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本公告並不構成在美國或任何其他司法權區提呈出售建議或招攬購買任何證券的建議，倘未根據任何該等司法權區的證券法辦理登記或未獲批准而於上述地區進行上述建議、招攬或出售即屬違法。本公告所述的證券將不會根據經修訂的一九三三年美國證券法登記，亦不得在美國提呈或出售，惟根據證券法登記規定獲豁免或毋須遵守證券法的登記規定進行的交易則除外。於美國公開發售任何證券將須以招股章程形式作出。該招股章程將載有關於提呈發售之公司以及其管理及財務報表之詳細資料。本公司無意於美國進行證券公開發售。



合景泰富地產

KWG PROPERTY HOLDING LIMITED

合景泰富地產控股有限公司

(於開曼群島註冊成立的有限公司)

(股份代號：1813)

建議發行優先票據

本公司擬進行擔保美元定息優先票據之國際發售。有關是次發售，本公司將向若干機構投資者提供本集團近期之企業及財務資料，包括本集團之前可能未有公開之最新風險因素、管理層討論及分析、物業項目簡介、關連方交易及債務資料。本公司截至二零一零年十二月三十一日止年度的經審核財務資料和本公司認為對本公司營運而言屬重大的最新資料概要載於本公告內。本公告隨附該等近期資料之節錄，並大約於向機構投資者發放有關資料之同時在本公司網站www.kwgproperty.com可供查閱。

建議發行票據之完成須視乎(其中包括)市況及投資者興趣而定。建議由附屬公司擔保人擔保票據。花旗、滙豐及渣打銀行作為聯席牽頭經辦人兼聯席賬簿管理人，負責經辦建議發行票據。於本公告日期，尚未落實建議發行票據的本金額、利率、付款日期和若干其他條款及條件。待落實票據的條款後，預期花旗、滙豐、渣打銀行、附屬公司擔保人與本公司將訂立購買協議。本公司擬應用票據所得款項為其現有及新增物業項目提供資金。本公司或會因應市況變化而調整先前計劃，並因而重新調配所得款項用途。

本公司已經收到新加坡交易所原則上同意票據於新加坡交易所正式上市及報價。獲准於新加坡交易所正式上市及任何票據在新加坡交易所報價，並不視為本公司或票據之價值指標。

由於截至本公告日期並無就建議發行票據訂立具約束力協議，建議發行票據可能或不可能落實。本公司之投資者及股東於買賣本公司證券時務請謹慎行事。倘簽署購買協議，本公司將就建議發行票據另行發表公告。

建議發行票據

緒言

本公司擬進行擔保美元定息優先票據之國際發售。有關是次發售，本公司將向若干機構投資者提供本集團近期之企業及財務資料，包括本集團之前可能未有公開之最新風險因素、管理層討論及分析、物業項目簡介、關連方交易及債務資料。本公司截至二零一零年十二月三十一日止年度的經審核財務資料和本公司認為對本公司營運而言屬重大的最新資料概要載於本公告內。本公告隨附該等近期資料之節錄，並大約於向機構投資者發放有關資料之同時在本公司網站www.kwgproperty.com可供查閱。

建議發行票據之完成須視乎(其中包括)市況及投資者興趣而定。建議由附屬公司擔保人擔保票據。花旗、滙豐及渣打銀行作為聯席牽頭經辦人兼聯席賬簿管理人，負責經辦建議發行票據。於本公告日期，尚未落實建議發行票據的本金額、利率、付款日期和若干其他條款及條件。待落實票據的條款後，預期花旗、滙豐、渣打銀行、附屬公司擔保人與本公司將訂立購買協議。票據將僅會根據證券法項下S規例於美國境外向非美籍人士提呈發售及銷售。票據概不會向香港公眾人士發售。

進行票據發行之原因

本集團為一家大型物業發展商，穩佔廣州的龍頭地位，業務亦拓展至蘇州、成都、北京、天津、上海及海南。本集團專注發展別樹一格的中高端住宅物業。為使盈利組合多元化，本集團亦在黃金地段發展商業物業作為長期投資，包括寫字樓、購物中心、服務式公寓及酒店。本集團於二零零七年八月開始營運其首家寫字樓物業國際金融廣場。於二零零九年九月，本集團開設其首家酒店廣州的福朋喜來登酒店，目前在廣州發展另外兩家高級酒店，包括中國大陸的首家W酒店、花都喜來登度假酒店及廣州一家高級服務式公寓W服務式公寓。此外，本集團正計劃在廣州、蘇州、成都等多個城市及海南省發展其他六家高級酒店及高級購物中心。本集團的酒店將由國際享負盛名的酒店營運商（其中包括Starwood Hotels & Resorts Worldwide, Inc.的聯營公司）營運。本集團相信，其投資物業及酒店將有助進一步強化其品牌。本集團亦從事物業相關業務，例如住宅及商業物業的物業管理。

本集團擬使用票據的所得款項以為其現有及新增物業項目提供資金。本公司或會因應市況變化而調整先前計劃，並因而重新調配所得款項用途。

上市

本公司已經收到新加坡交易所原則上同意票據於新加坡交易所正式上市及報價。獲准於新加坡交易所正式上市及任何票據在新加坡交易所報價，並不視為本公司或票據之價值指標。本公司並無於香港尋求票據上市。

一般事項

由於截至本公告日期並無就建議發行票據訂立具約束力協議，建議發行票據可能或不可能落實。本公司之投資者及股東於買賣本公司證券時務請謹慎行事。

倘簽署購買協議，本公司將就建議發行票據另行發表公告。

合併收益表

截至二零一零年十二月三十一日止年度

	附註	二零一零年 人民幣千元	二零零九年 人民幣千元
收入	5	7,465,911	4,266,572
銷售成本		(4,368,278)	(2,650,267)
毛利		3,097,633	1,616,305
其他收入及收益	5	78,893	49,265
銷售及營銷成本		(242,805)	(188,494)
行政開支		(413,836)	(281,988)
其他營運開支淨額		(5,356)	(42,183)
投資物業公允值收益淨額		3,869	60,587
融資成本	7	(19,974)	(9,024)
分佔利潤及虧損：			
聯營公司		(2,246)	(10)
共同控制實體		11,485	65,024
稅前利潤	6	2,507,663	1,269,482
所得稅開支	10	(1,225,889)	(548,025)
年度利潤		1,281,774	721,457
應佔：			
母公司擁有人		1,281,772	720,078
非控股權益		2	1,379
		1,281,774	721,457
母公司擁有人應佔每股盈利 – 基本及攤薄	13	人民幣44分	人民幣26分

合併全面收益表

截至二零一零年十二月三十一日止年度

	二零一零年 人民幣千元	二零零九年 人民幣千元
年度利潤	<u>1,281,774</u>	<u>721,457</u>
其他全面收入		
換算境外業務的匯兌差額	20,713	(32,985)
分佔換算聯營公司的匯兌差額	10,885	–
分佔換算共同控制實體的匯兌差額	<u>17,772</u>	<u>3,071</u>
年度經扣除稅項後的其他全面收入	<u>49,370</u>	<u>(29,914)</u>
年度全面收入總額	<u>1,331,144</u>	<u>691,543</u>
應佔：		
母公司擁有人	1,331,142	690,184
非控股權益	<u>2</u>	<u>1,359</u>
	<u>1,331,144</u>	<u>691,543</u>

合併財務狀況表

二零一零年十二月三十一日

	附註	二零一零年 人民幣千元	二零零九年 人民幣千元
非流動資產			
物業、廠房及設備	14	1,343,901	981,508
投資物業	15	3,461,980	3,501,460
土地使用權	16	866,274	572,833
於聯營公司的權益	18	3,403,588	1,348,990
於共同控制實體的權益	19	5,434,914	1,228,036
遞延稅項資產	29	603,560	398,325
非流動資產總額		<u>15,114,217</u>	<u>8,031,152</u>
流動資產			
在建物業	20	13,730,027	13,951,102
持作銷售用途的竣工物業	21	2,553,758	2,300,415
應收貿易賬款	22	47,687	147,413
預付款、按金及其他應收款	23	1,679,437	453,039
應收共同控制實體款項	19	46,155	46,999
可收回稅款	24(a)	59,450	24,492
受限制現金	25	1,527,992	1,069,876
現金及現金等值物	25	5,275,609	2,540,698
流動資產總額		<u>24,920,115</u>	<u>20,534,034</u>
流動負債			
應付貿易賬款	26	1,670,898	1,415,470
其他應付款及應計款項	27	8,745,262	5,222,361
應付聯營公司款項	18	442,382	129,956
應付共同控制實體款項	19	73,454	—
付息銀行及其他借貸	28	2,281,674	2,566,628
應付稅項	24(b)	2,217,971	1,418,808
流動負債總額		<u>15,431,641</u>	<u>10,753,223</u>
流動資產淨值		<u>9,488,474</u>	<u>9,780,811</u>
資產總額減流動負債		<u>24,602,691</u>	<u>17,811,963</u>

	附註	二零一零年 人民幣千元	二零零九年 人民幣千元
非流動負債			
付息銀行及其他借貸	28	10,049,956	6,078,852
遞延稅項負債	29	669,168	624,788
遞延收入	30	700,000	700,000
其他非流動負債	31	1,589,295	—
		<hr/>	<hr/>
非流動負債總額		13,008,419	7,403,640
		<hr/>	<hr/>
資產淨值		11,594,272	10,408,323
		<hr/> <hr/>	<hr/> <hr/>
權益			
母公司擁有人應佔權益			
已發行股本	32	280,485	280,538
庫存股份	32(b)	—	(3,041)
儲備	34(a)	10,985,534	9,982,514
擬派末期股息	12	318,247	144,658
		<hr/>	<hr/>
		11,584,266	10,404,669
非控股權益		10,006	3,654
		<hr/>	<hr/>
權益總額		11,594,272	10,408,323
		<hr/> <hr/>	<hr/> <hr/>

合併權益變動表

截至二零一零年十二月三十一日止年度

	附註	母公司擁有人應佔										非控股權益	權益總額
		已發行股本	股份溢價賬	庫存股份儲備	儲備金	匯兌變動儲備	以股權結算購股權儲備	資本儲備	保留利潤	擬派末期股息	總計		
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元		
於二零零九年一月一日		254,093	5,321,931	-	189,345	(83,968)	-	-	2,709,489	77,813	8,468,703	722,508	9,191,211
年度利潤		-	-	-	-	-	-	720,078	-	720,078	1,379	721,457	
年度其他全面收入：													
換算境外業務的匯兌差額		-	-	-	-	(32,965)	-	-	-	(32,965)	(20)	(32,985)	
分佔換算共同控制實體的匯兌差額		-	-	-	-	3,071	-	-	-	3,071	-	3,071	
年度全面收入總額		-	-	-	-	(29,894)	-	720,078	-	690,184	1,359	691,543	
發行股份	32(a)	26,445	1,322,250	-	-	-	-	-	-	1,348,695	-	1,348,695	
股份發行開支	32(a)	-	(25,469)	-	-	-	-	-	-	(25,469)	-	(25,469)	
購回股份	32(b)	-	-	(3,041)	-	-	-	-	-	(3,041)	-	(3,041)	
收購非控股權益	36(b)	-	-	-	-	-	-	2,216	-	2,216	(718,184)	(715,968)	
購股權開支	33	-	-	-	-	-	1,194	-	-	1,194	-	1,194	
解散附屬公司	36(c)	-	-	-	-	-	-	-	-	-	(2,029)	(2,029)	
已宣派二零零八年末期股息		-	-	-	-	-	-	-	(77,813)	(77,813)	-	(77,813)	
轉撥至儲備	34(a)	-	-	-	74,559	-	-	-	(74,559)	-	-	-	
擬派二零零九年末期股息	12	-	-	-	-	-	-	-	(144,658)	144,658	-	-	
於二零零九年十二月三十一日		280,538	6,618,712*	(3,041)	263,904*	(113,862)*	1,194*	2,216*	3,210,350*	144,658	10,404,669	3,654	10,408,323

	母公司擁有人應佔											非控股 權益	權益總額
	已發行股本	股份溢價賬	庫存 股份儲備	儲備金	匯兌 變動儲備	以股權結算 購股權儲備	資本儲備	保留利潤	擬派 末期股息	總計			
	附註	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元		
於二零一零年一月一日		280,538	6,618,712	(3,041)	263,904	(113,862)	1,194	2,216	3,210,350	144,658	10,404,669	3,654	10,408,323
年度利潤		-	-	-	-	-	-	-	1,281,772	-	1,281,772	2	1,281,774
年度其他全面收入：													
換算境外業務的匯兌差額		-	-	-	-	20,713	-	-	-	-	20,713	-	20,713
分佔換算聯營公司的 匯兌差額		-	-	-	-	10,885	-	-	-	-	10,885	-	10,885
分佔換算共同控制實體的 匯兌差額		-	-	-	-	17,772	-	-	-	-	17,772	-	17,772
年度全面收入總額		-	-	-	-	49,370	-	-	1,281,772	-	1,331,142	2	1,331,144
註銷股份	32(b)	(53)	(2,988)	3,041	-	-	-	-	-	-	-	-	-
收購非控股權益	36(b)	-	-	-	-	-	-	(26,350)	-	-	(26,350)	(3,650)	(30,000)
非控股權益貢獻		-	-	-	-	-	-	-	-	-	-	10,000	10,000
購股權開支	33	-	-	-	-	-	19,463	-	-	-	19,463	-	19,463
已宣派二零零九年末期股息		-	-	-	-	-	-	-	(144,658)	(144,658)	-	-	(144,658)
轉撥至儲備	34(a)	-	-	-	132,848	-	-	-	(132,848)	-	-	-	-
擬派二零一零年末期股息	12	-	-	-	-	-	-	-	(318,247)	318,247	-	-	-
於二零一零年十二月三十一日		280,485	6,615,724*	-	396,752*	(64,492)*	20,657*	(24,134)*	4,041,027*	318,247	11,584,266	10,006	11,594,272

* 該等儲備賬包括於合併財務狀況表中的合併儲備約人民幣10,985,534,000元(二零零九年：人民幣9,982,514,000元)。

合併現金流量表

截至二零一零年十二月三十一日止年度

	附註	二零一零年 人民幣千元	二零零九年 人民幣千元
經營活動現金流			
稅前利潤		2,507,663	1,269,482
就以下項目作出調整：			
融資成本	7	19,974	9,024
分佔聯營公司損益		2,246	10
分佔共同控制實體損益		(11,485)	(65,024)
利息收入	5	(33,483)	(7,066)
出售投資物業虧損淨額	6	4,573	40,086
出售物業、廠房及設備收益	6	(147)	–
折舊	6	32,712	16,716
攤銷土地使用權	6	1,415	810
投資物業公允值變動淨額	15	(3,869)	(60,587)
以股權結算購股權開支	33	19,463	1,194
		2,539,062	1,204,645
在建物業減少		891,723	546,742
持作銷售用途的竣工物業增加		(253,343)	(766,011)
應收貿易賬款(增加)／減少		99,726	(116,700)
預付款、按金及其他應收款(增加)／減少		(1,227,506)	692,980
應收共同控制實體款項減少		844	3,315
受限制現金增加		(458,116)	(863,934)
應付貿易賬款增加／(減少)		255,428	(1,165,043)
其他應付款及應計款項增加		3,410,223	810,448
應付聯營公司款項增加		312,426	129,956
		5,570,467	476,398
經營產生現金		33,483	7,066
已收利息		(663,258)	(486,963)
已付利息		(433,192)	(332,235)
已付企業所得稅		(189,347)	(62,235)
已付土地增值稅			
		4,318,153	(397,969)
經營活動產生／(所用)現金流淨額		4,318,153	(397,969)

	二零一零年 附註 人民幣千元	二零零九年 人民幣千元
經營活動產生／(所用) 現金流淨額	4,318,153	(397,969)
投資活動現金流		
購買物業、廠房及設備項目	(383,305)	(548,946)
收購土地使用權	(304,885)	(61,988)
出售投資物業所得款項	49,500	77,254
收購附屬公司	36(a) (255)	(94,444)
收購共同控制實體	(1,177,331)	–
收購非控股權益	36(b) (30,000)	(715,968)
解散附屬公司	36(c) –	(2,029)
出售物業、廠房及設備所得款項	1,048	–
於聯營公司的投資	(705,000)	(499,000)
於共同控制實體的投資	(1,449,693)	–
向聯營公司墊款	(580,632)	–
向共同控制實體墊款	(544,675)	(274,281)
投資活動所用現金流淨額	(5,125,228)	(2,119,402)
融資活動現金流		
發行股份所得款項	32(a) –	1,348,695
發行優先票據所得款項	1,617,304	–
股份發行開支	32(a) –	(25,469)
購回股份	32(b) –	(3,041)
新增銀行貸款	6,179,194	5,471,033
償還銀行貸款	(4,117,575)	(2,788,137)
支付股息	(144,658)	(77,813)
非控股權益的貢獻	10,000	–
融資活動現金流淨額	3,544,265	3,925,268
現金及現金等值物增加淨額	2,737,190	1,407,897
年初的現金及現金等值物	2,540,698	1,167,009
匯率變動影響淨額	(2,279)	(34,208)
年末的現金及現金等值物	5,275,609	2,540,698
現金及現金等值物結餘分析		
現金及銀行結餘	25 2,066,704	2,502,996
於收購時原定到期日少於 三個月的未抵押定期存款	25 3,208,905	37,702
現金及現金等值物	5,275,609	2,540,698

