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合景泰富地產

## **KWG PROPERTY HOLDING LIMITED**

**合景泰富地產控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1813)**

### **ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2010**

#### **HIGHLIGHTS**

- Revenue for the year ended 31 December 2010 amounted to RMB7,465.9 million, a significant increase of 75.0% compared with the financial year of 2009.
- Profit attributable to owners of the parent amounted to RMB1,281.8 million, a growth of 78.0% as compared with the financial year of 2009.
- Gross profit margin and net profit margin were 41.5% and 17.2%, respectively.
- Earnings per share increased by 69.2% to RMB44 cents as compared with the financial year of 2009.
- Proposed to declare final dividend of RMB11 cents per ordinary share.

The board of directors (the “Board”) of KWG Property Holding Limited (“KWG Property” or the “Company”) is pleased to announce the consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the year ended 31 December 2010. The annual results have been reviewed by the audit committee of the Company.

## CONSOLIDATED INCOME STATEMENT

Year ended 31 December 2010

		2010	2009
	Notes	RMB'000	RMB'000
<b>REVENUE</b>	6	<b>7,465,911</b>	4,266,572
Cost of sales		<u>(4,368,278)</u>	<u>(2,650,267)</u>
Gross profit		<b>3,097,633</b>	1,616,305
Other income and gains	6	<b>78,893</b>	49,265
Selling and marketing costs		<b>(242,805)</b>	(188,494)
Administrative expenses		<b>(413,836)</b>	(281,988)
Other operating expenses, net		<b>(5,356)</b>	(42,183)
Fair value gains on investment properties, net		<b>3,869</b>	60,587
Finance costs	7	<b>(19,974)</b>	(9,024)
Share of profits and losses of:			
Associates		<b>(2,246)</b>	(10)
Jointly-controlled entities		<b>11,485</b>	65,024
<b>PROFIT BEFORE TAX</b>	8	<b>2,507,663</b>	1,269,482
Income tax expenses	9	<b>(1,225,889)</b>	(548,025)
<b>PROFIT FOR THE YEAR</b>		<b><u>1,281,774</u></b>	<b><u>721,457</u></b>
Attributable to:			
Owners of the parent		<b>1,281,772</b>	720,078
Non-controlling interests		<b>2</b>	1,379
		<b><u>1,281,774</u></b>	<b><u>721,457</u></b>
<b>Earnings per share attributable to owners of the parent — Basic and diluted</b>	11	<b><u>RMB44 cents</u></b>	<b><u>RMB26 cents</u></b>

Details of the dividends proposed for the year are disclosed in note 10.

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2010

	2010 <i>RMB'000</i>	2009 <i>RMB'000</i>
<b>PROFIT FOR THE YEAR</b>	<b><u>1,281,774</u></b>	<b><u>721,457</u></b>
<b>OTHER COMPREHENSIVE INCOME</b>		
Exchange differences on translation of foreign operations	20,713	(32,985)
Share of exchange differences on translation of associates	10,885	—
Share of exchange differences on translation of jointly-controlled entities	<u>17,772</u>	<u>3,071</u>
<b>OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX</b>	<b><u>49,370</u></b>	<b><u>(29,914)</u></b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b><u>1,331,144</u></b>	<b><u>691,543</u></b>
Attributable to:		
Owners of the parent	1,331,142	690,184
Non-controlling interests	<u>2</u>	<u>1,359</u>
	<b><u>1,331,144</u></b>	<b><u>691,543</u></b>

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2010

	<i>Notes</i>	<b>2010</b> <b>RMB'000</b>	2009 <b>RMB'000</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		<b>1,343,901</b>	981,508
Investment properties		<b>3,461,980</b>	3,501,460
Land use rights		<b>866,274</b>	572,833
Interests in associates		<b>3,403,588</b>	1,348,990
Interests in jointly-controlled entities		<b>5,434,914</b>	1,228,036
Deferred tax assets		<b>603,560</b>	398,325
		<hr/>	<hr/>
Total non-current assets		<b>15,114,217</b>	8,031,152
<b>CURRENT ASSETS</b>			
Properties under development		<b>13,730,027</b>	13,951,102
Completed properties held for sale		<b>2,553,758</b>	2,300,415
Trade receivables	12	<b>47,687</b>	147,413
Prepayments, deposits and other receivables		<b>1,679,437</b>	453,039
Due from a jointly-controlled entity		<b>46,155</b>	46,999
Taxes recoverable		<b>59,450</b>	24,492
Restricted cash		<b>1,527,992</b>	1,069,876
Cash and cash equivalents		<b>5,275,609</b>	2,540,698
		<hr/>	<hr/>
Total current assets		<b>24,920,115</b>	20,534,034
<b>CURRENT LIABILITIES</b>			
Trade payables	13	<b>1,670,898</b>	1,415,470
Other payables and accruals		<b>8,745,262</b>	5,222,361
Due to associates		<b>442,382</b>	129,956
Due to a jointly-controlled entity		<b>73,454</b>	—
Interest-bearing bank and other borrowings		<b>2,281,674</b>	2,566,628
Taxes payable		<b>2,217,971</b>	1,418,808
		<hr/>	<hr/>
Total current liabilities		<b>15,431,641</b>	10,753,223
<b>NET CURRENT ASSETS</b>		<hr/> <b>9,488,474</b>	<hr/> 9,780,811
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<hr/> <b>24,602,691</b>	<hr/> 17,811,963
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing bank and other borrowings		<b>10,049,956</b>	6,078,852
Deferred tax liabilities		<b>669,168</b>	624,788
Deferred revenue		<b>700,000</b>	700,000
Other non-current liabilities		<b>1,589,295</b>	—
		<hr/>	<hr/>
Total non-current liabilities		<b>13,008,419</b>	7,403,640
<b>NET ASSETS</b>		<hr/> <b>11,594,272</b>	<hr/> 10,408,323

