽花山碧桂園酒店有限公司	27 August 2007	RMB11,970,000	100%	Hotel operation
Shenyang Daoyi Country Garden Hotel Co., Ltd 沈陽道義碧桂園酒店有限公司	27 August 2007	RMB8,990,000	100%	Hotel operation
Haicheng Country Garden Phoenix Hotel Co., Ltd 海城市碧桂園鳳凰酒店有限公司	30 August 2007	RMB30,000,000	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	RMB40,000,000	100%	Hotel operation
Ningxiang Country Garden Phoenix Hotel Co., Ltd 寧鄉碧桂園鳳凰酒店有限公司	3 September 2007	RMB20,000,000	100%	Hotel operation

38 PARTICULAR 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
Chaohu Country Garden Phoenix Hotel Co., Ltd 巢湖碧桂園鳳凰酒店有限公司	7 September 2007	RMB20,000,000	100%	Hotel operation
Manzhou Country Garden Phoenix Hotel Co., Ltd 滿洲里碧桂園鳳凰酒店有限公司	19 September 2007	RMB50,000,000	100%	Hotel operation
Anqing Country Garden Phoenix Hotel Co., Ltd 安慶碧桂園鳳凰酒店有限公司	29 September 2007	RMB150,000,000	100%	Hotel operation
Huangshan Country Garden Phoenix Hotel Co., Ltd 黃山碧桂園鳳凰酒店有限公司	30 September 2007	RMB40,000,000	100%	Hotel operation
Tongliao Country Garden Hotel Co., Ltd 通遼碧桂園酒店有限公司	15 October 2007	RMB30,000,000	100%	Hotel operation
Wuhu Country Garden Phoenix Hotel Co., Ltd 蕪湖碧桂園鳳凰酒店有限公司	5 November 2007	RMB60,000,000	100%	Hotel operation
Shenyang Yidong Real Estate Co., Ltd 沈陽伊東置業有限公司	25 April 2007	RMB461,010,000	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	RMB150,470,000	100%	Property development
Shenyang Hua Rui Zhi Ye Co., Ltd 沈陽華銳置業有限公司 ²	25 March 2004	RMB95,000,000	100%	Property development
Shenyang Shenbeicheng Yidong Real Estate Co., Ltd. 沈陽沈北新城伊東置業有限公司	18 May 2007	RMB750,000,000	100%	Property development
Tianjin Xinbi Investment Co., Ltd 天津新碧投資發展有限公司	25 May 2007	RMB460,000,000	100%	Investment holding
Yangjiang Hengda Real Estate Co., Ltd 陽江市恒達置業有限公司	30 May 2007	RMB75,940,000	100%	Property development
Sichuan Rongxin Investment Co., Ltd 四川榮欣投資有限公司	14 June 2007	RMB10,000,000	85%	Investment holding
Zhaoqing Sihui Huaping Real Estate Co., Ltd 肇慶四會華平置業有限公司	21 June 2007	RMB136,890,000	100%	Property development
Shenyang Huiying Real Estate Co., Ltd 沈陽滙盈置業有限公司	9 October 2007	RMB281,320,000	100%	Property development
Shenyang Dede Real Estate Co., Ltd 沈陽德地置業有限公司	9 October 2007	RMB369,830,000	100%	Property development
Lechang Dingfeng Real Estate Co., Ltd 樂昌市鼎豐置業有限公司	6 November 2007	RMB4,760,000	100%	Property development
Guangzhou Country Garden Shuttle Bus Services Co., Ltd 廣州碧桂園樓巴服務有限公司	19 November 2007	RMB5,000,000	100%	Transportation
Tianjin Deyu Investment Co., Ltd 天津德域投資發展有限公司	28 November 2007	RMB10,000,000	100%	Investment holding

Notes to the Consolidated Financial Statements (continued)

38 PARTICULAR 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
Zhaoqing Country Garden Furniture Co., Ltd 肇慶市碧桂園現代家居有限公司	12 December 2007	RMB45,390,000	100%	Manufacturing
Tianjin Shunyin Greening Co., Ltd 天津市順茵綠化工程有限公司	10 October 2007	RMB500,000	100%	Environmental design
Shenyang Bifeng Greening Co., Ltd 沈陽市碧豐綠化工程有限公司	25 December 2007	RMB500,000	100%	Environmental design

¹ The directors of the Company are of the opinion that the Group has the power to govern the financial and operating policies of Huanan Property Development by virtue of possessing dominating position in the meeting of board of directors, therefore, it is regarded as a subsidiary of the Group.