財務狀況表

二零一零年十二月三十一日

	附註	二零一零年 人民幣千元	二零零九年 人民幣千元
非流動資產			
物業、廠房及設備	14	248	294
於附屬公司的權益	17	6,722,592	7,039,380
向聯營公司墊款	18	1,888	–
於共同控制實體的權益	19	1,663,596	–
非流動資產總額		<u>8,388,324</u>	<u>7,039,674</u>
流動資產			
預付款、按金及其他應收款	23	76,338	324
現金及現金等值物	25	444,394	181,433
流動資產總額		<u>520,732</u>	<u>181,757</u>
流動負債			
其他應付款及應計款項	27	78,960	4,172
應付共同控制實體款項	19	73,454	–
流動負債總額		<u>152,414</u>	<u>4,172</u>
流動資產淨值		<u>368,318</u>	<u>177,585</u>
資產總額減流動負債		<u>8,756,642</u>	<u>7,217,259</u>
非流動負債			
付息銀行及其他借貸	28	1,871,341	260,035
非流動負債總額		<u>1,871,341</u>	<u>260,035</u>
資產淨值		<u>6,885,301</u>	<u>6,957,224</u>
權益			
已發行股本	32	280,485	280,538
庫存股份	32(b)	–	(3,041)
儲備	34(b)	6,286,569	6,535,069
擬派末期股息	12	318,247	144,658
權益總額		<u>6,885,301</u>	<u>6,957,224</u>

財務報表附註

二零一零年十二月三十一日

1. 公司資料

合景泰富地產控股有限公司(「合景泰富地產」或「本公司」)為一家在開曼群島註冊成立的有限公司。本公司的註冊辦事地址為Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands。

年內,本公司及其附屬公司(統稱為「本集團」)於中華人民共和國(「中國」)從事以下主要業務:

- 物業開發
- 物業投資
- 酒店營運
- 提供物業管理服務

董事認為,本公司的直接及最終控股公司為於英屬處女群島註冊成立的晉得顧問有限公司。

2.1 編製基準

該等財務報表乃根據香港會計師公會(「香港會計師公會」)頒佈的香港財務報告準則(「香港財務報告準則」)(其包括所有香港財務報告準則及香港會計準則(「香港會計準則」)及詮釋)、香港公認會計原則以及香港公司條例的披露規定編製。除投資物業以公允值計量外,財務報表採用歷史成本法編製。該等財務報表以人民幣(「人民幣」)呈報,所有數值均湊整至最接近的千元,另有註明者則除外。

合併基準

自二零一零年一月一日起的合併基準

合併財務報表包括本集團截至二零一零年十二月三十一日止年度的財務報表。附屬公司的財務報表乃於與本公司相同的報告期間並採納一致的會計政策編製。附屬公司的業績由收購日期(即本集團取得控制權當日)起合併計算,並會繼續合併,直至該等控制權終止。所有集團內公司間結餘、交易以及因集團內公司間的交易及股息而產生的未變現收益及虧損,均於合併時悉數撇銷。

即使會產生虧蝕結餘,附屬公司的虧損仍會歸屬於非控股權益。

於附屬公司擁有權權益的變動(並無喪失控制權)於入賬時列作權益交易。

倘本集團失去附屬公司的控制權,則會終止確認(i)該附屬公司的資產(包括商譽)及負債;(ii)任何非控股權益的賬面值;及(iii)計入權益的累計匯兌差額;並確認(i)已收代價的公允值;(ii)任何獲保留投資的公允值;及(iii)其因而產生的盈餘或虧蝕計入損益。先前已於其他全面收入確認的本集團應佔部分,乃在適當的情況下重新分類至損益或保留利潤。

於二零一零年一月一日之前的合併基準

上述若干規定按預期基準採用，而下列差異則於若干情況下承前結轉自先前的合併基準：

- 本集團產生的虧損歸屬於非控股權益，直至結餘沖減至零為止。任何進一步超出的虧損均歸屬於母公司，除非非控股權益有約束責任，而須承擔上述虧損。於二零一零年一月一日前的虧損不會於非控股權益及母公司股東之間重新分配。
- 倘喪失控制權，則本集團按於喪失控制權當日應佔資產淨值比例，就保留的投資入賬。該等投資於二零一零年一月一日的賬面值並無重列。

2.2 會計政策變動及披露

本集團已就本年度之財務報表首次採納下列新增及經修訂香港財務報告準則。

香港財務報告準則第1號(經修訂)	首次採納香港財務報告準則
香港財務報告準則第1號修訂本	香港財務報告準則第1號修訂本首次採納香港財務報告準則 – 首次採納者之額外豁免
香港財務報告準則第2號修訂本	香港財務報告準則第2號修訂本以股份基礎支付 – 集團以現金結算之以股份基礎支付的交易
香港財務報告準則第3號(經修訂)	業務併購
香港會計準則第27號(經修訂)	合併及獨立財務報表
香港會計準則第39號修訂本	香港會計準則第39號修訂本金融工具：確認和計量 – 合資格對沖項目
香港(國際財務報告詮釋委員會) – 詮釋第17號	向擁有人分派非現金資產
包括在香港財務報告準則的改進(於二零零八年十月頒佈)內的香港財務報告準則第5號修訂本	香港財務報告準則第5號修訂本持作銷售的非流動資產及已終止業務 – 計劃出售於附屬公司的控制權益
二零零九年香港財務報告準則的改進	於二零零九年五月頒佈的多項香港財務報告準則修訂本
香港詮釋第4號修訂本	香港詮釋第4號修訂本租賃 – 釐定香港土地租賃的租賃期限
香港詮釋第5號	財務報表的呈列 – 借貸人對包括按要求償還條款的定期貸款的分類

除在下文進一步說明有關香港財務報告準則第3號(經修訂)、香港會計準則第27號(經修訂)、包括在二零零九年香港財務報告準則的改進內的香港會計準則第7號修訂本及香港會計準則第17號修訂本，以及香港詮釋第5號修訂本的影響外，採納該等新增及經修訂的香港財務報告準則對該等財務報表並無重大財務影響。

採納該等新增及經修訂的香港財務報告準則的主要影響如下：

- (a) 香港財務報告準則第3號(經修訂)業務併購及香港會計準則第27號(經修訂)合併及獨立財務報表

香港財務報告準則第3號(經修訂)引入多項對業務併購進行會計處理的變動，該等變動影響非控股權益的初次計量、交易成本的會計處理、或然代價的初次確認及其後計量以及分階段完成的業務併購。該等變動將對已確認商譽的金額、收購發生期間的報告業績及未來報告的業績產生影響。

香港會計準則第27號(經修訂)規定對附屬公司所有權權益的變動但並未喪失其控制權時，應以權益交易入賬。因此，該等變動將不會對商譽構成影響，亦不會產生收益或虧損。此外，經修訂準則改變對附屬公司所產生的虧損以及喪失附屬公司控制權的會計處理。後續修訂乃對多項準則(包括但不限於)香港會計準則第7號現金流量表、香港會計準則第12號所得稅、香港會計準則第21號匯率變動的影響、香港會計準則第28號於聯營公司的投資及香港會計準則第31號於合營企業的權益作出。

該等經修訂準則引入的變動已開始於二零一零年一月一日後應用，並對收購會計法、喪失控制權及與非控股權益進行交易產生影響。

(b) 於二零零九年五月頒佈的二零零九年香港財務報告準則的改進

於二零零九年五月頒佈的二零零九年香港財務報告準則的改進載列多項香港財務報告準則的修訂本。各準則均設有個別過渡性條文。儘管採納若干修訂本會導致會計政策變動，然而該等修訂本概不會對本集團構成重大財務影響。有關最適合本集團的主要修訂本詳情如下：

香港會計準則第7號現金流量表：規定僅會導致須於財務狀況表內確認資產的開支方可分類為投資活動產生的現金流。

香港會計準則第17號租賃：刪除劃分租賃土地類別的特定指引。因此，根據香港會計準則第17號之一般指引，土地租賃應分類為經營租賃或融資租賃。

(c) 香港詮釋第5號財務報表的呈列 — 借貸人對包括按要求償還條款的定期貸款的分類

該詮釋規定，借貸人須在財務狀況表內將載有給予貸款人無條件權利可隨時要求償還貸款條款的有期貸款合共分類為流動負債。這不論有否發生失責事件，亦不論貸款協議所載任何其他條款及到期日。本詮釋概無對本集團的財務狀況或經營業績造成影響。

2.3 已頒佈但尚未生效的香港財務報告準則

本集團在該等財務報表中並無應用下列已頒佈但尚未生效的新增及經修訂香港財務報告準則。

香港財務報告準則第1號修訂本	香港財務報告準則第1號修訂本首次採納香港財務報告準則 – 首次採納者有關香港財務報告準則第7號比較披露資料的有限豁免 ²
香港財務報告準則第7號修訂本	香港財務報告準則第7號修訂本金融工具：披露 – 金融資產轉讓 ⁴
香港財務報告準則第9號	金融工具 ⁵
香港會計準則第24號(經修訂)	關連方披露 ³
香港會計準則第32號修訂本	香港會計準則第32號修訂本金融工具：呈列 – 供股的分類 ¹
香港(國際財務報告詮釋委員會) – 詮釋第14號修訂本	香港(國際財務報告詮釋委員會) – 詮釋第14號修訂本預付最低資本規定 ³
香港(國際財務報告詮釋委員會) – 詮釋第19號	以股本工具抵銷金融負債 ²

除上述披露者外，香港會計師公會頒佈了二零一零年香港財務報告準則的改進，其載有對多項香港財務報告準則修訂本，主要旨在消除矛盾與澄清措詞。儘管各準則均有個別過渡條文，然而香港財務報告準則第3號及香港會計準則第27號均於二零一零年七

月一日或之後開始的年度期間生效，而香港財務報告準則第1號、香港財務報告準則第7號、香港會計準則第1號、香港會計準則第34號及香港（國際財務報告詮釋委員會）－詮釋第13號均於二零一一年一月一日或之後開始的年度期間生效。

- 1 於二零一零年二月一日或之後開始的年度期間生效
- 2 於二零一零年七月一日或之後開始的年度期間生效
- 3 於二零一一年一月一日或之後開始的年度期間生效
- 4 於二零一一年七月一日或之後開始的年度期間生效
- 5 於二零一三年一月一日或之後開始的年度期間生效

本集團現正評估首次採用該等新增及經修訂之香港財務報告準則之影響。迄今，本集團認為採納該等新增及經修訂之香港財務報告準則（除下文進一步闡述包括在二零一零年香港財務報告準則的改進內的香港財務報告準則第3號、香港會計準則第1號及香港會計準則第27號修訂本外）不大可能對本集團之經營業績及財務狀況產生重大影響。

於二零一零年五月頒佈的*二零一零年香港財務報告準則的改進*載列多項香港財務報告準則修訂本。本集團預期自二零一一年一月一日起採納該等修訂本。各項準則均設有個別過渡條文。儘管採納部分修訂或會導致會計政策變動，惟預期該等修訂本概不會對本集團構成重大財務影響。預期對本集團政策構成重大影響的修訂本如下：

- (a) 香港財務報告準則第3號*業務併購*：闡明香港財務報告準則第7號、香港會計準則第32號及香港會計準則第39號之修訂本消除對或然代價之豁免，並不適用於採用香港財務報告準則第3號（於二零零八年經修訂）之前進行業務併購所產生之或然代價。

另外，該等修訂本限制了按公允值或按被收購方可識別資產淨值佔代表擁有權權益的非控股權益組成部分的比例計量非控股權益的選擇，並讓其持有人在清盤時可按比例分佔實體的資產淨值。除非另一香港財務報告準則規定須採用其他計量基準，否則非控股權益的其他組成部分乃按收購日期的公允值計量。

該等修訂本亦加入明文指引，以闡明尚未取代及自願取代的以股份基礎支付獎勵的會計處理方式。

- (b) 香港會計準則第1號*呈列財務報表*：闡明權益的各組成部分的其他全面收入分析，可於權益變動表或財務報表附註呈列。
- (c) 香港會計準則第27號*合併及獨立財務報表*：闡明香港會計準則第27號（於二零零八年經修訂）對香港會計準則第21號、香港會計準則第28號及香港會計準則第31號所作出的後續修訂將於二零零九年七月一日或之後開始之年度期間開始應用或倘香港會計準則第27號提早應用時則提早應用。

2.4 主要會計政策概要

附屬公司

附屬公司為本公司直接或間接控制其財務及申報政策的實體，從而自其活動中獲利。

附屬公司的業績於本公司收益表入賬，惟以已收及應收股息為限。並無根據香港財務報告準則第5號分類為持作銷售用途的本公司於附屬公司的權益，須按成本減任何減值虧損列賬。

合營企業

合營企業乃指本集團與其他各方就所進行的經濟活動訂立的合同安排而成立的實體，合營企業以獨立實體的方式經營，本集團及其他各方均於當中擁有權益。

合營企業各方訂立的合營企業協議規定合營企業各方的注資額、合營企業的期限及合營企業解散時資產變現的基準。合營企業的經營損益及合營企業各方獲分派的任何資產盈餘均按合營企業各方各自的出資額比例或合營企業協議條款進行分配。

合營企業被視為：

- (a) 附屬公司 – 倘本集團直接或間接對合營企業擁有單一控制權；
- (b) 共同控制實體 – 倘若本集團於合營企業並無單方面控制權，而直接或間接擁有共同控制權；
- (c) 聯營公司 – 倘若本集團於合營企業並無單方面或共同控制權，惟直接或間接持有合營企業的註冊資本一般不少於20%，並能夠對其行使重大影響力；或
- (d) 根據香港會計準則第39號入賬的股權投資 – 倘若本集團直接或間接持有合營企業的註冊資本不足20%，對其亦無共同控制權或重大影響力。

共同控制實體

共同控制實體為受共同控制的合營公司，參與各方對共同控制實體的經濟活動均無單方面控制權。

本集團於共同控制實體的權益乃以權益會計法減任何減值虧損於合併財務狀況表列入本集團分佔資產淨值項下。本集團分佔共同控制實體收購後的業績及儲備分別計入合併收益表及合併儲備。倘利潤攤分比率與本集團的股權不同，則按協定的利潤攤分比率釐定分佔共同控制實體收購後業績的部分。除未變現虧損證明所轉讓的資產出現減值外，本集團與其共同控制實體間交易產生的未變現收益及虧損均予以撇銷，並以本集團於共同控制實體的權益為限。

共同控制實體的業績按已收及應收的股息納入本公司的收益表內。本公司於共同控制實體的權益以非流動資產處理，並按成本值減任何減值虧損列賬。

共同控制業務

涉及動用本集團及其他各方的資產及其他儲備，而不涉及成立獨立實體的合營企業安排，則指共同控制業務。根據此項安排，資產依然受各方擁有及控制。各方根據合同安排而分佔共同帶來的收入及開支。

本集團就共同控制業務控制的資產及帶來的負債於本集團的合併財務狀況表按應計基準確認入賬，並按項目的性質歸類。本集團所分佔共同控制業務賺取的收入連同其帶來的開支，於與交易有關的經濟利益可能流入本集團時計入本集團的合併收益表。

聯營公司

聯營公司並非附屬公司或共同控制實體，而本集團擁有其一般不少於20%股權投票權的長期權益，並可對其行使重大影響力的實體。

本集團於聯營公司的權益乃以權益會計法，按本集團分佔資產淨值減任何減值虧損，在合併財務狀況表列賬。本集團分佔聯營公司收購後業績及儲備分別計入合併收益表及合併儲備。除未變現虧損證明所轉讓的資產出現減值外，本集團與其聯營公司進行交易所產生的未變現收益及虧損均予以對銷，並以本集團於聯營公司的權益為限。

業務併購

自二零一零年一月一日起的業務併購

業務併購乃使用收購法入賬。所轉讓的代價乃以收購日期的公允值計量，該公允值為本集團所轉讓的資產於收購日期的公允值、本集團自被收購方的前度擁有人承擔的負債，及本集團發行以換取被收購方控制權的股權的總和。就各業務併購中，收購方以公允值或被收購方可識別資產淨值的應佔比例，計量於被收購方的非控股權益。收購成本於產生時支銷。

當本集團收購一項業務時，會根據合約條款、於收購日期的經濟環境及相關條件，評估將承接的金融資產及負債，以作出適合的分類及指定用途，其中包括將被收購方主合約中的嵌入式衍生工具進行分離。

倘業務併購分階段進行，收購方先前持有的被收購方股權於收購日期的公允值應按收購日期公允值計入損益表重新計量。

由收購方將予轉讓的任何或然代價將於收購日期按公允值確認。或然代價(被視為一項資產或負債)公允值的其後變動根據香港會計準則第39號於損益確認或確認為其他全面收入的變動。倘將或然代價分類為權益，則其最終於權益中結算前毋須重新計量。

於二零一零年一月一日前但於二零零五年一月一日後進行的業務併購

與上述以預期基準應用的規定相比，於二零一零年一月一日前進行的業務併購有以下分別：

業務併購採用購買法入賬。直接歸屬於收購的交易成本，構成收購成本的一部分。非控股權益乃按比例應佔被收購方可識別資產淨值計量。

分階段進行的業務併購乃分步入賬。任何新增的所收購應佔權益並不會影響先前已確認的商譽。

當本集團收購一項業務時，於收購時與被收購方主合約分開的嵌入式衍生工具不會被重新計量。除非業務併購導致合約條款發生變動，從而導致該合約原本規定的現金流出現大幅變動則另作別論。