	<i>Notes</i>	<b>2010</b> <i>RMB'000</i>	2009 <i>RMB'000</i>
<b>EQUITY</b>			
<b>Equity attributable to owners of the parent</b>			
Issued capital		<b>280,485</b>	280,538
Treasury shares		—	(3,041)
Reserves		<b>10,985,534</b>	9,982,514
Proposed final dividends	10	<b>318,247</b>	144,658
		<b>11,584,266</b>	10,404,669
<b>Non-controlling interests</b>		<b>10,006</b>	3,654
<b>TOTAL EQUITY</b>		<b><u>11,594,272</u></b>	<b><u>10,408,323</u></b>

Notes:

## 1. CORPORATE INFORMATION

KWG Property Holding Limited is a limited liability company incorporated in the Cayman Islands. The registered office address of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

During the year, the Group was involved in the following principal activities in the People's Republic of China (the "PRC"):

- property development
- property investment
- hotel operation
- provision of property management services

In the opinion of the directors, the immediate and ultimate holding company of the Company is Plus Earn Consultants Limited, which is incorporated in the British Virgin Islands.

## 2. BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties and derivative financial instruments, which have been measured at fair value. These financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

### **Basis of consolidation**

#### *Basis of consolidation from 1 January 2010*

The consolidated financial statements include the financial statements of the Group for the year ended 31 December 2010. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated on consolidation in full.

Losses with a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate.

## *Basis of consolidation prior to 1 January 2010*

Certain of the above-mentioned requirements have been applied on a prospective basis. The following differences, however, are carried forward in certain instances from the previous basis of consolidation:

- Losses incurred by the Group were attributed to the non-controlling interests until the balance was reduced to nil. Any further excess losses were attributable to the parent, unless the non-controlling interest had a binding obligation to cover these. Losses prior to 1 January 2010 were not reallocated between non-controlling interest and the parent shareholders.
- Upon loss of control, the Group accounted for the investment retained at its proportionate share of net asset value at the date control was lost. The carrying amount of such investment at 1 January 2010 has not been restated.

### **3. CHANGES IN ACCOUNTING POLICY AND DISCLOSURES**

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements.

HKFRS 1 (Revised)	<i>First-time Adoption of Hong Kong Financial Reporting Standards</i>
HKFRS 1 Amendments	<i>Amendments to HKFRS 1 First-time Adoption of Hong Kong Financial Reporting Standards — Additional Exemptions for First-time Adopters</i>
HKFRS 2 Amendments	<i>Amendments to HKFRS 2 Share-based Payment — Group Cash-settled Share-based Payment Transactions</i>
HKFRS 3 (Revised)	<i>Business Combinations</i>
HKAS 27 (Revised)	<i>Consolidated and Separate Financial Statements</i>
HKAS 39 Amendment	<i>Amendment to HKAS 39 Financial Instruments: Recognition and Measurement — Eligible Hedged Items</i>
HK(IFRIC) — Int 17	<i>Distributions of Non-cash Assets to Owners</i>
HKFRS 5 Amendments included in <i>Improvements to HKFRSs</i> issued in October 2008	<i>Amendments to HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations — Plan to Sell the Controlling Interest in a Subsidiary</i>
<i>Improvements to HKFRSs 2009</i>	Amendments to a number of HKFRSs issued in May 2009
HK Interpretation 4 Amendment	<i>Amendments to HK Interpretation 4 Leases — Determination of the Length of Lease Term in respect of Hong Kong Land Leases</i>
HK Interpretation 5	<i>Presentation of Financial Statements — Classification by the Borrower of Term Loan that Contains a Repayment on Demand Clause</i>

Other than as further explained below regarding the impact of HKFRS 3 (Revised), HKAS 27 (Revised), amendments to HKAS 7 and HKAS 17 included in *Improvements to HKFRSs 2009* and HK Interpretation 5, the adoption of these new and revised HKFRSs has had no significant financial effect on these financial statements.

The principal effects of adopting these new and revised HKFRSs are as follows:

(a) *HKFRS 3 (Revised) Business Combinations* and *HKAS 27 (Revised) Consolidated and Separate Financial Statements*

HKFRS 3 (Revised) introduces a number of changes in the accounting for business combinations that affect the initial measurement of non-controlling interests, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results.

HKAS 27 (Revised) requires that a change in the ownership interest of a subsidiary without loss of control is accounted for as an equity transaction. Therefore, such a change will have no impact on goodwill, nor will it give rise to a gain or loss. Furthermore, the revised standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. Consequential amendments were made to various standards, including, but not limited to HKAS 7 *Statement of Cash Flows*, HKAS 12 *Income Taxes*, HKAS 21 *The Effects of Changes in Foreign Exchange Rates*, HKAS 28 *Investments in Associates* and HKAS 31 *Interests in Joint Ventures*.

The changes introduced by these revised standards are applied prospectively and affect the accounting of acquisitions, loss of control and transactions with non-controlling interests after 1 January 2010.

(b) *Improvements to HKFRSs 2009* issued in May 2009

*Improvements to HKFRSs 2009* issued in May 2009 sets out amendments to a number of HKFRSs. There are separate transitional provisions for each standard. While the adoption of some of the amendments results in changes in accounting policies, none of these amendments has had a significant financial impact on the Group. Details of the key amendments most applicable to the Group are as follows:

*HKAS 7 Statement of Cash Flows*: Requires that only expenditures that result in a recognised asset in the statement of financial position can be classified as a cash flow from investing activities.

*HKAS 17 Leases*: Removes the specific guidance on classifying land as a lease. As a result, leases of land should be classified as either operating or finance leases in accordance with the general guidance in HKAS 17.

(c) *HK Interpretation 5 Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause*

The interpretation requires a term loan that contains a clause that gives the lender the unconditional right to call the loan at any time shall be classified in total by the borrower as current in the statement of financial position. This is irrespective of whether a default event has occurred and notwithstanding any other terms and maturity stated in the loan agreement. The interpretation has had no impact on the financial position or results of operations of the Group.