² Acquired by the Group on 17 May 2007, see note 33 for details.

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			2007
	2004	2005	2006	
	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	3,240,347	5,191,485	7,940,937	17,735,011
Profit before income tax	498,700	1,293,871	2,190,703	6,810,882
Income tax expense	(261,606)	(704,358)	(518,224)	(2,607,141)
Profit for the year	237,094	589,513	1,672,479	4,203,741
Attributable to:				
Owners	254,983	615,425	1,519,473	4,135,908
Minority interests	(17,889)	(25,912)	153,006	67,833
	237,094	589,513	1,672,479	4,203,741
Earning per Share				
Basic	N/A	N/A	11.17 cents	26.63 cents

CONSOLIDATED ASSETS, EQUITY AND LIABILITIES

	As of 31 December			2007
	2004	2005	2006	
	RMB'000	RMB'000	RMB'000	RMB'000
ASSETS				
Non-current assets	3,524,060	3,968,049	3,904,324	14,088,504
Current assets	6,331,687	10,058,667	11,407,043	24,545,511
Total assets	9,855,747	14,026,716	15,311,367	38,634,015
EQUITY AND LIABILITIES				
Total equity	1,747,244	2,321,838	1,475,362	19,399,120
Non-current liabilities	2,646,060	4,357,902	2,989,157	4,394,187
Current liabilities	5,462,443	7,346,976	10,846,848	14,840,708
Total liabilities	8,108,503	11,704,878	13,836,005	19,234,895
Total equity and liabilities	9,855,747	14,026,716	15,311,367	38,634,015

* The historical financial information of the Group for the year ended 31 December 2004 was extracted from the Prospectus.

** No financial information of the Group for the year ended 31 December 2003 has been published.

*** Certain comparative figures have been reclassified to conform to the current presentation.

Corporate Information

DIRECTORS

Executive Directors

Mr. Yeung Kwok Keung (*Chairman*)
 Mr. Cui Jianbo
 Ms. Yang Huiyan
 Mr. Yang Erzhu
 Mr. Su Rubo
 Mr. Zhang Yaoyuan
 Mr. Ou Xueming
 Mr. Yang Zhicheng
 Mr. Yang Yongchao

Independent Non-executive Directors

Mr. Lai Ming, Joseph
 Mr. Shek Lai Him, Abraham
 Mr. Tong Wui Tung, Ronald

QUALIFIED ACCOUNTANT

Ms. Ng Yi Kum, Estella, *FCPA, FCCA, ACIS*

COMPANY SECRETARY

Mr. Huen Po Wah, *ACIS, ACS*

COMPLIANCE ADVISOR

Taifook Capital Limited

AUTHORIZED REPRESENTATIVES

Ms. Yang Huiyan
 Mr. Cui Jianbo
 Ms. Ng Yi Kum, Estella (alternate to Ms. Yang Huiyan)
 Ms. Chau Kit Yee (alternate to Mr. Cui Jianbo)

AUDIT COMMITTEE

Mr. Lai Ming, Joseph (*Chairman*)
 Mr. Shek Lai Him, Abraham
 Mr. Tong Wui Tung, Ronald

REMUNERATION COMMITTEE

Mr. Yeung Kwok Keung (*Chairman*)
 Mr. Cui Jianbo
 Mr. Lai Ming, Joseph
 Mr. Shek Lai Him, Abraham
 Mr. Tong Wui Tung, Ronald

REGISTERED OFFICE

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

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

Country Garden
 Beijiao Town
 Shunde District
 Foshan
 Guangdong 528312
 PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

PRINCIPAL BANKERS

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

AUDITOR

PricewaterhouseCoopers

LEGAL ADVISORS

As to Hong Kong law:

Woo Kwan Lee & Lo
 Lu, Lai & Li

As to PRC law:

Jingtian & Gongcheng

STOCK CODE

The Stock Exchange of Hong Kong Limited
 Stock code: 2007

WEBSITE

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