當(且僅當)本集團目前負有責任、經濟利益較可能流出，並且能夠確定可靠的估計時，方會確認或然代價。對或然代價作出的後續調整乃確認為商譽一部分。

非金融資產的減值

倘資產有跡象顯示出現減值，或一項資產須每年作出減值測試(不包括在建物業、持作銷售用途的竣工物業、遞延稅項資產、金融資產及投資物業)，則估計資產的可收回數額。一項資產的可收回數額即資產或現金產生單位的使用價值與其公允值減銷售成本中的較高者，並就個別資產釐定，除非資產不產生在頗大程度上獨立於其他資產或資產類別的現金流入，而在此情況下，則就資產所屬的現金產生單位釐定可收回數額。

倘一項資產的賬面金額超過其可收回數額，方會確認減值虧損。於估算使用價值時，估計未來現金流以稅前折現率折現為現值，稅前折現率反映市場現時對貨幣時間價值及資產特定風險的評估。減值虧損計入產生減值虧損的期內收益表，除非資產按重估價值列賬，在此情況下，減值虧損則根據重估資產的有關會計政策入賬。

於各個報告期終均作出評估，確定是否有任何跡象顯示之前確認的減值虧損是否不再存在或已減少。倘有該等跡象，則估計可收回數額。一項資產(商譽除外)之前確認的減值虧損僅於釐定該資產的可收回數額所用的估計出現變動時，方會撥回，然而，撥回數額不會超過倘之前年度並無就該資產確認減值虧損而原應釐定的賬面金額(已扣除任何折舊／攤銷)。撥回的減值虧損計入產生撥回的期間的收益表，除非有關資產按重估數額列賬，在此情況下所撥回的減值虧損則根據重估資產的有關會計政策入賬。

關連人士

任何一方如屬以下情況，即視為本集團的關連人士：

- (a) 該方透過一家或多家中介公司，直接或間接(i)控制本集團、受本集團控制或與本集團受共同控制；(ii)於本集團擁有權益，並可藉著該權益對本集團行使重大影響力；或(iii)共同控制本集團；
- (b) 該方為聯營公司；
- (c) 該方為共同控制實體；
- (d) 該方為本集團或其母公司的主要管理人員中其中一名成員；
- (e) 該方為(a)或(d)所述的任何人士的近親；或
- (f) 該方為一家實體，直接或間接受(d)或(e)所述的任何人士控制或共同控制，或(d)或(e)所述的任何人士直接或間接對該實體行使重大影響力或擁有重大投票權。

物業、廠房及設備與折舊

物業、廠房及設備(在建資產除外)乃按成本減累計折舊及任何減值虧損列賬。一項物業、廠房及設備的成本包括其購買價格及令該項資產達至其預期使用的運作狀況及運送至其位置的任何直接應計成本。

物業、廠房及設備項目投入運作後產生的支出，如修理與維護費用等，一般均會計入該等支出產生期間的收益表內。倘達成確認條件的情況下，主要測檢的開支則於資產的賬面值資本化為置換。倘物業、廠房及設備的重大部分須分段置換，則本集團確認該等部分為個別資產，具有特別可使用年期及折舊。

折舊乃按各物業、廠房及設備項目的估計可使用年期以直線法撇銷其成本至剩餘價值計算。就此而言，主要年度折舊率如下：

樓宇	3%至5%
租賃樓宇裝修	租賃期或20%(以較短者為準)
廠房及機器	10%至20%
傢俬、裝置及辦公室設備	10%至20%
汽車	10%至20%

倘一項物業、廠房及設備各部分的可使用年期並不相同，該項目的成本將按合理基礎分配至各部分，而每部分將作個別折舊。

至少於每個財政年度終審閱剩餘價值、可使用年期及折舊方法，並在適當情況下作出調整。

初次確認的一項物業、廠房及設備和任何重大部分在出售或預期使用或出售而不再產生未來經濟效益時，將終止確認。年內終止確認的資產因其出售或報廢並在收益表確認的任何收益或虧損，乃有關資產的銷售所得款項淨額與賬面值之間的差額。

在建資產指按成本減去任何減值虧損列賬的在建物業，並且不作折舊。該成本包括建設的直接成本、土地使用權攤銷以及建設期內相關借貸資本的資本化借貸成本。當在建資產落成及可供使用時，將重新分類為投資物業或適當類別的物業、廠房及設備。

投資物業

投資物業乃土地及樓宇(包括根據一項符合投資物業定義的物業以經營租賃持有的租賃權益)的權益。持有投資物業是為賺取租金收入及／或資本增值，而非用以生產或提供貨物或服務或作行政用途又或於日常業務中出售。該等物業初次以成本(包括交易成本)計量。於初次確認後，投資物業乃按反映各報告期終的市場狀況之公允值列賬。

投資物業公允值變動所帶來的盈虧於產生的年度計入收益表。

報廢或出售投資物業的任何盈虧於報廢或出售之年度在收益表確認。

經營租賃

資產擁有權絕大部分回報及風險仍然由出租人擁有的租賃列為經營租賃。倘若本集團為出租人，由本集團按經營租賃租出的資產包括在非流動資產內，而根據經營租賃應予收取的租金於租期按直線法計入收益表。倘若本集團為承租人，根據經營租賃應予支付的租金扣除出租人給予的任何優惠於租期按直線法於收益表扣除。

經營租賃下的土地使用權初次按成本列賬，其後以直線法按租期確認。

在建物業

在建物業擬於竣工後持作銷售用途。

在建物業以成本與可變現淨值的較低者列賬。在建物業開發成本包括開發期內直接歸入該等物業的土地成本、建造成本、借貸成本、專業費用及其他成本。

除非有關物業開發項目的預計施工完成期超過正常營運週期，否則在建物業歸類為流動資產。完成時，物業轉撥至持作銷售用途的竣工物業。

持作銷售用途的竣工物業

持作銷售用途的竣工物業以成本及可變現淨值的較低者列賬。成本按照未售物業在土地及樓宇的總成本中所佔比例釐定。可變現淨值乃由董事按個別物業根據現行市價估計。

投資及其他金融資產

初次確認及計量

根據香港會計準則第39號範圍內所界定的金融資產分類為以公允值列值計入收益表的金融資產、貸款及應收賬款及可供出售的金融投資或指定作為有效對沖的對沖工具的衍生工具(視乎情況而定)。本集團於初次確認時釐定其金融資產的分類。金融資產於初次確認時以公允值計量，若非以公允值列值計入收益表之投資，則另加直接應佔交易成本。

所有一般買賣之金融資產概於交易日期(即本集團承諾買賣該資產的日期)予以確認。一般買賣乃指按照一般市場規定或慣例在一定期間內交付資產的金融資產買賣。

本集團的金融資產包括現金及銀行結餘、應收貿易賬款及其他應收款、向聯營公司墊款及向共同控制實體墊款／應收共同控制實體款項。

其後計量

貸款及應收款的其後計量乃視乎下列的分類：

貸款及應收款

貸款及應收款為具有固定或可確定付款，而在活躍市場中無報價的非衍生金融資產。於初次確認後，該等資產其後用實際利率法按攤銷成本減任何減值撥備計價。計算攤

銷成本時，將考慮任何收購折現或溢價，並包括屬於實際利率不可分割部分的費用或成本。實際利率攤銷計入收益表內的其他收入及收益。減值所產生的虧損於收益表內的融資成本確認。

終止確認的金融資產

金融資產(或一項金融資產的一部分或一組相類金融資產的一部分(如適用))在下列情況將終止確認：

- 收取該項資產所得現金流的權利已經屆滿；或
- 本集團已轉讓其收取該項資產所得現金流的權利，或已根據一項「轉付」安排，在未有嚴重延緩情況下，承擔支付第三方全數已收取現金流的責任；及(a)本集團已轉讓該項資產的絕大部分風險及回報；或(b)本集團並無轉讓或保留該項資產絕大部分風險及回報，但已轉讓該項資產的控制權。

倘本集團轉讓其收取該項資產所得現金流的權利或已訂立一項轉付安排，但並無轉讓或保留該項資產的絕大部分風險及回報及並無轉讓該項資產的控制權，該項資產在本集團持續參與該項資產的前提下予以確認。在該情況下，本集團亦確認相關負債。已轉讓資產及相關負債按反映本集團已保留權利及責任的基準計量。

倘為就所轉讓資產提供擔保的形式持續參與有關資產，則該已轉讓資產乃以該項資產的原賬面值及本集團或須償還的代價數額上限(以較低者為準)計量。

金融資產的減值

本集團於各報告期終評估是否有客觀跡象表明一項金融資產或一組金融資產出現減值。倘且僅可在一項或一組金融資產初次確認後發生一項或多項事件導致存在客觀減值跡象(一項已發生的「虧損事件」)，而該項虧損事件對該項或該組金融資產的估計未來現金流所造成的影響乃能夠可靠估計，則該項或該組金融資產方會被視作減值。減值跡象可包括一名或一群債務人正面臨重大經濟困難、違約或未能償還利息或本金、彼等有可能破產或進行其他財務重組，以及有可觀察的數據顯示估計未來現金流出現可計量的減少，例如欠款數目變動或出現與違約相關的經濟狀況。

以攤銷成本計價的金融資產

就按攤銷成本計價的金融資產而言，本集團首先會按個別基準就個別屬重大的金融資產或按組合基準就個別不屬重大的金融資產，評估是否存在客觀減值跡象。倘本集團認定按個別基準評估的金融資產(無論屬重大與否)並無客觀跡象顯示存有減值，則該項資產會歸入一組具有相似信貸風險特性的金融資產內，並共同評估該組金融資產是否存在減值。經個別評估減值的資產，其減值虧損會予以確認或繼續確認，而不會納入共同減值評估之內。

倘客觀跡象顯示已出現減值虧損，則虧損金額會按該項資產的賬面值與估計未來現金流現值(不包括未產生的未來信貸虧損)的差額計量。估計未來現金流現值會按金融資

產的原實際利率(即初次確認時計算的實際利率)折現。倘屬浮動利率貸款，則計量任何減值虧損的折現率均為目前實際利率。

該項資產的賬面值直接或透過使用撥備賬目削減，而有關虧損金額則在收益表內確認。利息收入在削減的賬面值中持續產生，並使用就計量減值虧損折現未來現金流所用的利率計算。貸款及應收款於預期日後實際上不可收回時，將連同任何相關撥備一併撇銷。

倘於其後期間，因在確認減值後發生事件導致估計減值虧損數額增加或減少，則會透過調整撥備賬調高或調低先前確認的減值虧損。倘其後收回未來撇銷數額，則收回的數額會計入收益表內。

金融負債

初次確認及計量

根據香港會計準則第39號範圍內所界定的金融負債分類為以公允值列值計入收益表的金融負債、貸款及借貸或指定作為有效對沖的對沖工具的衍生工具(視乎情況而定)。本集團於初次確認時釐定其金融負債的分類。

所有金融負債按公允值初次確認，而如屬貸款及借貸，則加上直接應佔交易成本。

本集團的金融負債包括應付貿易賬款及其他應付款、應付聯營公司款項、應付共同控制實體款項及付息銀行及其他借貸以及其他非流動負債。

其後計量

金融負債的計量乃視乎下列的分類：

貸款及借貸

於初次確認後，計息貸款及借貸其後用實際利率法按攤銷成本計量，除非折現影響為微不足道，在該情況下則按成本列賬。當負債終止確認或按實際利率法進行攤銷過程，其損益在收益表內確認。

計算攤銷成本時，將考慮任何收購折現或溢價，並包括屬於實際利率不可分割部分的費用或成本。實際利率攤銷計入收益表內的融資成本。

金融擔保合同

本集團發出的金融擔保合約乃要求發行人作出付款以償付持有人因特定債務人未能根據債務工具的條款償還到期款項而招致損失的合約。金融擔保合同初次按公允值確認為負債，並就收購或發行金融擔保合同直接應佔的交易成本作出調整，惟該合同按公允值於收益表確認者除外。於初次確認後，本集團按照：(i)對在各報告期終履行現有責任所需開支的最佳估計；與(ii)初次確認的數額減(如適用)累計攤銷(以較高者為準)，計算金融擔保合同。

終止確認金融負債

金融負債於其責任獲解除或取消或屆滿時終止確認。

若一項現有金融負債由同一貸款人貸出另一項條款存在重大分別的金融負債予以取代，或現有負債的條款作出重大修訂，這種換置或修訂視為終止確認原有負債並確認新負債，而兩者的賬面差額則在收益表中確認。

抵銷金融工具

惟倘若現時存在法律上可強制執行的權利，可抵銷已確認金額，且亦有意以淨額結算或同時變現資產及償還負債，則金融資產及金融負債可互相抵銷，並將淨額於財務狀況表內呈報。

金融工具的公允值

在活躍市場交易的金融工具的公允值乃參照市場報價或交易商報價(好倉買入價及淡倉賣出價)釐定，毋須扣除交易成本。就不存在活躍市場的金融工具而言，公允值乃運用適當估值方法釐定。該等方法包括利用近期公平市場交易、參照其他大致類似工具的當前市值、現金流折現分析；及期權定價模式。

庫存股份

購回本身權益工具(庫存股份)按成本確認，並於權益中扣除。本集團購買、出售、發行或註銷本身權益工具所得收益或虧損將不計入收益表。賬面值與代價間的任何差額於權益確認。

現金及現金等值物

在合併現金流量表內，現金及現金等值物包括手頭現金及活期存款以及高流通性短期投資(即可隨時兌換為定額現金、價值變動風險不大及期限較短(一般為購買後三個月內)的投資)，減去須於催繳時立刻償還、作為本集團現金管理操作一部份的銀行透支。

在財政狀況表內，現金及現金等值物由手頭現金及銀行存款組成，包括用途不受限制的定期存款及性質與現金相類的資產。

撥備

凡因過去事件而產生現有責任(不論法律或推論的責任)，以致未來可能需要付出資源履行該責任，而責任金額能可靠地估計，則確認撥備。

若折現影響重大，確認撥備的金額應為預期履行責任所需未來開支於報告期終的現值。若折現現值隨時間而增加，增加金額在收益表中列為融資成本。

所得稅

所得稅包括本期稅項及遞延稅項。損益外項目相關的所得稅，在損益外的其他全面收入或直接於權益確認。

本期及以前期間的本期稅項資產及負債乃經考慮本集團經營所在國家的現行詮釋及慣例，根據於報告期終的已制訂或實際上已制定的稅率(及稅務法例)，按預期可自稅務機關收回或付予稅務機關的數額計量。

資產及負債於報告期終之稅基與其於財務報告中的賬面金額之間的所有暫時性差額，以負債法作出遞延稅項撥備。

所有應課稅暫時性差額，均被確認為遞延稅項負債，惟：

- 因初次確認一項交易(非為業務合併)中的資產或負債所產生並於交易時對會計利潤或應課稅利潤或虧損不構成影響的遞延稅項負債除外；及
- 有關於附屬公司、聯營公司及合營企業權益的應課稅暫時性差額(其中撥回暫時性差額的時間可受控制，而暫時性差額於可預見的將來可能不會撥回)除外。

所有可扣減暫時性差額及未動用稅項備抵與稅務虧損結轉，均被確認為遞延稅項資產，惟只限於在應有應課稅利潤可供對銷可扣減暫時性差額，以及結轉的未動用稅項備抵及未動用稅務虧損可予動用的情況下，惟：

- 由初次確認一項交易(非為業務合併)中的資產或負債所產生並於交易時對會計利潤或應課稅利潤或虧損不構成影響的有關可扣減暫時性差額的遞延稅項資產除外；及
- 有關附屬公司、聯營公司及合營企業投資的可扣減暫時性差額，只限於暫時性差額可能於可見將來撥回及應有應課稅利潤可供抵扣暫時性差額時，方會確認遞延稅項資產。

遞延稅項資產的賬面金額於各報告期終予以審閱，並扣減至當不再可能有足夠應課稅利潤讓所有或部分遞延稅項資產可供動用時為止。於各報告期終重估後，當未被確認遞延稅項資產可能有足夠應課稅利潤以收回所有或部分遞延稅項資產時，則會予以確認。

遞延稅項資產及負債以預期適用於變現資產或清還負債期間的稅率計量，根據於報告期終已制定或實際上已制定的稅率(及稅務法例)計算。

倘若存在法律上可強制執行的權利，使流動稅項資產與流動稅項負債互相抵銷，而兩項遞延稅項與相同應課稅實體及稅局相關，則遞延稅項資產與遞延稅項負債互相抵銷。

政府資助

政府資助於可合理地保證將會獲得撥款，以及將遵守所有附帶條件時按公允值予以確認。政府資助按其擬補償的成本所屬期間根據系統化基準確認為收入。

倘該授出與資產有關，則該公允值計入遞延收入賬，並在相關資產的預期可使用年期內或按本集團收取與該資產有關的利益時撥入收益表。

收入確認

收入於經濟利益有可能流入本集團及能可靠地計算時，根據以下基準確認：

- (a) 來自銷售物業 – 於擁有權的重大風險及回報已轉讓予買家，即於建造工程已完成及物業已交付買家。於收入確認日期前就已售物業所收取的按金及分期付款計入合併財務狀況表的流動負債項下；
- (b) 租金收入 – 以時間比例基準按租期計算；
- (c) 來自房租、食物及飲品銷售及其他配套服務的酒店收入 – 當服務已確認提供；
- (d) 物業管理費收入 – 當相關管理服務已提供；及
- (e) 利息收入 – 按應計基準利用實際利息法計算，所採用的利率為金融工具於預期年內收取之估計未來現金折現至金融資產賬面淨額之利率。