#### 4. ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

HKFRS 1 Amendments	Amendments to HKFRS 1 <i>First-time Adoption of Hong Kong Financial Reporting Standards — Limited Exemptions from Comparative HKFRS 7 Disclosures for First-time Adopters</i> <sup>2</sup>
HKFRS 7 Amendments	Amendments to HKFRS 7 <i>Financial Instruments: Disclosures — Transfers of Financial Assets</i> <sup>4</sup>
HKFRS 9	<i>Financial Instruments</i> <sup>5</sup>
HKAS 24 (Revised)	<i>Related Party Disclosures</i> <sup>3</sup>
HKAS 32 Amendment	Amendment to HKAS 32 <i>Financial Instruments: Presentation — Classification of Rights Issues</i> <sup>1</sup>
HK(IFRIC) — Int 14 Amendments	Amendments to HK(IFRIC) — Int 14 <i>Prepayments of a Minimum Funding Requirement</i> <sup>3</sup>
HK(IFRIC) — Int 19	<i>Extinguishing Financial Liabilities with Equity Instruments</i> <sup>2</sup>

Apart from the above, the HKICPA has issued *Improvements to HKFRSs 2010* which sets out amendments to a number of HKFRSs primarily with a view to removing inconsistencies and clarifying wording. The amendments to HKFRS 3 and HKAS 27 are effective for annual periods beginning on or after 1 July 2010, whereas the amendments to HKFRS 1, HKFRS 7, HKAS 1, HKAS 34 and HK(IFRIC) — Int 13 are effective for annual periods beginning on or after 1 January 2011 although there are separate transitional provisions for each standard.

<sup>1</sup> Effective for annual periods beginning on or after 1 February 2010

<sup>2</sup> Effective for annual periods beginning on or after 1 July 2010

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2011

<sup>4</sup> Effective for annual periods beginning on or after 1 July 2011

<sup>5</sup> Effective for annual periods beginning on or after 1 January 2013

The Group is in the process of making an assessment of the impact of these new and revised HKFRS upon initial application. So far, the Group considers that except for the adoption of amendments to HKFRS 3, HKAS 1 and HKAS 27 included in improvements to HKFRSs 2010 as further explained below, these new and revised HKFRSs are unlikely to have a significant impact on the Group's results of operations and financial position.

*Improvements to HKFRSs 2010* issued in May 2010 sets out amendments to a number of HKFRSs. The Group expects to adopt the amendments from 1 January 2011. There are separate transitional provisions for each standard. While the adoption of some of the amendments may result in changes in accounting policies, none of these amendments are expected to have a significant financial impact on the Group. Those amendments that are expected to have a significant impact on the Group's policies are as follows:

- (a) HKFRS 3 *Business Combinations*: Clarifies that the amendments to HKFRS 7, HKAS 32 and HKAS 39 that eliminate the exemption for contingent consideration do not apply to contingent consideration that arose from business combinations whose acquisition dates precede the application of HKFRS 3 (as revised in 2008).

In addition, the amendments limit the measurement choice of non-controlling interests at fair value or at the proportionate share of the acquiree's identifiable net assets to components of non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation. Other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another HKFRS.

The amendments also added explicit guidance to clarify the accounting treatment for non-replaced and voluntarily replaced share-based payment awards.

- (b) *HKAS 1 Presentation of Financial Statements*: Clarifies that an analysis of other comprehensive income for each component of equity can be presented either in the statement of changes in equity or in the notes to the financial statements.
- (c) *HKAS 27 Consolidation and Separate of Financial Statements*: Clarifies that the consequential amendments from HKAS 27 (as revised in 2008) made to HKAS 21, HKAS 28 and HKAS 31 shall be applied prospectively for annual periods beginning on or after 1 July 2009 or earlier if HKAS 27 is applied earlier.

## 5. SEGMENT INFORMATION

For management purposes, the Group is organised into four reportable operating segments as follows:

- (a) Property development: Sale of properties
- (b) Property investment: Leasing of properties
- (c) Hotel operation: Operation of a hotel
- (d) Property management: Provision of property management services

The property development projects undertaken by the Group during the year are all located in the PRC.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit, which is a measure of adjusted profit before tax. The adjusted profit before tax is measured consistently with the Group's profit before tax except that interest income, finance costs, as well as head office and corporate income and expenses are excluded from such measurement.

The Group's revenue from external customers is derived solely from its operations in the PRC, and no non-current assets of the Group are located outside the PRC.

During the year, no revenue from transactions with a single external customer amounted to 10% or more of the Group's total revenue.

*Year ended 31 December 2010*

	Property development <i>RMB'000</i>	Property investment <i>RMB'000</i>	Hotel operation <i>RMB'000</i>	Property management <i>RMB'000</i>	Total <i>RMB'000</i>
<b>Segment revenue:</b>					
Sales to external customers	<u>7,221,143</u>	<u>124,178</u>	<u>56,914</u>	<u>63,676</u>	<u>7,465,911</u>
<b>Segment results</b>	<b>2,670,347</b>	<b>122,184</b>	<b>7,842</b>	<b>255</b>	<b>2,800,628</b>
<i>Reconciliation:</i>					
Interest income and unallocated income					78,893
Unallocated expenses					(351,884)
Finance costs					<u>(19,974)</u>
Profit before tax					2,507,663
Income tax expenses					<u>(1,225,889)</u>
Profit for the year					<u><u>1,281,774</u></u>
<b>Other segment information:</b>					
Depreciation and amortisation	13,186	2,573	18,181	187	34,127
Fair value gains on investment properties, net	—	3,869	—	—	3,869
Share of profits and losses of:					
Associates	(2,246)	—	—	—	(2,246)
Jointly-controlled entities	<u>11,485</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>11,485</u>