以股份基礎支付的交易

本公司營運購股權計劃，旨在對本集團業務成就作出貢獻的合資格參與者給予獎勵及回報。本集團僱員(包括董事)以股份基礎支付交易的方式收取報酬，而僱員則提供服務作為權益工具的代價(「以股權結算交易」)。

於二零零二年十一月七日後與僱員以股權結算交易的成本乃參照授出權益當日的公允值計算。該公允值乃由外聘估值師採用柏力克-舒爾斯模式(「該模式」)釐定，有關詳情載於財務報表附註33。

以股權結算交易的成本，連同在表現及／或服務條件得到履行的期間內相應增加的權益確認。於歸屬日期前的各報告期終，以股權結算交易所確認的累計開支，反映了歸屬期屆滿的程度及本集團對於最終將歸屬的權益工具數量的最佳估計。期內於收益表扣除或計入的金額，指該期初及期終所確認的累計開支的變動。

除須視乎市場條件或非歸屬條件而歸屬的以股權結算交易外，對於最終並無歸屬的報酬並不確認為開支。而對於須視乎市場條件或非歸屬條件而歸屬的以股權結算交易，在所有其他表現及／或服務條件均獲履行的情況下，不論是否符合市場條件或是否履行非歸屬條件，均視作已歸屬。

倘若以股權結算報酬的條款有所更改，則在達致報酬原定條款的情況下，所確認的開支最少須達到猶如條款並無任何更改的水平。此外，倘若按更改日期計量，任何更改導致以股權結算交易的總公允值有所增加，或對僱員帶來其他利益，則應就該等更改確認開支。

倘若註銷以股權結算報酬，應被視為已於註銷日期歸屬，任何尚未確認報酬的開支，均應立刻確認，包括在本集團或其僱員控制下的非歸屬條件並未達成的任何報酬。然而，若授予新報酬代替已註銷的報酬，並於授出日期指定為替代報酬，則已註銷的報酬及新報酬，誠如前段所述，均應被視為原報酬的更改。所有已註銷的以股權結算交易報酬均獲同一處理。

尚未行使購股權的攤薄影響於計算每股盈利時反映為額外股份攤薄。

其他僱員福利

退休金計劃

根據強制性公積金條例，本集團為合資格參加的僱員設立一個界定供款強制性公積金退休福利計劃（「強積金計劃」）。按照強積金計劃的規章，供款乃按僱員之基本薪金之百分比釐定，並於應付供款時自收益表扣除。強積金計劃之資產與本集團資產分開處理，另由一個獨立運作的基金管理。本集團的僱主供款一旦注入強積金計劃，即悉數歸屬僱員。

本集團於中國營運之附屬公司的僱員須參與由有關地方市政府營辦的中央退休金計劃。該等附屬公司須將薪金成本的若干百分比注入中央退休金計劃。該供款乃根據僱員的基本薪金的百分比計算，並當該等供款根據中央退休金計劃規章應支付時於收益表扣除。

借貸成本

與收購、建造或生產合資格資產（即必須長時間預備作擬定用途或出售的資產）直接相關的借貸成本乃資本化為該等資產的部分成本。當此等資產幾近全部完成可作其擬定用途或出售之時，該等借貸成本將停止資本化。特定用於合資格資產的借貸在其尚未支銷時用作短暫投資所賺取的投資收入，乃於已資本化的借貸成本中扣除。所有其他借貸成本於產生期間費用化。借貸成本包括實體就資金借貸而產生的利息及其他成本。

當資金大致已借入及用作取得合資格資產時，個別資產之開支乃按資本化比率計算。

股息

董事擬派的末期股息則分類為獨立分配至財務狀況表權益部分的保留利潤，直至於股東大會上獲股東批准。當該等股息獲股東批准及宣派，則確認為負債。

外幣

本公司的功能貨幣為港元，該等財務報表的呈列貨幣為人民幣。董事認為，由於本集團的業務主要位於中國，採用人民幣為呈列貨幣，對於呈列本集團的業績及財務狀況更為合適。本集團的各個實體自行決定其功能貨幣，而納入各實體財務報表的項目則用該功能貨幣計量。外幣交易初次按交易日期的適用功能貨幣匯率換算入賬。於報告期終以外幣計值的貨幣資產及負債，按有關功能貨幣的適用匯率再換算。所有匯兌差額撥入收益表。按歷史成本以外幣計量的非貨幣項目，採用初次交易日期的匯率換算。按公允值以外幣計量的非貨幣項目，則採用釐定公允值當日的匯率換算。

若干海外附屬公司的功能貨幣為人民幣以外的貨幣。於報告期終，該等實體的資產及負債已按報告期終的匯率兌換為本公司的呈列貨幣，而該等實體的收益表按年內加權平均匯率兌換為人民幣，所產生的匯兌差額列入匯兌變動儲備。於出售海外實體時，有關特定海外營運於權益中確認的遞延累計金額則於收益表中確認。

就合併現金流量表而言，海外附屬公司的現金流按現金流當日的匯率兌換為人民幣。海外附屬公司於年內產生的經常性現金流按年內加權平均匯率兌換為人民幣。

3. 重要會計判斷及估計

編製本集團的財務報表需要管理層作判斷、估計及假設，其影響於報告期終報告的收入、開支、資產及負債的金額及或然負債的披露。然而，該等假設及估計中未能確定的因素可能導致受影響的資產或負債的賬面值於未來作重大的調整。

判斷

於應用本集團的會計政策期間，除涉及估計的判斷外，管理層作出以下對在財務報表確認的數額有最大影響的判斷：

經營租賃承擔 – 本集團作為出租人

本集團已就其投資物業組合訂立商用物業租賃。根據對該等安排的條款及條件的一項評估，本集團已決定保留根據經營租賃出租的該等物業的擁有權所涉及的全部重大風險及回報。

投資物業及業主自用物業的分類

本集團決定物業是否符合列作投資物業的資格，並已制定作出該判斷的準則。投資物業為持作賺取租金或作為資本增值或兩者之物業。因此，本集團考慮物業是否可以大致上獨立於本集團所持有的其他資產而自行產生現金流。部分物業包括持有作賺取租金或作為資本增值的部分，而另一部分則持有作生產或供應貨物或服務或行政用途。倘該等部分可分開出售(或根據融資租賃分開出租)，則本集團會分開將有關部分列賬。倘該等部分不可分開出售，則僅在物業小部分持作生產或供應貨物或服務或行政用途的情況下方列作投資物業。判斷乃按照個別物業基準作出，以釐定配套服務是否重要，以致物業不符合投資物業之資格。

投資物業及持作銷售用途的物業的分類

本集團開發持作銷售用途的物業及持作賺取租金及／或資本增值用途的物業。由管理層判斷一項物業是否指定為投資物業或持作銷售用途的物業。本集團於有關物業開發初期考慮其持有該等物業的意向。倘物業擬於竣工後出售，於建設過程中，相關的在建物業則入賬列作在建物業，計入流動資產。然而倘物業擬持作賺取租金及／或資本增值用途，有關物業則入賬列作在建資產，計入非流動資產。待物業竣工後，持作銷售用

途的物業乃轉撥至持作銷售用途的竣工物業項下，並按成本值列值，而持作賺取租金及／或資本增值用途的物業乃轉撥至投資物業項下，並須於各報告期終重新估值。

遞延稅項資產

僅在可能取得應課稅利潤作扣減虧損的情況下，方確認由所有未動用稅項虧損產生之遞延稅項資產。在釐定可確認之遞延稅項資產款項時，須根據可能的時間、未來應課稅利潤之水平連同未來稅務計劃策略，作出重要的管理層估計。與於二零一零年十二月三十一日已確認的稅項虧損有關的遞延稅項資產的賬面值為約人民幣4,556,000元(二零零九年：約人民幣23,956,000元)。進一步詳情載於財務報表附註29。

估計不明朗因素

於報告期終有關未來及其他主要估計的不明朗因素，且存在導致下一個財政年度內資產及負債賬面金額重大調整的重大風險的主要假設論述如下。

企業所得稅

本集團須繳納中國的企業所得稅(「企業所得稅」)。由於有關企業所得稅的若干事宜尚未被地方稅務局確認，於釐定企業所得稅撥備時要以目前生效的稅務法律、法規及其他有關政策作為客觀估計及判斷的基準。倘最終稅款數額有別於原本記錄的數額，差額會在所實現的期間對企業所得稅及稅項撥備帶來影響。

中國土地增值稅

本集團須繳納中國土地增值稅(「土地增值稅」)。土地增值稅的撥備是管理層根據對有關中國稅務法律及法規所載的要求的理解，作出的最佳估計。實際土地增值稅負債於物業開發項目竣工後由稅務機關釐定。本集團尚未與稅務局就若干物業開發項目敲定其土地增值稅的計算方法及款項。最終結果可能有別於初次記錄的款額，任何差異將在所實現的期間影響土地增值稅開支及相關撥備。

股息分派產生的預扣稅

根據中國企業所得稅法，在中國內地成立之外資企業向外國投資者宣派之股息需徵收10%預扣稅。該規定由二零零八年一月一日起生效，且適用於二零零七年十二月三十一日後之盈利。倘中國內地與外國投資者司法管轄區內訂立稅務條約，則採用較低之預扣稅率。因此，本集團須為於中國內地成立的附屬公司就二零零八年一月一日起產生之盈利分派股息而繳納預扣稅。

本集團決定是否應根據司法權區就若干附屬公司所分派的股息計提預扣稅時，乃根據支付股息時間而作出判斷。本集團認為適用預扣稅率為5%。

估計投資物業的公允值

投資物業(包含已竣工投資物業及在建投資物業)由獨立專業合資格估值師於各報告期終按所提供的估計市值重估。該等估值以若干假設為基準，受若干不確定因素影響，可能與實際結果有重大差異。於作出估計時，會考慮類似物業於活躍市場的現時價格的資料，並使用主要以各報告期終當時的市況為基準的假設。

非金融資產減值

本集團於報告期終評估所有非金融資產有否出現任何減值跡象。其他非金融資產在當有跡象顯示可能無法收回賬面值時進行減值測試。計算使用價值時，管理層必須估計資產或現金產生單位的預期未來現金流，並挑選合適的折現率，以計算有關現金流的現值。

在建物業的建築成本的確認及分配

物業的開發成本於建造階段列作在建物業處理，並於竣工後轉撥至持作銷售用途的竣工物業。該等成本的分撥將於確認物業銷售後於收益表確認。在最終償付開發成本及有關物業銷售的其他成本前，該等成本由本集團根據管理層的最佳估計而計算。

在開發物業時，本集團通常把項目分多期進行開發。某一期開發項目直接產生的特定成本列賬為該期的成本。多期工程產生的共同成本根據整個項目的估計可銷售面積分配至各期的賬目。

倘成本最後結算及相關成本的分配有別於初次的估計，開發成本及其他成本的增加或減少將影響日後的盈虧。

4. 分部資料

就管理而言，本集團可分為下列四個可申報經營分部，即：

- (a) 物業開發： 物業銷售
- (b) 物業投資： 物業租賃
- (c) 酒店營運： 酒店營運
- (d) 物業管理： 提供物業管理服務

年內本集團所進行的物業開發項目全部均位於中國。

管理層獨立監察本集團各經營分部的業績，以就資源分配及表現評估作出決定。分部表現乃根據可報告的分部利潤進行評估，而此乃經調整稅前利潤計算。經調整稅前利潤乃一貫以本集團的稅前利潤計量，當中並無計及利息收入、融資成本以及總辦事處及企業的收入及開支。

本集團從外界顧客所得的收入僅來自其中國的業務，且本集團的非流動資產概無位於中國境外。

於年內，與單一外界顧客進行的交易所產生的收入概無達到本集團總收入的10%或以上。

截至二零二零年十二月三十一日止年度

	物業開發	物業投資	酒店營運	物業管理	總計
	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
分部收入：					
對外界顧客的銷售	<u>7,221,143</u>	<u>124,178</u>	<u>56,914</u>	<u>63,676</u>	<u>7,465,911</u>
分部業績	2,670,347	122,184	7,842	255	2,800,628
對賬：					
利息收入及未分配收入					78,893
未分配開支					(351,884)
融資成本					(19,974)
稅前利潤					2,507,663
所得稅開支					(1,225,889)
年度利潤					<u>1,281,774</u>
資產及負債：					
分部資產	26,396,019	5,251,652	355,696	11,811	32,015,178
對賬：					
未分配資產					8,019,154
資產總額					40,034,332
分部負債	24,590,220	216,995	59,450	4,951	24,871,616
對賬：					
未分配負債					3,568,444
負債總額					28,440,060
其他分部資料：					
折舊及攤銷	13,186	2,573	18,181	187	34,127
投資物業公允值					
收益淨額	—	3,869	—	—	3,869
分佔利潤及虧損：					
聯營公司	(2,246)	—	—	—	(2,246)
共同控制實體	11,485	—	—	—	11,485

截至二零零九年十二月三十一日止年度

	物業開發 人民幣千元	物業投資 人民幣千元	酒店營運 人民幣千元	物業管理 人民幣千元	總計 人民幣千元
分部收入：					
對外界顧客的銷售	<u>4,109,986</u>	<u>98,701</u>	<u>10,003</u>	<u>47,882</u>	<u>4,266,572</u>
分部業績	1,351,695	115,921	(837)	8,059	1,474,838
對賬：					
利息收入及未分配收入					49,265
未分配開支					(245,597)
融資成本					(9,024)
稅前利潤					1,269,482
所得稅開支					(548,025)
年度利潤					<u>721,457</u>
資產及負債：					
分部資產	19,248,106	4,651,704	364,874	5,072	24,269,756
對賬：					
未分配資產					<u>4,295,430</u>
資產總額					28,565,186
分部負債	15,193,704	205,117	70,219	1,557	15,470,597
對賬：					
未分配負債					<u>2,686,266</u>
負債總額					18,156,863
其他分部資料：					
折舊及攤銷	10,532	2,437	4,483	74	17,526
投資物業公允值					
收益淨額	—	60,587	—	—	60,587
分佔利潤及虧損：					
聯營公司	(10)	—	—	—	(10)
共同控制實體	<u>65,024</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>65,024</u>

5. 收入、其他收入及收益

收入亦是本集團的營業額，指年內物業銷售的除營業稅後所得款項總額、投資物業的已收及應收的總租金收入、酒店營運的總收入及物業管理費收入。

收入、其他收入及收益的分析載列如下：

	二零一零年 人民幣千元	二零零九年 人民幣千元
收入		
物業銷售	7,221,143	4,109,986
總租金收入	124,178	98,701
酒店營運收入	56,914	10,003
物業管理費	63,676	47,882
	<u>7,465,911</u>	<u>4,266,572</u>
其他收入及收益		
銀行利息收入	33,483	7,066
匯兌淨差額	12,510	24,646
其他	32,900	17,553
	<u>78,893</u>	<u>49,265</u>

6. 稅前利潤

本集團的稅前利潤乃於扣除／(計入)以下各項後達致：

	附註	二零一零年 人民幣千元	二零零九年 人民幣千元
物業銷售成本		4,368,412	2,636,989
減：確認政府資助	27(b)	(50,675)	—
		<u>4,317,737</u>	<u>2,636,989</u>
折舊	14	32,712	16,716
攤銷土地使用權	16	14,116	6,576
減：在建資產的資本化金額		(12,701)	(5,766)
		<u>1,415</u>	<u>810</u>
土地及樓宇經營租賃的最低租賃付款		6,072	4,175
核數師酬金		4,000	3,800
僱員福利開支(不含董事薪酬(附註8))：			
工資及薪金		198,037	130,409
退休金計劃供款*		11,117	7,680
以股權結算購股權開支		16,821	757
減：在建資產、在建物業及在建投資物業的 資本化金額		(59,962)	(48,948)
		<u>166,013</u>	<u>89,898</u>
出售投資物業虧損淨額**		4,573	40,086
出售物業、廠房及設備項目收益		(147)	—
賺取租金的投資物業招致的直接營運開支 (包括維修及保養)		21,948	19,057
		<u>21,948</u>	<u>19,057</u>

* 於二零一零年十二月三十一日，本集團並沒有放棄供款以減低未來年度的退休金計劃供款(二零零九年：無)。

** 出售投資物業虧損淨額已計入合併收益表「其他營運開支淨額」內。

7. 融資成本

	本集團	
	二零一零年 人民幣千元	二零零九年 人民幣千元
銀行及其他借貸利息	704,116	456,589
減：資本化利息	(684,142)	(447,565)
	<u>19,974</u>	<u>9,024</u>

8. 董事薪酬

根據香港聯合交易所有限公司證券上市規則(「上市規則」)及香港公司條例第161條披露的年度董事薪酬載列如下：

	本集團	
	二零一零年 人民幣千元	二零零九年 人民幣千元
袍金	<u>2,522</u>	<u>2,376</u>
其他酬金：		
薪金、津貼及實物利益	13,430	6,110
以股權結算購股權開支	2,642	437
退休金計劃供款	440	224
	<u>16,512</u>	<u>6,771</u>
	<u>19,034</u>	<u>9,147</u>