*Year ended 31 December 2009*

	Property development <i>RMB'000</i>	Property investment <i>RMB'000</i>	Hotel operation <i>RMB'000</i>	Property management <i>RMB'000</i>	Total <i>RMB'000</i>
<b>Segment revenue:</b>					
Sales to external customers	<u>4,109,986</u>	<u>98,701</u>	<u>10,003</u>	<u>47,882</u>	<u>4,266,572</u>
<b>Segment results</b>	<b>1,351,695</b>	<b>115,921</b>	<b>(837)</b>	<b>8,059</b>	<b>1,474,838</b>
<i>Reconciliation:</i>					
Interest income and unallocated income					49,265
Unallocated expenses					(245,597)
Finance costs					<u>(9,024)</u>
Profit before tax					1,269,482
Income tax expenses					<u>(548,025)</u>
Profit for the year					<u><u>721,457</u></u>
<b>Other segment information:</b>					
Depreciation and amortisation	10,532	2,437	4,483	74	17,526
Fair value gains on investment properties, net	—	60,587	—	—	60,587
Share of profits and losses of:					
An associate	(10)	—	—	—	(10)
Jointly-controlled entities	<u>65,024</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>65,024</u>

## 6. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, represents the gross proceeds, net of business tax, from the sale of properties, gross rental income received and receivable from investment properties, gross revenue from hotel operation and property management fee income during the year.

An analysis of revenue, other income and gains is as follows:

	2010 <i>RMB'000</i>	2009 RMB'000
<b>Revenue</b>		
Sale of properties	7,221,143	4,109,986
Gross rental income	124,178	98,701
Hotel operation income	56,914	10,003
Property management fees	63,676	47,882
	<u>7,465,911</u>	<u>4,266,572</u>
<b>Other income and gains</b>		
Bank interest income	33,483	7,066
Foreign exchange differences, net	12,510	24,646
Others	32,900	17,553
	<u>78,893</u>	<u>49,265</u>

## 7. FINANCE COSTS

	2010 <i>RMB'000</i>	2009 <i>RMB'000</i>
Interest on bank and other borrowings	704,116	456,589
Less: Interest capitalised	<u>(684,142)</u>	<u>(447,565)</u>
	<u>19,974</u>	<u>9,024</u>

## 8. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	2010 <i>RMB'000</i>	2009 <i>RMB'000</i>
Cost of properties sold	4,368,412	2,636,989
Less: Government grant released	<u>(50,675)</u>	<u>—</u>
	4,317,737	2,636,989
Depreciation	32,712	16,716
Amortisation of land use rights	14,116	6,576
Less: Amount capitalised in assets under construction	<u>(12,701)</u>	<u>(5,766)</u>
	1,415	810
Employee benefit expense (excluding directors' remuneration):		
Wages and salaries	198,037	130,409
Pension scheme contributions	11,117	7,680
Equity-settled share option expense	16,821	757
Less: Amount capitalised in assets under construction, properties under development and investment properties under development	<u>(59,962)</u>	<u>(48,948)</u>
	166,013	89,898
Loss on disposal of investment properties, net	4,573	40,086
Gain on disposal of items of property, plant and equipment	<u>(147)</u>	<u>—</u>

## 9. INCOME TAX EXPENSES

	2010 <i>RMB'000</i>	2009 <i>RMB'000</i>
Current — PRC		
Corporate income tax ("CIT")	692,592	428,578
Land appreciation tax ("LAT")	<u>694,152</u>	<u>351,235</u>
	1,386,744	779,813
Deferred	<u>(160,855)</u>	<u>(231,788)</u>
Total tax charge for the year	<u>1,225,889</u>	<u>548,025</u>

### Hong Kong profits tax

No Hong Kong profits tax has been provided because the Group did not generate any assessable profits arising in Hong Kong during the years ended 31 December 2010 and 2009.

## PRC Corporate Income Tax

PRC CIT in respect of operations in the PRC has been calculated at the applicable tax rate on the estimated assessable profits for the years ended 31 December 2010 and 2009, based on existing legislation, interpretations and practices in respect thereof.

## PRC Land Appreciation Tax

PRC LAT is levied at progressive rates ranging from 30% to 60% on the appreciation of the land value, being the proceeds of sales of properties less deductible expenditures including amortisation of land use rights, borrowing costs and all property development expenditures.

## 10. DIVIDENDS

	2010 <i>RMB'000</i>	2009 <i>RMB'000</i>
Proposed final — RMB11 cents (2009: RMB5 cents) per ordinary share	<u>318,247</u>	<u>144,658</u>

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

## 11. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE PARENT

The calculation of the basic earnings per share for the year is based on the profit for the year attributable to owners of the parent, and the weighted average number of ordinary shares of 2,893,150,000 (2009: approximately 2,735,117,000) in issue during the year.

No adjustment has been made to the basic earnings per share presented for the years ended 31 December 2010 and 2009 in respect of a dilution as the share options outstanding during the years had an anti-dilutive effect on the basic earnings per share presented.

The calculation of basic and diluted earnings per share is based on:

	2010 <i>RMB'000</i>	2009 <i>RMB'000</i>
<b>Earnings</b>		
Profit attributable to owners of the parent	<u>1,281,772</u>	<u>720,078</u>
	<b>Number of shares</b>	
	2010	2009
<b>Shares</b>		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	<u>2,893,150,000</u>	<u>2,735,117,000</u>

## 12. TRADE RECEIVABLES

Trade receivables consist of receivables from the sale of properties and rentals under operating leases. The payment terms of the sale of properties are stipulated in the relevant sale and purchase agreements. An ageing analysis of the trade receivables as at the end of the reporting period is as follows:

	<b>2010</b>	2009
	<i>RMB'000</i>	<i>RMB'000</i>
Within 3 months	<b>31,035</b>	114,644
4 to 6 months	<b>3,135</b>	12,830
7 to 12 months	<b>4,952</b>	12,162
Over 1 year	<b>8,565</b>	7,777
	<b>47,687</b>	147,413

## 13. TRADE PAYABLES

An ageing analysis of the trade payables as at the end of the reporting date is as follows:

	<b>2010</b>	2009
	<i>RMB'000</i>	<i>RMB'000</i>
Due within one year or on demand	<b>1,670,898</b>	1,415,470

The trade payables are non-interest-bearing and are normally settled on terms of three to six months.