截至二零一零年十二月三十一日止年度，概無董事獲授購股權。

截至二零零九年十二月三十一日止年度，根據本公司的購股權計劃(「該計劃」)，本公司就若干董事向本集團提供的服務而授出購股權，有關進一步詳情載於財務報表附註33。該等購股權的公允值於歸屬期間在收益表確認，而有關公允值則於授出日期釐定，並計入本年度財務報表內的金額已納入上述董事薪酬披露內。

(a) 獨立非執行董事

	袍金 人民幣千元	以股權結算 購股權開支 人民幣千元	薪酬總額 人民幣千元
二零一零年			
獨立非執行董事：			
李嘉士先生	258	—	258
戴逢先生	258	—	258
譚振輝先生	258	—	258
	<u>774</u>	<u>—</u>	<u>774</u>
二零零九年			
獨立非執行董事：			
李嘉士先生	264	74	338
戴逢先生	264	74	338
譚振輝先生	264	73	337
	<u>792</u>	<u>221</u>	<u>1,013</u>

年內概無向獨立非執行董事支付其他酬金(二零零九年：無)。

(b) 執行董事

	薪金、津貼 袍金及實物利益 人民幣千元	以股權結算 購股權開支 人民幣千元	退休金 計劃供款 人民幣千元	薪酬總額 人民幣千元
二零一零年				
執行董事：				
孔健岷先生	258	2,202	—	2,530
孔健濤先生	258	2,193	—	2,522
孔健楠先生	258	1,952	—	2,281
李建明先生	258	1,510	697	2,536
徐錦添先生	258	2,010	697	2,986
何偉志先生	258	2,109	697	3,129
余耀勝先生	200	1,454	551	2,276
	<u>1,748</u>	<u>13,430</u>	<u>2,642</u>	<u>18,260</u>
二零零九年				
執行董事：				
孔健岷先生	264	879	—	1,183
孔健濤先生	264	780	—	1,084
孔健楠先生	264	780	—	1,085
李建明先生	264	1,104	72	1,481
徐錦添先生	264	1,145	72	1,502
何偉志先生	264	1,422	72	1,799
	<u>1,584</u>	<u>6,110</u>	<u>216</u>	<u>8,134</u>

年內並無董事放棄或同意放棄任何薪酬的安排(二零零九年：無)。

9. 五名最高薪僱員

截至二零一零年十二月三十一日止年度，五名最高薪僱員包括四位(二零零九年：三位)董事，其酬金詳情載於上文附註8。年內，餘下一位(二零零九年：兩位)非董事最高薪僱員的酬金詳情載列如下：

	本集團	
	二零一零年 人民幣千元	二零零九年 人民幣千元
薪金、津貼及實物利益	3,509	3,962
以股權結算購股權開支	2,302	285
退休金計劃供款	21	19
	<u>5,832</u>	<u>4,266</u>

酬金屬於以下範疇的非董事最高薪僱員的數目載列如下：

	僱員數目	
	二零一零年	二零零九年
1,500,001港元至2,000,000港元	–	1
2,500,001港元至3,000,000港元	–	1
6,500,001港元至7,000,000港元	1	–
	<u>1</u>	<u>2</u>

本集團並未向董事或任何非董事最高薪僱員支付酬金，作為吸引其加入或加入本集團時給予的酬金或離職時的賠償(二零零九年：無)。

10. 所得稅開支

	附註	本集團	
		二零一零年 人民幣千元	二零零九年 人民幣千元
即期 – 中國			
企業所得稅		692,592	428,578
土地增值稅		694,152	351,235
		<u>1,386,744</u>	<u>779,813</u>
遞延	29	(160,855)	(231,788)
年內總稅項開支		<u>1,225,889</u>	<u>548,025</u>

本公司大部份附屬公司所處的司法管轄區法定稅率計算適用於稅前利潤的稅項開支與按實際稅率計算的稅項開支對賬及適用稅率(即法定稅率)與實際稅率對賬載列如下：

	本集團			
	二零一零年		二零零九年	
	人民幣千元	%	人民幣千元	%
稅前利潤	<u>2,507,663</u>		<u>1,269,482</u>	
按法定所得稅率25%				
(二零零九年：25%)計算	626,916	25.0	317,371	25.0
毋須課稅的收入	(466)	(0.1)	(6,912)	(0.5)
不可扣稅的開支	11,923	0.5	10,479	0.8
對本公司中國附屬公司的可分配利潤徵收預扣稅的影響	56,753	2.2	(17,389)	(1.4)
分佔聯營公司損益	561	0.1	2	0.1
分佔共同控制實體損益	(2,871)	(0.1)	(16,256)	(1.3)
土地增值稅	694,152	27.7	351,235	27.6
土地增值稅影響	(173,538)	(6.9)	(87,809)	(6.9)
其他	12,459	0.5	(2,696)	(0.2)
按本集團實際稅率計算的稅項開支	<u>1,225,889</u>	<u>48.9</u>	<u>548,025</u>	<u>43.2</u>

截至二零一零年十二月三十一日止年度，分佔共同控制實體的企業所得稅及土地增值稅分別為約人民幣3,636,000元(二零零九年：約人民幣21,648,000元)及約人民幣4,329,000元(二零零九年：約人民幣18,983,000元)，已於合併收益表中「分佔共同控制實體損益」中列賬。

截至二零一零年十二月三十一日止年度，分佔聯營公司的企業所得稅貸項為約人民幣801,000元(二零零九年：零)，已於合併收益表中「分佔聯營公司損益」中列賬。

香港利得稅

由於本集團截至二零一零年及二零零九年十二月三十一日止年度並無於香港產生任何應課稅利潤，故無須就香港利得稅作出撥備。

中國企業所得稅

中國企業所得稅已根據在中國的業務截至二零一零年及二零零九年十二月三十一日止年度的估計應課稅利潤，以相關的現有法律、詮釋及慣例為基準，按適用稅率計算。

中國土地增值稅

中國土地增值稅就土地增值按累進稅率介乎30%至60%徵收，即物業銷售所得款項減可扣除開支(包括土地使用權攤銷、借貸成本及全部物業開發開支)。

11. 母公司擁有人應佔利潤

截至二零一零年十二月三十一日止年度，母公司擁有人應佔合併利潤包括約人民幣260,269,000元的利潤(二零零九年：約人民幣23,862,000元的虧損)，其已於本公司財務報表中載列(附註34(b))。

12. 股息

	二零一零年 人民幣千元	二零零九年 人民幣千元
擬派末期 – 每股普通股人民幣11分 (二零零九年：人民幣5分)	<u>318,247</u>	<u>144,658</u>

年內擬派末期股息須獲本公司股東於應屆股東週年大會批准。

13. 母公司擁有人應佔每股盈利

年內每股基本盈利乃根據年內母公司擁有人應佔年度利潤以及年內已發行普通股加權平均數2,893,150,000(二零零九年：約2,735,117,000)計算。

由於年內尚未行使之購股權對所呈列的每股基本盈利有反攤薄影響，故截至二零一零年及二零零九年十二月三十一日止年度，每股基本盈利沒有作出對攤薄的任何調整。

計算每股基本及攤薄盈利乃根據：

	二零一零年 人民幣千元	二零零九年 人民幣千元
盈利		
母公司擁有人應佔利潤	<u>1,281,772</u>	<u>720,078</u>
	股份數目	
	二零一零年	二零零九年
股份		
年內用作計算每股基本盈利的已發行普通股加權平均數	<u>2,893,150,000</u>	<u>2,735,117,000</u>

14. 物業、廠房及設備

本集團

	租賃		傢俬、 裝置及				
	樓宇	樓宇裝修	廠房及機器	辦公室設備	汽車	在建資產	總計
	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
二零一零年十二月三十一日							
於二零零九年十二月三十一日及 二零一零年一月一日：							
成本	424,132	1,727	3,188	31,953	36,358	525,686	1,023,044
累計折舊	(13,861)	(1,548)	(2,773)	(10,051)	(13,303)	-	(41,536)
賬面淨額	<u>410,271</u>	<u>179</u>	<u>415</u>	<u>21,902</u>	<u>23,055</u>	<u>525,686</u>	<u>981,508</u>
於二零一零年一月一日，							
扣除累計折舊	410,271	179	415	21,902	23,055	525,686	981,508
添置	13,794	1,271	-	5,087	16,010	359,844	396,006
出售	(790)	-	-	(2)	(109)	-	(901)
年內折舊撥備	(20,955)	(535)	(246)	(6,607)	(4,369)	-	(32,712)
於二零一零年十二月三十一日， 扣除累計折舊	<u>402,320</u>	<u>915</u>	<u>169</u>	<u>20,380</u>	<u>34,587</u>	<u>885,530</u>	<u>1,343,901</u>
於二零一零年十二月三十一日：							
成本	436,358	2,998	3,188	37,035	52,207	885,530	1,417,316
累計折舊	(34,038)	(2,083)	(3,019)	(16,655)	(17,620)	-	(73,415)
賬面淨額	<u>402,320</u>	<u>915</u>	<u>169</u>	<u>20,380</u>	<u>34,587</u>	<u>885,530</u>	<u>1,343,901</u>

	樓宇	租賃 樓宇裝修	廠房及機器	傢俬、 裝置及 辦公室設備	汽車	在建資產	總計
	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元

二零零九年十二月三十一日

於二零零九年一月一日：

成本	80,893	1,596	3,188	20,488	31,439	330,484	468,088
累計折舊	(6,379)	(1,428)	(2,286)	(4,725)	(10,002)	–	(24,820)
賬面淨額	<u>74,514</u>	<u>168</u>	<u>902</u>	<u>15,763</u>	<u>21,437</u>	<u>330,484</u>	<u>443,268</u>

於二零零九年一月一日，

扣除累計折舊	74,514	168	902	15,763	21,437	330,484	443,268
添置	–	131	–	11,465	4,919	538,441	554,956
轉撥	343,239	–	–	–	–	(343,239)	–
年內折舊撥備	(7,482)	(120)	(487)	(5,326)	(3,301)	–	(16,716)

於二零零九年十二月三十一日，

扣除累計折舊	<u>410,271</u>	<u>179</u>	<u>415</u>	<u>21,902</u>	<u>23,055</u>	<u>525,686</u>	<u>981,508</u>
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於二零零九年十二月三十一日：

成本	424,132	1,727	3,188	31,953	36,358	525,686	1,023,044
累計折舊	(13,861)	(1,548)	(2,773)	(10,051)	(13,303)	–	(41,536)
賬面淨額	<u>410,271</u>	<u>179</u>	<u>415</u>	<u>21,902</u>	<u>23,055</u>	<u>525,686</u>	<u>981,508</u>

本公司

	傢私、裝置及 辦公室設備 人民幣千元	汽車 人民幣千元	總計 人民幣千元
二零一零年十二月三十一日			
於二零零九年十二月三十一日及 二零一零年一月一日：			
成本	48	482	530
累計折舊	(36)	(200)	(236)
賬面淨額	<u>12</u>	<u>282</u>	<u>294</u>
於二零一零年一月一日，扣除累計折舊	12	282	294
添置	53	–	53
年內折舊撥備	(14)	(85)	(99)
於二零一零年十二月三十一日，扣除累計折舊	<u>51</u>	<u>197</u>	<u>248</u>
於二零一零年十二月三十一日：			
成本	101	482	583
累計折舊	(50)	(285)	(335)
賬面淨額	<u>51</u>	<u>197</u>	<u>248</u>
二零零九年十二月三十一日			
於二零零九年一月一日：			
成本	48	482	530
累計折舊	(22)	(111)	(133)
賬面淨額	<u>26</u>	<u>371</u>	<u>397</u>
於二零零九年一月一日，扣除累計折舊	26	371	397
年內折舊撥備	(14)	(89)	(103)
於二零零九年十二月三十一日，扣除累計折舊	<u>12</u>	<u>282</u>	<u>294</u>
於二零零九年十二月三十一日：			
成本	48	482	530
累計折舊	(36)	(200)	(236)
賬面淨額	<u>12</u>	<u>282</u>	<u>294</u>
於二零一零年十二月三十一日，本集團賬面淨額合共約人民幣786,312,000元(二零零九年： 約人民幣778,633,000元)的若干物業、廠房及設備已作質押，作為授予本集團的一般銀行 融資的抵押(附註38(a))。			
於二零零九年十二月三十一日，本集團正向相關政府部門申請本集團賬面淨額合共約 人民幣338,949,000元的樓宇的房地產權證。			

15. 投資物業

本集團

	二零一零年			二零零九年		
	已竣工	在建	總計	已竣工	在建	總計
	投資物業	投資物業		投資物業	投資物業	
	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
於一月一日的賬面金額	3,431,260	70,200	3,501,460	3,546,400	-	3,546,400
轉撥自在建物業 – 採納香港 財務報告準則的改進	-	-	-	-	11,813	11,813
添置	-	10,724	10,724	-	-	-
轉撥	80,924	(80,924)	-	-	-	-
出售	(54,073)	-	(54,073)	(117,340)	-	(117,340)
公允值調整收益	3,869	-	3,869	2,200	58,387	60,587
	<u>3,461,980</u>	<u>-</u>	<u>3,461,980</u>	<u>3,431,260</u>	<u>70,200</u>	<u>3,501,460</u>
於十二月三十一日的賬面金額	<u>3,461,980</u>	<u>-</u>	<u>3,461,980</u>	<u>3,431,260</u>	<u>70,200</u>	<u>3,501,460</u>

本集團的投資物業位於中國，相關土地按10至50年租期持有。

獨立專業合資格估值師世邦魏理仕有限公司按公開市場現行使用基準重估本集團的投資物業，於二零一零年十二月三十一日的價值為約人民幣3,461,980,000元（二零零九年：約人民幣3,501,460,000元）。本集團若干投資物業根據經營租賃出租予第三方，進一步概要詳情載於附註39(a)。本集團已收及應收總租金收入及有關該等投資物業的直接開支概述如下：

	本集團	
	二零一零年	二零零九年
	人民幣千元	人民幣千元
總租金收入	124,178	98,701
直接開支	(21,948)	(19,057)
淨租金收入	<u>102,230</u>	<u>79,644</u>

於二零一零年十二月三十一日，本集團賬面金額合共為約人民幣2,871,337,000元（二零零九年：約人民幣3,046,504,000元）的投資物業已作質押，作為授予本集團的一般銀行融資的抵押（附註38(a)）。

於二零一零年十二月三十一日，本集團正向相關政府部門申請本集團賬面淨額約人民幣69,530,000元（二零零九年：人民幣70,200,000元）的投資物業的房地產權證。

本集團主要投資物業的進一步詳情載於年報第127頁。

16. 土地使用權

	本集團	
	二零一零年 人民幣千元	二零零九年 人民幣千元
於一月一日	586,851	553,256
添置	307,655	40,171
年內確認攤銷	(14,116)	(6,576)
於十二月三十一日	880,390	586,851
計入預付款、按金及其他應收款的流動部分	(14,116)	(14,018)
非流動部分	866,274	572,833

本集團的土地使用權位於中國，並按10至50年的租期持有。

本集團賬面淨額合共約人民幣182,406,000元(二零零九年：約人民幣210,323,000元)的若干土地使用權已質押予銀行，作為授予本集團的一般銀行融資的抵押(附註38(a))。

於二零一零年十二月三十一日，本集團正向相關政府部門申請賬面淨額合共約人民幣310,829,000元(二零零九年：約人民幣20,319,000元)的若干土地之土地使用權證。本集團尚未根據有關土地使用權出讓合同的條款全數支付購買代價。本公司董事認為，全數支付購買代價後將可取得相關的土地使用權證。

17. 於附屬公司的權益

	本公司	
	二零一零年 人民幣千元	二零零九年 人民幣千元
非上市股份，按成本值	300,306	300,306
應收附屬公司款項	6,415,161	6,738,406
就僱員以股份基礎酬金的注資	7,125	668
	6,722,592	7,039,380

計入上文於附屬公司的權益內的應收附屬公司款項為無抵押、免息及無固定還款期。

主要附屬公司的詳情載列如下：

公司名稱	註冊成立／ 註冊及經營地點	已發行及 繳足股本 的面值	本公司應佔 股權百分比		主要業務
			直接	間接	
悅明顧問有限公司 β	英屬處女群島／ 香港	1,000美元	100	–	投資控股
達運顧問有限公司 β	英屬處女群島／ 香港	1美元	–	100	投資控股
倡信國際有限公司 β	英屬處女群島／ 香港	1美元	–	100	投資控股
升濤企業有限公司 β	英屬處女群島／ 香港	1美元	–	100	投資控股
美佳企業有限公司 β	英屬處女群島／ 香港	1美元	–	100	投資控股
盛威企業有限公司 β	英屬處女群島／ 香港	1美元	–	100	投資控股
宏祥投資有限公司 β	英屬處女群島／ 香港	1美元	–	100	投資控股
廣州合景房地產開發有限 公司(「廣州合景」)*# β	中國	99,000,000美元	–	100	物業開發
廣州市合景美富房地產 開發有限公司# β	中國	12,930,000美元	–	100	物業開發
廣州市合景盈富房地產 開發有限公司# β	中國	人民幣 35,000,000元	–	100	物業開發
廣州新恆昌企業發展 有限公司*# β	中國	人民幣 792,000,000元	–	100	物業開發
廣州市中天盈房地產 開發有限公司*# β	中國	198,000,000 美元	–	100	物業開發
廣州市天建房地產 開發有限公司*# β	中國	人民幣 1,617,000,000元	–	100	物業開發
廣州市富馨物業管理 有限公司*# β	中國	人民幣 7,000,000元	–	100	物業管理
廣州市寧駿物業管理 有限公司*# β	中國	人民幣 7,000,000元	–	100	物業管理
廣州市君兆物業經營 有限公司*# β	中國	人民幣 7,000,000元	–	100	物業管理
成都市中天盈房地產 開發有限公司# β	中國	人民幣 550,000,000元	–	100	物業開發
廣州亮宇投資有限公司 (「廣州亮宇」)# β	中國	人民幣 30,000,000元	–	100	物業開發
海南新世界房地產實業 (香港)有限公司*# β	中國	166,400,000港元	–	100	物業開發