## 14. EVENT AFTER THE REPORTING PERIOD

On 20 January 2011, Shanghai R&F Real Estate Development Co., Ltd. (“Shanghai R&F”), a limited company incorporated in the PRC, a wholly-owned subsidiary of Guangzhou R&F Properties Co., Ltd., and Shanghai Hejing Real Estate Co., Ltd. (“Shanghai Hejing”) (also known as “Shanghai KWG Real Estate Co., Ltd.” in the Company’s announcement dated 20 January 2011), a limited company incorporated in the PRC, a wholly-owned subsidiary of KWG Property, as the purchasers, have entered into an equity transfer agreement with Shanghai Chengtou Cityland (Group) Co., Ltd. (“SCC”), a company incorporated in the PRC, as the seller, pursuant to which Shanghai R&F and Shanghai Hejing have agreed to acquire 30% of the registered capital of Shanghai Chengtou Yuecheng Real Estate Co., Ltd., a limited company incorporated in the PRC, from SCC.

Details of the above transaction are contained in the Company’s announcement dated 20 January 2011.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Financial Review

#### *Revenue*

Revenue of the Group comprises primarily the (i) gross proceeds, net of business tax, from the sale of properties, (ii) gross recurring revenue received and receivable from investment properties, (iii) gross revenue from hotel room rentals, food and beverage sales and other ancillary services when the services are rendered and (iv) property management fee income. The revenue is primarily generated from its four business segments: property development, property investment, hotel operation and provision of property management services.

The revenue amounted to approximately RMB7,465.9 million in 2010, representing a significant increase of 75.0% from approximately RMB4,266.6 million in 2009, primarily due to the substantial increase of total gross floor area (“GFA”) delivered in sales of properties in 2010.

In 2010, the revenue generated from property development, property investment, hotel operation and property management services were approximately RMB7,221.1 million, RMB124.2 million, RMB56.9 million and RMB63.7 million, respectively.

#### *Property development*

Revenue generated from property development increased by 75.7% to approximately RMB7,221.1 million in 2010 from approximately RMB4,110.0 million in 2009, primarily due to a 53.8% increase in the total GFA delivered to 784,116 sq.m. in 2010 from 509,834 sq.m. in 2009. The increase in the total GFA delivered in 2010 was principally due to the Group’s effort of delivery increased number of projects in other high growth cities. The successful pre-sales in 2009 and 2010 also contributed to the higher revenue.

The increase in revenue was also attributable to the increase in the recognised average selling price (“ASP”) of the Group’s properties sold. The recognised ASP of property increased to RMB9,209 per sq.m. in 2010 from RMB8,061 per sq.m. in 2009 reflecting a better product mix as well as an upgrade on city mix.

#### *Property investment*

Revenue generated from the property investment increased by 25.8% to approximately RMB124.2 million in 2010 from approximately RMB98.7 million in 2009, primarily attributable to an increase in total GFA of the Group’s rental area leased in International Finance Place (“IFP”) during the year under review as well as 2010 being the first full year to us of generating rental income from certain tenants.

#### *Hotel operation*

Revenue generated from hotel operation increased by 469.0% to approximately RMB56.9 million in 2010 from approximately RMB10.0 million in 2009, mainly due to 2010 being the first full year to us of generating hotel operation income from the Group’s Four Points by Sheraton Guangzhou, Dongpu.



### *Provision of property management services*

Revenue generated from the provision of property management services increased by 33.0% to approximately RMB63.7 million in 2010 from approximately RMB47.9 million in 2009, primarily attributable to an increase in the number of properties under management as well as 2010 being the first full year where we provided property management services to certain projects.

### **Cost of sales**

Cost of sales of the Group primarily represents the costs we incur directly for the Group's property development activities. The principal component of cost of sales is cost of properties sold, which includes the direct cost of construction, cost of obtaining land use rights and capitalised borrowing cost on related borrowed funds during the period of construction.

Cost of sales increased by 64.8% to approximately RMB4,368.3 million in 2010 from approximately RMB2,650.3 million in 2009, primarily due to an overall increase in cost of properties sold following the increase in GFA delivered.

Land cost per sq.m. increased from RMB1,222 in 2009 to RMB1,759 in 2010, primarily due to the recognised land costs of projects at better locations with relatively higher land costs.

Construction cost per sq.m. decreased from RMB3,708 in 2009 to RMB3,507 in 2010, mainly due to the highly effective cost control mechanism in place.

### **Gross profit**

Gross profit of the Group increased by 91.6% to approximately RMB3,097.6 million in 2010 from approximately RMB1,616.3 million in 2009. The increase in gross profit was primarily attributable to the increase in the total revenue and recognised ASP in 2010. The Group reported a gross profit margin of 41.5% for 2010 as compared with 37.9% for 2009.

### **Other income and gains**

Other income and gains increased by 60.0% to approximately RMB78.9 million in 2010 from approximately RMB49.3 million in 2009, mainly comprising interest income of approximately RMB33.5 million and net exchange gains of approximately RMB12.5 million.

## **Selling and marketing costs**

Selling and marketing costs of the Group increased by 28.8% to approximately RMB242.8 million in 2010 from approximately RMB188.5 million in 2009, which is primarily due to an increase of 18.1% in advertising expenses to approximately RMB123.3 million in 2010 from approximately RMB104.4 million in 2009, which was largely attributable to increased advertising for the Group's new projects, such as Chengdu Cosmos in Chengdu, The Sapphire in Suzhou, Fragrant Seasons in Beijing, International Creative Valley and The Summit in Guangzhou. The increase in selling and marketing costs was also due to the increase of sales commission fee, which was in line with the revenue in sale of properties during the year.