公司名稱	註冊成立／ 註冊及經營地點	已發行及 繳足股本 的面值	本公司應佔 股權百分比		主要業務
			直接	間接	
蘇州市合景房地產開發 有限公司(「蘇州合景」)# β	中國	人民幣 990,000,000元	–	100	物業開發
廣州從化合景房地產開發 有限公司(「廣州從化合景」) *# β	中國	99,000,000 美元	–	100	物業開發
北京合景房地產開發 有限公司(「北京合景」)# β	中國	人民幣 70,000,000元	–	100	物業開發
成都市昭景房地產開發 有限公司*# β	中國	767,000,000 港元	–	100	物業開發
昆山佰誠房地產開發 有限公司*# β	中國	29,900,000 美元	–	100	物業開發
廣州市合景創展酒店 有限公司# β	中國	人民幣 30,000,000元	–	100	酒店營運
廣州市萬暉房地產開發 有限公司(「廣州萬暉」)# β (i)	中國	人民幣 330,000,000元	–	100	物業開發
廣州禮和置業發展有限公司 (「廣州禮和」)# β	中國	人民幣 640,000,000元	–	100	物業開發
成都市凱譽房地產開發 有限公司#^ β	中國	人民幣 100,000,000元	–	100	物業開發
天津合景房地產開發 有限公司#^ β	中國	人民幣 50,000,000元	–	100	物業開發
海南合景房地產開發 有限公司#^ β	中國	人民幣 100,000,000元	–	100	物業開發
上海合景房地產開發有限公司 (「上海合景」)#^ β (ii)	中國	人民幣 100,000,000元	–	100	物業開發
上海中導置業發展 有限公司#^ β	中國	人民幣 100,000,000元	–	90	物業開發

* 該等實體根據中國法律註冊為外商獨資企業。

β 該等附屬公司的法定財務報表並非由香港安永會計師事務所或Ernst & Young全球網絡之另一成員公司審核。

該等公司於本財務報表內的英文名稱指管理人員盡最大努力翻譯該等公司的中文名稱，因該等公司並無註冊英文名稱。

^ 該等公司於年內新近成立。

附註：

(i) 廣州萬暉為廣州合景(本集團的附屬公司)的全資附屬公司，於二零零九年十月二十六日在中國成立，註冊資本為人民幣30,000,000元。廣州萬暉為一家從事廣州物業發展項目(即D3-4項目)的公司。於二零一零年一月，Citic Trust Co., Ltd. (「中信」)與廣州合景訂立股權轉讓協議(「股權轉讓協議」)，據此，廣州合景使用其於廣

州萬暉的100%股權，以作為收購中信管理的信託（「中信信託」）下S1類信託單位（「S1信託單位」）的代價。廣州合景亦使用其應收廣州萬暉的債項人民幣135,000,000元，作為收購中信信託的S2類信託單位（「S2信託單位」）。該信託為期18個月，而中信可於一年後提早終止中信信託。中信信託包括三類信託單位，包括30,000,000個S1信託單位、135,000,000個S2信託單位及300,000,000個優先信託單位。中信信託各單位的認購價為人民幣1元。優先信託單位已售予中國公眾投資者。優先信託單位可享有回報，該回報乃根據所投資金額、所投資日數及預先釐定的回報率為基準計算。解散中信信託後，S1信託單位及S2信託單位的受益人在收取中信信託收入及中信信託資產分配時次等於優先信託單位。分派優先信託單位的本金額及預先釐定的回報後，經扣除其他法律及行政開支，S1信託單位及S2信託單位可享有中信信託的餘下利益。中信可決定向S1信託單位及S2信託單位分派資產的形式（可以現金及其他資產方式分派），特別是中信可向S2信託單位持有人分派應收廣州萬暉的結餘人民幣135,000,000元。S1信託單位及S2信託單位不得轉讓，惟在本集團內轉讓則除外。

中信（作為信託人）可應用中信信託的資金，以將人民幣300,000,000元注入廣州萬暉作為註冊資本。進行有關注資（「該注資」）後，廣州萬暉的註冊資本其後增至人民幣330,000,000元，而中信持有廣州萬暉的100%股權（「該股權」）。

根據股權轉讓協議，廣州合景擁有可向中信收購該股權的優先選擇權（「優先選擇權」）；及廣州合景同意向中信支付維持其優先選擇權的費用（「優先選擇權費用」）。

股權轉讓協議生效日期後18個月內，根據股權轉讓協議，在達成下列條件後，廣州合景可向中信收購該股權：

- (a) 廣州合景已適時悉數支付優先選擇權費用及收購該股權的代價（「該代價」）；
- (b) 股權轉讓協議所述的相關擔保協議為有效及仍然有效，該擔保協議主要包括合景泰富提供的公司擔保及將廣州合景於其中一家附屬公司廣州亮宇的94.5%股權作出抵押，以擔保廣州合景履行其於股權轉讓協議所述的責任；
- (c) 中信與廣州合景訂立的相關協議，以及股權轉讓協議的擔保人為有效及仍然有效，且無嚴重違反合約；及
- (d) 股權轉讓協議生效日期後60個營業日內，已向相關政府部門申請將D3-4項目下的相關土地使用權轉讓予廣州萬暉，而相關土地使用權的轉讓已於二零一零年三月完成。

此外，廣州合景可在股權轉讓協議生效日期後12個月內提早行使其優先選擇權，惟須已達成上述所有四項條件。

在上述時限內，倘(a)倘未達成上述條件；或(b)廣州合景尚未以書面通知中信其行使優先選擇權；或(c)廣州合景拖欠支付該代價及優先選擇權費用，則中信可向廣州合景發出書面通知，要求廣州合景在三日內收購該股權及清償該代價及優先選擇權費用。

倘(a)廣州合景以書面通知中信，其不會收購該股權；或(b)廣州合景未能在三日內清償該代價及優先選擇權費用，則優先選擇權將被沒收，且中信可向其他人士出售該股權。

倘出現以下任何條件，則中信可要求廣州合景無條件收購該股權：

- (a) 廣州合景延遲支付優先選擇權費用，且仍未能在中信發出要求通知後三日內悉數清償優先選擇權費用；
- (b) 股權轉讓協議生效日期後18個月內，廣州合景尚未要求中信向廣州合景出售該股權；
- (c) 股權轉讓協議所訂明的擔保協議尚未生效；
- (d) 股權轉讓協議生效日期後60個營業日內，尚未向相關政府部門申請將若干土地使用權轉讓予廣州萬暉；
- (e) 股權轉讓協議生效日期後11個月內，未能向廣州萬暉轉讓D3-4項目下的相關土地使用權證的所有權；
- (f) 股權轉讓協議生效日期後18個月內，廣州萬暉概無可供分派的保留盈利，或可供分派的保留盈利金額不足人民幣330,000,000元；或
- (g) 股權轉讓協議生效日期後18個月失效。

繼股權轉讓協議後，中信、廣州合景與中國工商銀行-廣州分行（「中國工商銀行廣州分行」）於二零一零年一月訂立協議（「委託協議」），據此，中信委託(a)廣州合景經營及管理該股權；及(b)中國工商銀行廣州分行保障D3-4項目的土地使用權及其他相關證書。

完成注資後，由於本公司對廣州萬暉擁有單一控制權，故廣州萬暉繼續成為本公司的附屬公司。

- (ii) 於本公司日期為二零一一年一月二十日的公告內，該公司的英文名稱亦稱為 Shanghai KWG Real Estate Development Co., Ltd.。

本年內，本集團收購廣州恒建工程有限公司（「廣州恒建」）。有關該次收購事項的進一步詳情載於財務報表附註36(a)內。

在過往年度，本集團收購廣州禮和。有關該收購事項的進一步詳情載於財務報表附註30及36(a)。

上表列出的本公司附屬公司，董事認為其主要地影響本集團年內業績或構成本集團資產淨值的大部分。董事認為倘列出其他附屬公司的詳情會令篇幅過份冗長。

18. 於聯營公司的權益／於聯營公司的結餘

	本集團	
	二零一零年 人民幣千元	二零零九年 人民幣千元
分佔資產淨值	2,822,956	1,348,990
向聯營公司墊款	580,632	—
	<u>3,403,588</u>	<u>1,348,990</u>
	本公司	
	二零一零年 人民幣千元	二零零九年 人民幣千元
向聯營公司墊款	<u>1,888</u>	<u>—</u>

計入本集團流動負債的應付聯營公司款項約人民幣442,382,000元(二零零九年：約人民幣129,956,000元)為無抵押、免息及無固定還款期。

主要聯營公司的詳情如下：

公司名稱	持有已發行 股份的詳情	註冊地點	本集團 應佔擁有權 權益百分比	主要業務
蘇州市凱譽房地產開發 有限公司(「蘇州凱譽」) # β (i)	註冊股本每股 人民幣1元	中國	29.94%	物業開發
Lyntondale Holdings Limited β (ii)	註冊股本每股 1美元	英屬處女群島	20.00%	投資控股
佛山市新升房地產開發 有限公司 (「佛山新升」) # β (ii)	註冊股本每股 人民幣1元	中國	20.00%	物業開發
佛山市新峰房地產開發 有限公司 (「佛山新峰」) # β (ii)	註冊股本每股 人民幣1元	中國	20.00%	物業開發

公司名稱	持有已發行股份的詳情	註冊地點	本集團應佔擁有權益百分比	主要業務
佛山市新晉房地產開發有限公司 (「佛山新晉」) # β (ii)	註冊股本每股 人民幣1元	中國	20.00%	物業開發
Bonserry Investments Limited β (ii)	普通股每股 1美元	英屬處女群島	20.00%	投資控股
佛山市新駿房地產開發有限公司 (「佛山新駿」) # β (ii)	註冊股本每股 人民幣1元	中國	20.00%	物業開發
佛山市新昊房地產開發有限公司 (「佛山新昊」) # β (ii)	註冊股本每股 人民幣1元	中國	20.00%	物業開發
佛山新匯房地產開發有限公司 (「佛山新匯」) # β (ii)	註冊股本每股 人民幣1元	中國	20.00%	物業開發
佛山新景房地產開發有限公司 (「佛山新景」) # β (ii)	註冊股本每股 人民幣1元	中國	20.00%	物業開發
上海璟東房地產開發有限公司 (「上海璟東」) # β (iii)	註冊股本每股 人民幣1元	中國	52.21%	物業開發

該等公司於本財務報表的英文名稱指管理人員盡最大努力翻釋該等公司的中文名稱，因該等公司並無註冊英文名稱。

β 並非由香港安永會計師事務所或Ernst & Young全球網絡之另一成員公司審核。

上述於聯營公司的投資由本公司透過全資附屬公司間接持有。

附註：

- (i) 於二零零九年十二月二十四日，中國建設銀行蘇州市分行(「中國建行蘇州分行」)(作為創立人及受益人)與江西國際信託股份有限公司(「江西國際」)(作為受託人)訂立信託協議(「信託協議」)，藉此成立了信託(「中國建行信託」)。信託資本(「信託資本」)的最高金額為人民幣901,000,000元，其中包括901,000,000個每個面值人民幣1元的信託單位。根據信託協議的條款，信託資本將用作增加蘇州凱譽的註冊資本。蘇州凱譽為本集團於二零零九年十二月成立的非全資附屬公司，負責蘇州高新區的房地產發展項目。中國建行蘇州分行通過出售投資產品(「人民幣理財產品」)已籌集信託資本。人民幣理財產品包括900,000,000個優先級信託單位(「中國建行優先級信託單位」)及1,000,000個次級信託單位(「中國建行次級信託單位」)，認購價均為每個單位人民幣1元。所有中國建行優先級信託單位乃供公眾人士認購，而全數中國建行次級信託單位已由蘇州合景認購。人民幣理財產品的有效期為1.5年，由中國建行信託成立日期(「信託成立日期」，即二零零九年十二月二十四日)開始，惟可在發生若干事件後提前終止。中國建行優先級信託單位或中國建行次級信託單位不得提前贖回。

就中國建行信託而言，下列協議已於二零零九年十二月二十四日訂立：

- (a) 受託人、蘇州合景及蘇州市金竹置業發展有限公司（「蘇州金竹」）已訂立增資協議（「增資協議」），通過注資（「注資」）：(i) 受託人向蘇州凱譽注入人民幣901,000,000元；(ii) 蘇州合景向蘇州凱譽注入人民幣89,000,000元；及(iii) 蘇州金竹向蘇州凱譽注入人民幣110,000,000元，將蘇州凱譽的註冊資本，由人民幣400,000,000元增至人民幣1,500,000,000元。緊接注資完成之前，蘇州凱譽由蘇州合景擁有90%、蘇州金竹擁有10%。注資完成之後，蘇州凱譽將由中國建行信託擁有60.06%、蘇州合景擁有29.94%、蘇州金竹擁有10.00%。
- (b) 蘇州合景與中國建行蘇州分行已訂立產品單位選擇權協議（「產品單位選擇權協議」），據此，於發生若干重大不利事件（「重大不利事件」）時，中國建行蘇州分行有權行使選擇權，要求蘇州合景收購所有中國建行優先級信託單位，代價相等於向中國建行蘇州分行支付相等於「每個面值人民幣1元中國建行優先級信託單位數目 x (1 + 11.5% x 中國建行優先級信託單位投資日數 / 360)」的金額（「轉讓費」）。若無發生重大不利事件，蘇州合景有權於信託成立日期後一年期間屆滿後，收購所有中國建行優先級信託單位。蘇州合景應不遲於信託成立日期後1.5年屆滿前一日，完成收購所有中國建行優先級信託單位及支付餘下代價。
- (c) 蘇州合景與中國建行蘇州分行已訂立抵押協議（「抵押協議」），據此，蘇州合景將其所持蘇州凱譽的全部股權，抵押於中國建行蘇州分行，作為蘇州合景履行上文(b)所述產品單位選擇權協議及相關義務的擔保。
- (d) 本公司及本集團全資附屬公司廣州合景與中國建行蘇州分行已訂立擔保協議（「擔保協議」），據此，本公司及廣州合景已向中國建行蘇州分行提供擔保，作為蘇州合景履行上文(b)所述產品單位選擇權協議及相關義務的擔保。
- (e) 受託人、中國建行蘇州分行、蘇州合景、蘇州金竹與蘇州凱譽已訂立監管協議（「監管協議」），據此，信託資本將存入中國建行蘇州分行的託管銀行戶口，中國建行蘇州分行將根據監管協議管理信託資本。

於注資完成後，由於本集團概無擁有對蘇州凱譽的單方面控制權，惟可對蘇州凱譽行使重大影響力，故蘇州凱譽成為本集團的聯營公司。

- (ii) 於二零一零年三月十七日，本集團與新鴻基發展（中國）有限公司（「新鴻基」）訂立兩份合作協議，以收購Lyntondale Holdings Limited（其持有佛山新升、佛山新峰及佛山新晉的100%股權）的20%股權及Bonserry Investments Limited（其持有佛山新駿、佛山新昊、佛山新匯及佛山新景的股權100%）的20%股權。有關該次收購事項的進一步詳情載於本公司日期為二零一零年三月十七日的公告內。
- (iii) 廣州合景透過其全資附屬公司廣州市萬璟房地產開發有限公司（「廣州萬璟」）及上海合景持有項目公司上海璟東（廣州萬璟及上海合景各持有其50%股權），並注資人民幣50,000,000元。成立上海璟東的目的為發展上海物業項目。

於二零一零年九月二十九日，廣州合景、上海合景及廣州萬璟與New China Trust Company Limited (「新華信託」) 訂立合作協議(「新華合作協議」)，據此，新華信託已同意向廣州萬璟注資人民幣650,000,000元作為股本。完成注資後，廣州合景於廣州萬璟的股權被攤薄至4.41%，而新華信託成為持有廣州萬璟的95.59%權益的股東。新華信託持有的有關股權轉撥至信託計劃(「新華信託計劃」)，該計劃由新華信託成立及管理。新華信託自新華信託計劃的優先信託單位投資者所籌集的資金人民幣650,000,000元，其後透過廣州萬璟注入上海璟東作為股本。同時，上海合景向上海璟東注入現金人民幣650,000,000元作為股本。因此，上海璟東的股本增加人民幣1,300,000,000元中包括來自新華信託的人民幣650,000,000元及來自上海合景的人民幣650,000,000元。完成新華合作協議後，本集團實際持有上海璟東的52.21%股權。新華信託計劃透過其於廣州萬璟的股權而持有上海璟東的餘下47.79%實際股權。