## **Administrative expenses**

Administrative expenses of the Group increased by 46.7% to approximately RMB413.8 million in 2010 from approximately RMB282.0 million in 2009, primarily attributable to an increased headcount to match with the rapid development of the Group in various regional offices in order to achieve its long term goal. The Group believes that people are key elements for future growth and grasping the opportunities ahead. The Group also provided extensive training, built incentive schemes as well as a teamwork-oriented corporate culture with high sense of belonging to retain experienced employees. The first full year operation of the Group's Four Points by Sheraton Guangzhou, Dongpu and the increase of other tax and surcharges on sales of properties also contributed to the increment in administrative expenses in 2010.

## **Other operating expenses, net**

Other operating expenses of the Group was approximately RMB5.4 million in 2010 (2009: approximately RMB42.2 million), mainly comprising the losses on the disposal of certain investment properties during the year.

## **Fair value gains on investment properties, net**

During the year 2010, there was no new investment property project and the market value of the Group's existing investment properties remained stable, therefore there were no significant fair value gains on investment properties for the Group. The Group reported net fair value gains on investment properties of approximately RMB3.9 million for 2010 (2009: approximately RMB60.6 million).

## **Finance costs**

Finance costs of the Group being approximately RMB20.0 million in 2010 (2009: approximately RMB9.0 million), related to the borrowing costs on certain general corporate loans. Since such loans were not earmarked for project development, thus such borrowing costs have not been capitalised.

## **Income tax expenses**

Income tax expenses increased by 123.7% to approximately RMB1,225.9 million in 2010 from approximately RMB548.0 million in 2009, as a result of the significant increase in profits on properties sold during 2010 and hence the provision for LAT increased accordingly.

## **Profit attributable to owners of the parent**

Profit attributable to owners of the parent of the Group in 2010 increased by 78.0% to approximately RMB1,281.8 million from approximately RMB720.1 million in 2009. Net profit margin increased to 17.2% in 2010 from 16.9% in 2009, as a result of the cumulative effect of the foregoing factors.

## **LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES**

### **Cash position**

As at 31 December 2010, the carrying amount of the Group's cash and bank deposits was approximately RMB6,803.6 million (31 December 2009: approximately RMB3,610.6 million), representing an increase of 88.4% as compared to that as at 31 December 2009.

Pursuant to relevant regulations in the PRC, certain property development companies of the Group are required to place a certain amount of pre-sales proceeds received at designated bank accounts as guarantee deposits for construction of the relevant properties. As at 31 December 2010, the carrying amount of the restricted cash was approximately RMB1,528.0 million (31 December 2009: approximately RMB1,069.9 million).

### **Borrowings and charges on the Group's assets**

As at 31 December 2010, the Group's bank loans and senior notes were approximately RMB10,713.3 million and RMB1,618.3 million (equivalent) respectively. Amongst the loans, approximately RMB2,281.7 million were repayable within 1 year, approximately RMB7,724.6 million were repayable between 2 and 5 years and approximately RMB707.0 million will be repayable over 5 year. The senior notes were repayable over five years.

As at 31 December 2010, the Group's bank loans of approximately RMB9,789.2 million were secured by property, plant and equipment, land use rights, investment properties, properties under development, completed properties held for sale and time deposits of the Group with total carrying values of approximately RMB10,366.5 million and equity interests of certain subsidiaries and an associate of the Group. The senior notes were jointly and severally guaranteed by certain subsidiaries of the Group and were secured by the pledges of their shares.

The carrying amounts of all the Group's bank loans were denominated in RMB except for certain loan balances with an aggregate amount of approximately HK\$1,471.4 million and US\$90.3 million as at 31 December 2010 which were denominated in Hong Kong dollar and U.S. dollar respectively. All of the Group's bank loans were charged at floating interest rates except for a loan balance with an aggregate amount of RMB90.1 million was charged at fixed interest rate as at 31 December 2010. The Group's senior notes were denominated in U.S. dollar.

### **Gearing ratio**

The gearing ratio is measured by the net borrowings (total borrowings net of cash and cash equivalents and restricted cash) over the total equity. As at 31 December 2010, the gearing ratio was 47.7% (2009: 48.4%).

## **Risk of exchange rate fluctuation**

The Group mainly operates in the PRC, so most of its revenues and expenses are measured in RMB. The value of RMB against the U.S. dollar and other currencies may fluctuate and is affected by, among other things, changes in China's political and economic conditions. The conversion of RMB into foreign currencies, including the U.S. dollar and the Hong Kong dollar, has been based on rates set by the People's Bank of China.

During 2010, the exchange rates of RMB against the U.S. dollar and the Hong Kong dollar maintained a relatively stable level and the Board expects that any fluctuation of RMB's exchange rate will not have material adverse effect on the operation of the Group.

## **CONTINGENT LIABILITIES**

(i) As at 31 December 2010, the Group had the following contingent liabilities relating to guarantees in respect of mortgage facilities for certain purchasers amounting to approximately RMB6,160.6 million (31 December 2009: approximately RMB4,067.1 million). This represented the guarantees in respect of mortgage facilities granted by banks relating to the mortgage loans arranged for 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 defaulting purchasers to the banks and the Group is entitled to take over the legal title and possession of the related properties. The Group's guarantee period starts from the dates of grant of the relevant mortgage loans and ends upon issuance of real estate ownership certificates which will generally be available within one to two years after the purchasers take possession of the relevant properties.

The fair value of the guarantees is not significant and the Board considers that in case of default in payments, the net realisable value of the related properties will be sufficient to 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 as at 31 December 2010 and 2009 for the guarantees.

(ii) As at 31 December 2010, the Group had provided a guarantee in respect of certain bank loans for an associate and a jointly controlled entity.