儘管本集團持有廣州萬璟的4.41%股權及持有上海璟東的52.21%股權，然而本集團未能控制廣州萬璟及上海璟東的董事會，即使本集團可委任廣州萬璟及上海璟東的大部分董事會成員，此乃由於新華信託擁有可否決廣州萬璟及上海璟東董事會主要決定的否決權。由於本集團失去對廣州萬璟及上海璟東的控制權，但仍可對廣州萬璟及上海璟東的決定發揮重大影響力，廣州萬璟及上海璟東成為本集團的聯營公司。

上表列出本集團之聯營公司。董事認為，該等聯營公司主要影響本集團本年度業績或組成資產淨值的主要部分。董事認為，列出其他聯營公司的詳情會令資料過於冗長。

下表闡述本集團聯營公司的財務資料概要：

	二零一零年 人民幣千元	二零零九年 人民幣千元
資產	6,894,131	1,694,367
負債	(3,993,553)	(194,400)
收入	868	-
開支	(9,682)	(33)

19. 於共同控制實體的權益／於共同控制實體的結餘

	本集團	
	二零一零年 人民幣千元	二零零九年 人民幣千元
分佔資產淨值	3,750,785	88,582
向共同控制實體墊款	1,684,129	1,139,454
	5,434,914	1,228,036

本公司
二零一零年 二零零九年
人民幣千元 人民幣千元

於共同控制實體的權益	1,250,786	—
向共同控制實體墊款	412,810	—
	1,663,596	—

向共同控制實體墊款為無抵押、免息及毋須於十二個月內償還。

計入本集團流動資產的應收共同控制實體款項約人民幣46,155,000元(二零零九年：約人民幣46,999,000元)為無抵押、免息及無固定還款期。

計入本集團及本公司流動負債的應付共同控制實體款項約人民幣73,454,000元(二零零九年：零)為無抵押、免息及無固定還款期。

主要共同控制實體的詳情如下：

公司名稱	持有已發行 股份的詳情	註冊地點	擁有權 權益 百分比	投票權 百分比	分佔利潤 百分比	主要業務
廣州市威佰置業發展有限公司# β	註冊股本每股 人民幣1元	中國	50	50	50	物業開發
宝濤投資有限公司 β	普通股每股 1美元	英屬處女 群島	50	50	50	投資控股
雋升有限公司 β	普通股每股1 港元	香港	50	50	50	投資控股
廣州市富景房地產開發有限公司# β	註冊股本每股 1港元	中國	33.3	33.3	33.3	物業開發
上海真東置業有限公司 # β	註冊股本每股 人民幣1元	中國	50	50	50	物業開發
天津津南新城房地產開發有限公司(「天津津南」) # β (i)	註冊股本每股 人民幣1元	中國	25	25	25	物業開發
天津和安投資有限公司(「天津和安」) # β (i)	註冊股本每股 人民幣1元	中國	25	25	25	物業開發
上海城投悅城置業有限公司(「上海城投悅城」) # β (ii)	註冊股本每股 人民幣1元	中國	35	35	35	物業開發
成都市宏譽房地產開發有限公司 # β (iii)	註冊股本每股 人民幣1元	中國	50	50	50	物業開發
潤航投資有限公司 β	普通股每股 1港元	香港	28.6	28.6	28.6	投資控股
總冠有限公司 β	普通股每股 1港元	香港	28.6	28.6	28.6	投資控股

該等公司於本財務報表的英文名稱指管理人員盡最大努力翻釋該等公司的中文名稱，因該等公司並無註冊英文名稱。

β 並非由香港安永會計師事務所或Ernst & Young全球網絡之另一成員公司審核。

附註：

(i) 於二零一零年八月二十五日，北京合景與三名獨立第三方訂立股東協議(統稱為「四名訂約方」)，內容有關透過成立項目公司天津津南以發展天津的物業項目。執行股東協議後，四名訂約方各自持有天津津南的25.00%股權，而天津津南被視為北京合景持有的共同控制實體。有關該收購的進一步詳情載於本公司日期為二零一零年八月二十五日的公告內。

於二零一零年九月十七日，四名訂約方與平安信託有限責任公司(「平安信託」)訂立股權轉讓協議(「股權轉讓協議」)，以向平安信託轉讓其於天津津南的98.16%(即各為24.54%)股權，總現金代價為人民幣3,600,000,000元(即各為人民幣900,000,000元)，該98.16%股權轉撥至信託計劃(「平安信託計劃」)，該計劃由平安信託成立及管理。平安信託計劃所支付的銷售所得款項，乃透過平安信託計劃向若干投資者發行3,600,000,000個優先級信託單位(「平安優先級信託單位」)而籌得的所得款項總額人民幣3,600,000,000元撥付。四名訂約方所收取的上述銷售所得款項人民幣3,600,000,000元其後已透過天津和安向天津津南墊款(天津和安由四名訂約方單一控制，各持有其25.00%)，而天津和安其後根據四名訂約方、天津津南與平安信託於二零一零年八月訂立的框架協議(「框架協議」)所載規定使用應收天津津南的應收貸款人民幣3,600,000,000元，以作認購平安信託計劃中3,600,000,000個次級信託單位(「平安次級信託單位」)。

平安信託計劃的有效期為18個月，向平安信託授予擔保回報率為每年13%。信託期結束時，平安信託將獲償還認購款項人民幣3,600,000,000元，另加擔保回報總額人民幣702,000,000元，且平安次級信託單位持有人將享有天津津南的98.16%股權。此外，四名訂約方向平安信託授予一項選擇權，可於信託期結束時按預先釐定的代價收購天津津南最多16.00%股權。獨立合資格估值師世邦魏理仕有限公司於二零一零年八月二十五日及二零一零年十二月三十一日重估該等購股權。董事認為，該等購股權的公允值並不重大。

平安信託計劃期內，由於天津津南乃由四名訂約方及平安信託共同控制，故天津津南繼續以本集團的共同控制實體的方式入賬。

有關上述交易的進一步詳情載於本公司日期為二零一零年九月十七日的公告內。

(ii) 於二零一零年十一月五日，本集團與廣州富力訂立購股協議，以收購一家於開曼群島註冊成立的公司Hines Shanghai New Jiangwan Development Co. Ltd.的全部已發行及繳足股本，而Hines Shanghai New Jiangwan Development Co. Ltd.持有上海城投悅城的70.00%註冊資本，而上海城投悅城持有上海四幅土地及在該地上已發展及在建物業，代價為353,500,000美元。有關該收購的進一步詳情載於本公司日期為二零一零年十一月五日的公告內。

(iii) 有關該合營企業安排的詳情載於本公司日期為二零一零年十一月十日的公告內。

除上海城投悅城外，上述於共同控制實體的投資均由本公司透過全資附屬公司間接持有。

上表列出本集團之共同控制實體。董事認為，該等共同控制實體主要影響本集團本年度業績或組成資產淨值的主要部分。董事認為，列出其他共同控制實體的詳情會令資料過於冗長。

下表闡述本集團共同控制實體的財務資料概要：

	二零一零年 人民幣千元	二零零九年 人民幣千元
分佔共同控制實體資產及負債：		
非流動資產	957,347	6,614
流動資產	6,121,298	1,499,720
流動負債	(2,092,508)	(1,417,752)
非流動負債	(1,235,352)	—
資產淨值	<u>3,750,785</u>	<u>88,582</u>
分佔共同控制實體業績：		
收入	51,703	294,544
其他收入	4,759	375
	<u>56,462</u>	<u>294,919</u>
總開支	(37,012)	(189,264)
稅項	(7,965)	(40,631)
稅後利潤	<u>11,485</u>	<u>65,024</u>

20. 在建物業

	本集團	
	二零一零年 人民幣千元	二零零九年 人民幣千元
預期於下列限期收回的在建物業：		
一年內	11,940,440	13,612,605
超過一年	1,789,587	338,497
	<u>13,730,027</u>	<u>13,951,102</u>

本集團的在建物業位於中國。

本集團賬面金額合共約人民幣6,123,124,000元(二零零九年：約人民幣3,953,230,000元)的若干在建物業已作質押，作為授予本集團的一般銀行融資的抵押(附註38(a))。

於二零一零年十二月三十一日，本集團在建物業包括賬面淨額合共約人民幣778,662,000元(二零零九年：約人民幣860,209,000元)的土地成本。本集團正向相關政府部門申請土

地使用權證。本集團尚未根據有關土地使用權出讓合同的條款全數支付購買代價。本公司董事認為，全數支付購買代價後將可取得相關的土地使用權證。

本集團主要在建物業的進一步詳情載於年報第127頁。

21. 持作銷售用途的竣工物業

本集團持作銷售用途的竣工物業位於中國。所有持作銷售用途的竣工物業均以成本值列賬。

於二零一零年十二月三十一日，本集團賬面金額合共約人民幣335,763,000元(二零零九年：約人民幣514,362,000元)的若干持作銷售用途的竣工物業已作質押，作為授予本集團的一般銀行融資的抵押(附註38(a))。

本集團主要持作銷售用途的竣工物業的進一步詳情載於年報第127頁。

22. 應收貿易賬款

應收貿易賬款包含來自物業銷售的應收款及經營租賃的租金。物業銷售的付款條款載於有關買賣協議內。於報告期終的應收貿易賬款的賬齡分析如下：

	本集團	
	二零一零年 人民幣千元	二零零九年 人民幣千元
三個月內	31,035	114,644
四至六個月	3,135	12,830
七至十二個月	4,952	12,162
一年以上	8,565	7,777
	<u>47,687</u>	<u>147,413</u>

不被視為已減值的應收貿易賬款的賬齡分析如下：

	本集團	
	二零一零年 人民幣千元	二零零九年 人民幣千元
並非逾期或減值	34,170	127,474
逾期一至六個月	13,517	19,939
	<u>47,687</u>	<u>147,413</u>

本集團的應收貿易賬款與多名不同的客戶有關。根據以往經驗，本公司董事認為無需就該等結餘作減值撥備，因為近期並無拖欠違約的記錄，並仍認為該等結餘可全數收回。

23. 預付款、按金及其他應收款

	本集團		本公司	
	二零一零年 人民幣千元	二零零九年 人民幣千元	二零一零年 人民幣千元	二零零九年 人民幣千元
預付款	497,469	240,892	10,128	87
按金及其他應收款	1,181,968	212,147	66,210	237
	<u>1,679,437</u>	<u>453,039</u>	<u>76,338</u>	<u>324</u>

以上資產並無逾期或減值。列入上述結餘的金融資產與近期並無拖欠違約記錄的應收款有關。

24. 可收回稅款／應付稅項

(a) 可收回稅款

	本集團	
	二零一零年 人民幣千元	二零零九年 人民幣千元
預付企業所得稅	17,265	5,477
預付土地增值稅	42,185	19,015
	<u>59,450</u>	<u>24,492</u>

(b) 應付稅項

	本集團	
	二零一零年 人民幣千元	二零零九年 人民幣千元
應付企業所得稅	609,848	338,660
應付土地增值稅	1,608,123	1,080,148
	<u>2,217,971</u>	<u>1,418,808</u>

25. 現金及現金等值物及受限制現金

	附註	本集團		本公司	
		二零一零年 人民幣千元	二零零九年 人民幣千元	二零一零年 人民幣千元	二零零九年 人民幣千元
現金及銀行結餘		3,594,696	3,572,872	435,801	172,551
定期存款		3,208,905	37,702	8,593	8,882
		<u>6,803,601</u>	<u>3,610,574</u>	<u>444,394</u>	<u>181,433</u>
減：受限制現金	(a)	<u>(1,527,992)</u>	<u>(1,069,876)</u>	—	—
現金及現金等值物		<u>5,275,609</u>	<u>2,540,698</u>	<u>444,394</u>	<u>181,433</u>
以人民幣計值	(b)	6,207,741	3,362,484	—	—
以其他貨幣計值		595,860	248,090	444,394	181,433
		<u>6,803,601</u>	<u>3,610,574</u>	<u>444,394</u>	<u>181,433</u>

附註：

- (a) 根據中國有關法規，本集團若干物業開發公司須將若干數目的已收預售所得款項存入指定銀行戶口，作為建造有關物業的擔保按金。於二零一零年十二月三十一日，該等擔保按金約為人民幣1,460,392,000元(二零零九年：約人民幣1,066,876,000元)。

於二零一零年十二月三十一日，本集團若干定期存款人民幣67,600,000元(二零零九年：人民幣3,000,000元)已作質押，作為授予本集團的一般銀行融資的抵押(附註38(a))。

- (b) 人民幣不可自由兌換為其他貨幣，然而，根據中國政府頒佈的有關外匯管制規則及規例，本集團可透過獲准進行外匯業務的銀行將人民幣兌換為其他貨幣。

銀行存款根據每日銀行存款利率按浮息賺取利息。短期定期存款的期限為一日，並根據各自的短期定期存款利率賺取利息。

26. 應付貿易賬款

於報告期終的應付貿易賬款的賬齡分析如下：

	本集團	
	二零一零年 人民幣千元	二零零九年 人民幣千元
一年內或按要求償還	1,670,898	1,415,470

應付貿易賬款為免息，並通常於三至六個月期內結清。

27. 其他應付款及應計款項

	本集團		本公司	
	二零一零年 附註 人民幣千元	二零零九年 人民幣千元	二零一零年 人民幣千元	二零零九年 人民幣千元
已收按金及預收款項	6,686,400	3,308,456	—	—
其他應付款及應計款項 (a)	1,905,837	1,710,205	78,960	4,172
遞延收入 (b)	153,025	203,700	—	—
	8,745,262	5,222,361	78,960	4,172

- (a) 於二零一零年十二月三十一日，其他應付款包括有關本集團的中信信託及中國建行信託的信託融資安排而分別產生人民幣300,000,000元及人民幣953,500,000元的財務責任。有關該等信託融資安排的詳情載於財務報表附註17(i)及18(i)。

- (b) 遞延收入與二零零九年獲取用作於中國廣東省廣州經濟技術開發區內之項目的政府資助人民幣203,700,000元相關。年內，約人民幣50,675,000元(二零零九年：零)已計入銷售成本內。

其他應付款為免息，並通常於三至六個月期內結清。

28. 附息銀行及其他借貸

	二零一零年		本集團		二零零九年		人民幣 千元
	約定利率 (%)	到期日	人民幣 千元	約定利率 (%)	到期日	人民幣 千元	
流動							
銀行貸款							
- 有抵押	5.40-5.85	2011	382,194	5.40-8.32	2010	408,210	
- 以美元計值的有抵押貸款	倫敦銀行同業拆息加3.20	2011	595,646	-	-	-	
銀行貸款 - 無抵押	-	-	-	4.50-8.32	2010	1,438,693	
長期銀行貸款的即期部分							
- 有抵押	5.13-6.24	2011	606,133	5.13-8.70	2010	480,246	
- 以港元計值的有抵押貸款	香港銀行同業拆息加1.25-香港銀行同業拆息加4.50	2011	264,577	香港銀行同業拆息加1.25-香港銀行同業拆息加4.50	2010	211,244	
- 無抵押	5.13-5.60	2011	433,124	5.13-7.18	2010	28,235	
			<u>2,281,674</u>			<u>2,566,628</u>	
非流動							
銀行貸款 - 有抵押	4.40-7.15	2012-2019	7,206,116	4.86-8.90	2011-2019	4,745,085	
銀行貸款							
- 以港元計值的有抵押貸款	香港銀行同業拆息加1.25-香港銀行同業拆息加4.00	2012-2014	734,499	香港銀行同業拆息加1.25-香港銀行同業拆息加4.50	2011-2014	594,107	
銀行貸款 - 無抵押	5.40-5.60	2012-2013	238,000	5.13-7.18	2011	479,625	
銀行貸款							
- 以港元計值的無抵押貸款	香港銀行同業拆息加3.00	2012	253,010	香港銀行同業拆息加3.00	2012	260,035	
優先票據							
- 以美元計值的有抵押貸款(i)	12.50	2017	1,618,331	-	-	-	
			<u>10,049,956</u>			<u>6,078,852</u>	
			<u>12,331,630</u>			<u>8,645,480</u>	

	二零一零年		本公司		二零零九年		人民幣 千元
	約定利率 (%)	到期日	人民幣 千元	約定利率 (%)	到期日	人民幣 千元	
非流動							
銀行貸款							
- 以港元計值的無抵押貸款	香港銀行同業拆息加3.00	2012	253,010	香港銀行同業拆息加3.00	2012	260,035	
優先票據							
- 以美元計值的有抵押貸款 ⁽ⁱ⁾	12.50	2017	1,618,331	-	-	-	
			<u>1,871,341</u>			<u>260,035</u>	

本集團		本公司	
二零一零年	二零零九年	二零一零年	二零零九年
人民幣千元	人民幣千元	人民幣千元	人民幣千元

分析如下：

須償還銀行貸款的期限：

於一年內或應要求	2,281,674	2,566,628	–	–
於第二年	2,948,962	1,790,408	253,010	–
於第三至第五年(包括首尾兩年)	4,775,663	3,451,974	–	260,035
五年後	707,000	836,470	–	–
	<u>10,713,299</u>	<u>8,645,480</u>	<u>253,010</u>	<u>260,035</u>

應付優先票據：

五年後	1,618,331	–	1,618,331	–
	<u>1,618,331</u>	<u>–</u>	<u>1,618,331</u>	<u>–</u>
	<u>12,331,630</u>	<u>8,645,480</u>	<u>1,871,341</u>	<u>260,035</u>