(iii) As at 31 December 2010, the Group had provided a guarantee in respect of a payable for a jointly-controlled entity.

(iv) As at 31 December 2010, the Group had provided a guarantee in respect of a bank loan of RMB700.0 million (31 December 2009: RMB700.0 million) for the ex-owner of The Summit in Guangzhou, PRC.

## **BUSINESS REVIEW**

In 2010, KWG Property continued to implement the policy of proactive monitoring and timely acquisition in its move for land acquisition. The Group's land bank was substantially enlarged with the acquisition of seven prime sites. We have acquired sites in cities where we have already established the Group's presence, such as the Foshan site in Guangzhou and the Jinjiang site in Chengdu, with a view to enhancing the Group's brand recognition and market share in these cities. We have also acquired sites in the neighbouring areas of these cities to facilitate resource sharing and integration, such as four sites in Shanghai and one site in Tianjin. Moreover, the said acquisitions have been conducted primarily in partnerships with well-known developers including Hongkong Land China Holdings Limited, Sun Hung Kai Development (China) Limited and several Mainland property developers, which will allow us to keep land costs under control and address market risk in a more effective manner.

These ventures have provided the Group with access to two new cities of Shanghai and Tianjin, which means that we have now formed a strategic development platform covering three tier-one cities (Guangzhou, Beijing and Shanghai) and four top tier-two cities/regions (Suzhou, Chengdu, Tianjin and Hainan). As at 31 December 2010, the Group had a land bank with GFA of approximately 8.40 million sq.m., covering 25 projects in 7 cities and regions, which is expected to be sufficient for development in the next 5 to 6 years.

As at 31 December 2010, the Group had a total of 25 projects located in Guangzhou, Suzhou, Chengdu, Beijing, Hainan, Shanghai and Tianjin.

<b>Project</b>	<b>District</b>	<b>Type of property</b>	<b>GFA attributable to the Group's Interest ( '000 sq.m.)</b>	<b>Interests attributable to the Group (%)</b>
The Apex	Guangzhou	W Hotel/W serviced apartments	74	100
Sky Ville	Guangzhou	Low density villas/townhouses and high-rise apartments/5-star hotel	179	100
International Creative Valley	Guangzhou	Office building/serviced apartments	225	100
The Summit	Guangzhou	Large scale comprehensive project: mid-to high-end residential/villas/townhouses/commercial building	2,507	100
D3-4 Project	Guangzhou	High-end projects: serviced apartments/office building	34	100
J2-2 Project	Guangzhou	High-end comprehensive project: office building/commercial building	72	50
Lie De Project	Guangzhou	High-end comprehensive project: apartments/hotel/commercial building	155	33.3
The Up Blue Town	Suzhou	Mid-to high-end residential/apartments	52	100
The Sapphire	Suzhou	High-end residential/hotel/office building	647	100
Suzhou Apex	Suzhou	High-end residential/hotel/commercial building	127	29.9
The Vision of the World	Chengdu	Mid-to high-end residential	456	100
The Cosmos	Chengdu	High-end comprehensive project: residential/hotel/serviced apartments/office building/shopping mall	825	100
Chengdu Jinjiang Project	Chengdu	High-end residential/commercial building	450	50
Fragrant Seasons	Beijing	Mid-to high-end residential/townhouses	460	100
Lingshui Project	Hainan	Hotel/villas/high-rise apartments	293	100
Pudong Project	Shanghai	Office building	78	100
Putuo Project	Shanghai	High-end residential/office building/commercial building	79	50
Jiading E06 Project	Shanghai	Mid-to high-end residential/office building/commercial building	111	100
Xinjiangwan Project	Shanghai	High-end residential/office building/commercial building	95	35
Jinnan Project	Tianjin	Mid-to high-end residential/commercial building	750	25
Waterfront Mansion	Guangzhou	Mid-to high-end residential/apartments	42	100
International Finance Place	Guangzhou	High-end grade A office building	61	100
Four Points by Sheraton	Guangzhou	Hotel	35	100
Foshan Project	Guangzhou	Mid-to high-end residential/shopping mall	560	20
The City Island	Suzhou	Mid-to high-end residential/villas/townhouses	28	100

## **Investment properties and hotels**

During 2010, KWG Property continued the development of its hotels and investment properties in specific projects. In the long run, we will continue to explore opportunities in diversified property investments with the objective to maintain a balanced product portfolio. We expect the contribution from the Group's portfolio of hotels, retail shop units, shopping malls and offices held on a long-term basis to be steadily maintained at around 20% of the Group's asset base.

During the year under review, turnover of the Group from its investment in office premises and leasing of retail properties amounted to approximately RMB124.2 million (2009: approximately RMB98.7 million).

### *(1) Hotels*

In September 2009, KWG Property commenced the soft launch of the Group's Four Points by Sheraton Guangzhou, Dongpu, located in Tianhe Dongpu, Guangzhou. In addition, KWG Property has two high-end star-rated hotels under construction in Guangzhou, namely, Guangzhou W Hotel and Huadu Sheraton Resort, and six other high-end star-rated hotels and two high-end shopping malls under planning, variously located in Guangzhou, Suzhou, Chengdu and Hainan.

To ensure high quality of the Group's hotel services, the Group entered into a management agreement with Starwood Group, an internationally renowned hotel management group. Pursuant to the agreement, Starwood Group will provide hotel and serviced apartment operation and management services with respect to the Group's Guangzhou W Hotel, Huadu Sheraton Resort, Four Points by Sheraton Guangzhou, Dongpu, and Westin Hotel in Suzhou.

### *(2) Investment properties completed and available for lease*

To uphold the portfolio of premium tenants that IFP has established since coming on-stream in 2007, the Group continues to lease spaces on a selective basis in order to maintain the high-end and premium nature of IFP tenants. As at 31 December 2010, the occupancy rate of IFP, the Group's Grade A+ office building, stood at above 95%. The tenants mainly include about 13 domestic and foreign banks, the Guangzhou offices of various multi-national corporations and diplomatic institutions such as the Italian Consulate.

## **BUSINESS OUTLOOK**

Looking to 2011, the property development segment continues to grow across its land bank portfolio and we aim to enlarge market shares in various regions where we operate.

Meanwhile, the Group will continue to monitor market changes closely and corporate strategies as and when appropriate to address such changes. Internally, we will continue to enhance the Group's corporate governance standards and practice strict financial discipline, so that we could achieve further growth in 2011 from operational efficiency improvement.

## **EMPLOYEES AND EMOLUMENT POLICIES**

As at 31 December 2010, the Group employed a total of approximately 2,900 employees. The total staff costs incurred was approximately RMB226.0 million during the financial year ended 31 December 2010. The remuneration of employees was determined based on their performance, skill, experience and prevailing industry practices. The Group reviews the remuneration policies and packages on a regular basis and will make necessary adjustment to commensurate with the pay level in the industry. In addition to basic salary, the provident fund scheme (according to the provisions of the Mandatory Provident Fund Schemes Ordinance for Hong Kong employees) or state-managed retirement pension scheme (for PRC employees), employees may be offered with discretionary bonus and cash awards based on individual performance.

During the year ended 31 December 2010, 8,000,000 share options had been granted by the Company to the grantees, including certain employees of the Group on 30 March 2010. None of the share options were exercised by the grantees or cancelled by the Company as at the date of approval of these financial statements.

## **DIVIDEND**

The Board of the Company has proposed the payment of a final dividend of RMB11 cents per ordinary share for the year ended 31 December 2010. The proposed final dividend, if approved by the shareholders at the forthcoming annual general meeting, will be paid on 8 July 2011 to the shareholders whose names appear on the register of members of the Company on 3 June 2011.

## **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from Monday, 6 June 2011 to Friday, 10 June 2011, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the proposed final dividend and be eligible to attend and vote at the forthcoming annual general meeting, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited, at 1712-1716, 17/F., Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Friday, 3 June 2011.



## **PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY**

During the year, neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities.

## **COMPLIANCE WITH MODEL CODE**

The Company has adopted the Model Code for Securities Transactions by Directors of the Listed Issuers (the "Model Code") as set out in Appendix 10 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") as its code of conduct regarding directors' securities transactions. Specific enquiries have been made with all directors of the Company regarding any non-compliance with the Model Code and all directors of the Company confirmed that they have complied with the provisions of the Model Code during the financial year ended 31 December 2010.

## **COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES**

The Group believes that sound and good corporate governance practices are not only key elements in enhancing investor confidence and the Company's accountability and transparency but also important to the Company's long-term success. The Group, therefore, strives to attain and maintain effective corporate governance practices and procedures. The Company has complied with the code provisions in the Code on Corporate Governance Practices (the "Code Provision") as set out in Appendix 14 to the Listing Rules during the year ended 31 December 2010.

### **Audit Committee**

The audit committee was established with written terms of reference in accordance with the Code Provision as set out in Appendix 14 to the Listing Rules. The audit committee reports to the Board and is delegated by the Board to assess matters related to the financial statements of accounts and to perform the duties, including but not limited to, reviewing the Company's financial controls and internal control, financial and accounting policies and practices and the relationship with the external auditor.

The audit committee comprises three members who are independent non-executive directors of the Company, namely Mr. Tam Chun Fai (the chairman), Mr. Lee Ka Sze Carmelo and Mr. Dai Feng.

The audit committee has reviewed the consolidated financial statements of the Company for the year ended 31 December 2010.

### **Remuneration Committee**

The remuneration committee was established with written terms of reference in accordance with the Code Provision as set out in Appendix 14 to the Listing Rules. The principal responsibilities of the remuneration committee include but not limited to formulate and make recommendations on remuneration policy and remuneration package of the directors and members of senior management to the Board. The remuneration committee comprises an executive director, namely Mr. Kong Jian Min, and two independent non-executive directors, namely Mr. Tam Chun Fai and Mr. Dai Feng. Mr. Kong Jian Min is the chairman of the remuneration committee.

## **Nomination Committee**

The nomination committee was established on 11 June 2007. The nomination committee is responsible for, including but not limited to, reviewing the structure, size and composition of the Board and making recommendation to the Board on selection of candidates for directorships. The nomination committee comprises an executive director, namely Mr. Kong Jian Min, and two independent non-executive directors, namely Mr. Tam Chun Fai and Mr. Dai Feng. Mr. Kong Jian Min is the chairman of the nomination committee.

## **SUFFICIENCY OF PUBLIC FLOAT**

Based on information that is publicly available to the Company and within the knowledge of the directors, the Board confirms that the Company has maintained a sufficient public float as required by the Listing Rules during the year under review.

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

The results announcement of the Company for the year ended 31 December 2010 is published on the website of the Stock Exchange at [www.hkex.com.hk](http://www.hkex.com.hk) and the website of the Company at [www.kwgproperty.com](http://www.kwgproperty.com).

## **ANNUAL GENERAL MEETING (“AGM”)**

The 2010 AGM of the Company will be held on Friday, 10 June 2011 and the Notice of AGM will be published and dispatched in the manner as required by the Listing Rules.

By Order of the Board  
**KWG Property Holding Limited**  
**Kong Jian Min**  
*Chairman*

Hong Kong, 10 March 2011

*As at the date of this announcement, the executive Directors are Mr. Kong Jian Min (Chairman), Mr. Kong Jian Tao, Mr. Kong Jian Nan, Mr. Li Jian Ming, Mr. Tsui Kam Tim, Mr. He Wei Zhi and Mr. Yu Yao Sheng; and the independent non-executive Directors are Mr. Lee Ka Sze, Carmelo, Mr. Dai Feng and Mr. Tam Chun Fai.*