本集團若干借貸以本集團的資產作抵押，詳情於附註38披露。

除上述已註明的借貸以港元及美元列值外，於報告期終所有借貸均以人民幣列值。

本公司董事認為本集團借貸的賬面值與其公允值相若。

附註：

- (i) 於二零一零年八月十一日，本公司發行年息12.5%面值250,000,000美元(等值約人民幣1,693,123,000元)優先票據。本公司有權於若干特定期限內按若干預先釐定的價格贖回優先票據。優先票據按年息12.5%計息，於二零一一年二月十八日開始每年的二月十八日及八月十八日每半年付息一次。有關優先票據的進一步詳情，請參閱本公司日期為二零一零年八月十二日及二零一零年八月十九日的相關公告內。

29. 遞延稅項

年內遞延稅項負債及資產變動如下：

遞延稅項負債

本集團

	二零一零年				
	超出相關 折舊的 折舊免稅額 人民幣千元	收購 附屬公司 公允值調整 人民幣千元	投資物業 重估 人民幣千元	預扣稅 人民幣千元	總計 人民幣千元
於二零一零年一月一日	17,491	38,214	625,764	-	681,469
於年內收益表扣除/ (入賬)的遞延稅項 (附註10)	6,956	-	(9,852)	56,753	53,857
於二零一零年十二月 三十一日的遞延稅項 負債總額	<u>24,447</u>	<u>38,214</u>	<u>615,912</u>	<u>56,753</u>	<u>735,326</u>

遞延稅項資產

本集團

	二零一零年					
	超出相關 折舊免稅額 的折舊 人民幣千元	土地增值稅 撥備 人民幣千元	可抵銷未來 應課稅利潤 的虧損 人民幣千元	應計款項 人民幣千元	政府資助 人民幣千元	總計 人民幣千元
於二零一零年一月一日	567	299,092	23,956	80,466	50,925	455,006
於年內收益表入賬/(扣除) 的遞延稅項(附註10)	447	173,538	(19,400)	72,796	(12,669)	214,712
於二零一零年十二月三十一 日的遞延稅項資產總額	<u>1,014</u>	<u>472,630</u>	<u>4,556</u>	<u>153,262</u>	<u>38,256</u>	<u>669,718</u>
於二零一零年十二月三十一 日已確認的遞延稅項淨額						<u>(65,608)</u>

遞延稅項負債

本集團

	二零零九年				
	超出相關 折舊的 折舊免稅額 人民幣千元	收購 附屬公司 公允值調整 人民幣千元	投資物業 重估 人民幣千元	預扣稅 人民幣千元	總計 人民幣千元
於二零零九年一月一日	11,017	38,214	631,295	17,389	697,915
於年內收益表扣除／(入賬) 的遞延稅項(附註10)	6,474	—	(5,531)	(17,389)	(16,446)
於二零零九年十二月三十一日 的遞延稅項負債總額	<u>17,491</u>	<u>38,214</u>	<u>625,764</u>	<u>—</u>	<u>681,469</u>

遞延稅項資產

本集團

	二零零九年					
	超出相關 折舊免稅額 的折舊 人民幣千元	土地增值稅 撥備 人民幣千元	可抵銷未來 應課稅利潤 的虧損 人民幣千元	應計款項 人民幣千元	政府資助 人民幣千元	總計 人民幣千元
於二零零九年一月一日	215	211,283	14,023	14,143	—	239,664
於年內收益表入賬 的遞延稅項(附註10)	352	87,809	9,933	66,323	50,925	215,342
於二零零九年十二月三十一日 的遞延稅項資產總額	<u>567</u>	<u>299,092</u>	<u>23,956</u>	<u>80,466</u>	<u>50,925</u>	<u>455,006</u>
於二零零九年十二月三十一日 已確認的遞延稅項淨額						<u>(226,463)</u>

就呈列財務狀況表而言，若干遞延稅項資產及負債已抵銷。以下為就財務報告而言本集團遞延稅項結餘的分析：

	本集團	
	二零一零年 人民幣千元	二零零九年 人民幣千元
於合併財務狀況表內確認的遞延稅項資產淨值	603,560	398,325
於合併財務狀況表內確認的遞延稅項負債淨值	(669,168)	(624,788)
	<u>(65,608)</u>	<u>(226,463)</u>

本集團未動用的稅項虧損為約人民幣35,351,000元(二零零九年：約人民幣110,698,000元)，可結轉五年，用作抵銷產生虧損的實體的未來應課稅利潤。由於遞延稅項於虧損多時的附屬公司產生，故有關約人民幣17,127,000元(二零零九年：約人民幣14,874,000元)的稅項虧損的遞延稅項資產未獲確認，且並不認為將有未來應課稅利潤可抵銷稅項虧損。

根據中國企業所得稅法，在中國內地成立之外資企業向外國投資者宣派之股息需徵收10%預扣稅。該規定由二零零八年一月一日起生效，且適用於二零零七年十二月三十一日後之盈利。倘中國內地與外國投資者司法管轄區內訂立稅務條約，則採用較低之預扣稅率。就本集團而言，適用稅率為5%或10%。因此，本集團須為於中國內地成立的附屬公司就二零零八年一月一日起產生之盈利分派股息而繳納預扣稅。

本公司向其股東派付股息並無附帶任何所得稅後果。

30. 遞延收入

本集團與賣方(「賣方」)於二零零九年九月十七日訂立協議，據此，本集團應向賣方支付現金代價人民幣100,000,000元及轉讓若干公寓和本集團於其將根據中國法律成立之新公司所擁有的全部股權，而該公司將持有本集團在廣州禮和部分土地上興建價值人民幣700,000,000元的若干物業(統稱「轉讓物業」)，以交換廣州禮和的全部股權權益。交換轉讓物業按產生收入的交易法入賬。於二零一零年十二月三十一日，轉讓物業仍在建設中，尚未轉讓予賣方。因此，上述收入仍在遞延，並於交付轉讓物業時確認。有關收購廣州禮和的進一步詳情，於財務報表附註36(a)披露。

31. 其他非流動負債

於二零一零年十二月三十一日，有關新華信託計劃及平安信託計劃的信託融資安排而產生的財務責任分別為人民幣656,828,000元及人民幣932,467,000元，已在本集團的其他非流動負債入賬。有關該等信託融資的安排詳情分別載於財務報表附註18(iii)及附註19(i)。

32. 股本

股份

	二零一零年 人民幣千元	二零零九年 人民幣千元
法定：		
8,000,000,000股(二零零九年：8,000,000,000股) 每股面值0.10港元的普通股	<u>786,113</u>	<u>786,113</u>
已發行及悉數繳足：		
2,893,150,000股(二零零九年：2,893,750,000股) 每股面值0.10港元的普通股	<u>280,485</u>	<u>280,538</u>

股本變動如下：

- (a) 於截至二零零九年十二月三十一日止年度，本公司按5.10港元發行合共300,000,000股普通股，而已收代價總額(扣除交易成本後)約為1,501,107,000港元(相等於約人民幣1,323,226,000元)。
- (b) 於截至二零零九年十二月三十一日止年度，本公司於香港聯合交易所有限公司(「聯交所」)按約3,454,000港元(相等於約人民幣3,041,000元)購回合共600,000股普通股，而已付代價總額(包括交易成本)約為3,458,000港元(相等於約人民幣3,045,000元)。該等購回的股份於二零一零年一月八日被註銷。

本公司已發行股本交易的概要載列如下：

	普通股 數目	普通股 面值 千港元	普通股 等價面值 人民幣千元	股份 溢價 人民幣千元	總計 人民幣千元
於二零零九年一月一日	2,593,750,000	259,375	254,093	5,321,931	5,576,024
發行股份	300,000,000	30,000	26,445	1,322,250	1,348,695
股份發行開支	-	-	-	(25,469)	(25,469)
於二零零九年十二月三十一日 及二零一零年一月一日	2,893,750,000	289,375	280,538	6,618,712	6,899,250
註銷股份	(600,000)	(60)	(53)	(2,988)	(3,041)
於二零一零年十二月三十一日	<u>2,893,150,000</u>	<u>289,315</u>	<u>280,485</u>	<u>6,615,724</u>	<u>6,896,209</u>

33. 購股權計劃

根據本公司股東於二零零七年六月十一日通過書面決議案，該計劃獲有條件批准。於二零零七年七月三日，上述該計劃的批准於本公司股份在聯交所上市時無條件地生效。該計劃旨在對本集團業務成就作出貢獻的合資格參與者給予獎勵及回報。該計劃的合資格參與者包括本集團董事(當中包括獨立非執行董事)、本集團全職或兼職僱員、本集團的供應商、客戶、顧問及中介人。該計劃將於生效日起計十年內仍然有效。

根據該計劃，現時獲准授出的尚未行使購股權合共最多不可超逾緊隨二零零七年本公司股份的全球發售及資本化發行完成後本公司已發行股份10%。儘管上文所述，於行使所有根據該計劃授出之尚未行使購股權時發行的股份數目於任何時間不可超逾不時已發行股份的30%。於任何12個月期間內根據購股權可發行予該計劃的每一位合資格參與者的股份數目最多佔本公司於任何時間的已發行股份的1%。進一步授出超逾此限額的任何購股權須由股東於股東大會上批准。

向本公司的董事、主要行政人員或主要股東或其任何聯繫人授予購股權，須經獨立非執行董事預先批准。此外，於任何12個月期間授予本公司的主要股東或獨立非執行董事或其任何聯繫人的任何購股權，若超出本公司任何時間已發行股份的0.1%及超出總值(根

據本公司於授出日期的股價) 5,000,000港元或上市規則不時規定的其他數額，須由本公司發出通函並於股東大會上獲股東預先批准。

購股權可根據該計劃的條款，於購股權被視為授出及接納當日後的任何時間，以及該日起十年屆滿期前行使。除購股權不可於其授出逾十年後行使外，本公司董事會將全權酌情決定購股權可行使的期限。

董事會釐定購股權的行使價，但不可低於下列三者中的最高者：(i)本公司股份於購股權授出當日於聯交所的收市價；及(ii)本公司股份於緊接授出日期前五個交易日在聯交所的平均收市價；及(iii)本公司股份的面值。

購股權並不授予持有人收取股息或於股東大會上投票的權利。

於二零零九年十二月十八日及二零一零年三月三十日，本公司向承授人分別授出8,457,000份及8,000,000份購股權，包括本公司董事會及本集團若干僱員。於批准該等財務報表日期，承授人並無行使或本公司並無註銷任何購股權。

報告期終尚未行使的購股權詳情載列如下：

	購股權數目
於二零一零年一月一日	8,457,000
年內已授出及獲接納	<u>8,000,000</u>
於二零一零年十二月三十一日	<u><u>16,457,000</u></u>

於二零零九年十二月十八日及二零一零年三月三十日授出的尚未行使購股權的行使價分別為每股股份6.24港元及5.67港元。

本公司股份於二零零九年十二月十八日及二零一零年三月三十日(即授出日期)的收市價分別為每股股份6.23港元及5.60港元。

向本公司執行董事、本公司及其附屬公司的僱員授出的購股權於下列期間可予行使：

於二零零九年十二月十八日授出的購股權

- (i) 於二零零九年十二月十八日起計12個月屆滿後任何時間，每位承授人可行使獲授的購股權最多25%；
- (ii) 於二零零九年十二月十八日起計24個月屆滿後任何時間，每位承授人可行使獲授的購股權最多25%；
- (iii) 於二零零九年十二月十八日起計36個月屆滿後任何時間，每位承授人可行使獲授的購股權最多25%；
- (iv) 於二零零九年十二月十八日起計48個月屆滿後任何時間，每位承授人可行使獲授的全部餘下購股權，

惟在各情況下，不可於二零一四年十二月十七日後行使購股權。

向本公司獨立非執行董事授出的購股權可於二零一四年十二月十七日前任何時間予以行使。

於二零一零年三月三十日授出的購股權

- (i) 於授出日期後任何時間，每位承授人可行使獲授的購股權最多25%；
- (ii) 於二零一零年三月三十日起計12個月屆滿後任何時間，每位承授人可行使獲授的購股權最多18.75%；
- (iii) 於二零一零年三月三十日起計24個月屆滿後任何時間，每位承授人可行使獲授的購股權最多18.75%；
- (iv) 於二零一零年三月三十日起計36個月屆滿後任何時間，每位承授人可行使獲授的購股權最多18.75%；
- (v) 於二零一零年三月三十日起計48個月屆滿後任何時間，每位承授人可行使獲授的全部餘下購股權，

惟在各情況下，不可於二零一五年三月二十九日後行使購股權。

各承授人接納獲授的購股權時須支付1.00港元。

本公司於截至二零一零年十二月三十一日止年度內授出的購股權的公允值於授出日期使用該模式釐定約為人民幣20,094,000元(二零零九年：約人民幣19,938,000元)。截至二零一零年十二月三十一日止年度，本集團已確認購股權開支約人民幣19,463,000元(二零零九年：約人民幣1,194,000元)。

計算購股權公允值時所使用的輸入數據如下：

	於二零一零年 三月三十日 授出的購股權	於二零零九年 十二月十八日 授出的購股權
授出日期股價	5.60港元	6.23港元
行使價	5.67港元	6.24港元
預計年期	5年	5年
預計波幅	77%	63%–69%
預期股息率(%)	1.07%	1.48%
無風險利率(%)	0.99%–1.74%	0.72%–1.21%

本公司使用該模式估計購股權的公允值。在計算購股權的公允值時所使用的變數及假設乃基於董事的最佳估計。變數及假設的變動或會導致購股權的公允值出現變動。

於各報告日期，本集團修訂其對預期最終歸屬的購股權數目的估計。對估計所作修訂的影響(如有)將於收益表內確認，並對以股權結算購股權儲備作出相應調整。

按照本公司現時的股本架構，全面行使尚未行使的購股權可導致額外發行16,457,000股本公司普通股，額外股本約為1,646,000港元(相等於約人民幣1,401,000元)及股份溢價約為96,486,000港元(相等於約人民幣82,103,000元)(扣除發行開支前)。

於批准財務報表日期，本公司在該計劃下有16,457,000份尚未行使購股權，佔本公司於該日已發行股份約0.6%。

34. 儲備

(a) 本集團

本集團於本年度及過往年度之儲備以及相關變動呈列於合併權益變動表。

根據中國相關的法律及法規，本公司於中國註冊的附屬公司須轉撥根據普遍適用於中國企業的會計原則計算的年度利潤(抵銷過往年度任何虧損後)的若干百分比至儲備金，而該儲備金的用途受到限制。根據中國相關法律及法規，截至二零一零年十二月三十一日止年度，本集團轉撥約人民幣132,848,000元(二零零九年：約人民幣74,559,000元)至該等儲備金。

(b) 本公司

	股份 溢價賬	實繳盈餘	匯兌變動 儲備	以股權結 算購股權 儲備	保留利潤	總計
	人民幣	人民幣	人民幣	人民幣	人民幣	人民幣
附註	千元	千元	千元	千元	千元	千元
於二零零九年一月一日的結餘	5,321,931	308,006	(551,207)	-	337,009	5,415,739
發行股份	1,322,250	-	-	-	-	1,322,250
股份發行開支	(25,469)	-	-	-	-	(25,469)
購股權開支	-	-	-	1,194	-	1,194
年度虧損	-	-	-	-	(23,862)	(23,862)
匯兌調整	-	-	(10,125)	-	-	(10,125)
擬派二零零九年末期股息	12	-	-	-	(144,658)	(144,658)
於二零零九年十二月三十一日及二零一零年一月一日	6,618,712	308,006	(561,332)	1,194	168,489	6,535,069
註銷股份	(2,988)	-	-	-	-	(2,988)
購股權開支	-	-	-	19,463	-	19,463
年度利潤	-	-	-	-	260,269	260,269
匯兌調整	-	-	(206,997)	-	-	(206,997)
擬派二零一零年末期股息	12	-	-	-	(318,247)	(318,247)
於二零一零年十二月三十一日	6,615,724	308,006	(768,329)	20,657	110,511	6,286,569

本公司的實繳盈餘指根據為準備本公司上市所進行的集團重組而收購附屬公司股份的公允值，超出為此交換的本公司股份面值。

以股權結算購股權儲備包括已授出但尚未行使購股權的公允值，進一步闡述載於財務報表附註2.4有關以股份基礎支付的交易的會計政策。該款額將於相關購股權獲行使時轉撥至股份溢價賬，或相關購股權屆滿或被放棄時轉撥至保留利潤。

35. 於共同控制業務之投資

本集團已按共同控制業務之形式與若干訂約方訂立三項(二零零九年：三項)合資企業安排，共同開發位於中國廣東省廣州市的三項(二零零九年：三項)物業開發項目。於二零一零年十二月三十一日，就該等共同控制業務確認的資產及負債總額如下：

	本集團	
	二零一零年 人民幣千元	二零零九年 人民幣千元
資產	1,090,038	964,130
負債	<u>(115,092)</u>	<u>(139,665)</u>

36. 合併現金流量表附註

(a) 收購附屬公司

截至二零一零年十二月三十一日止年度，本集團收購一家於中國註冊的公司廣州恒建的100%股權。廣州恒建從事物業建築業務。該收購的購買代價為人民幣45,556,000元，本公司已於收購日悉數支付。該項交易以業務合併方式入賬。

於收購日期，廣州恒建的可識別資產及負債的公允值如下：

	二零一零年 人民幣千元
收購的資產淨值：	
預付款、按金及其他應收款	9,433
現金及銀行結餘	45,301
其他應付款	<u>(9,178)</u>
	<u>45,556</u>
以下列方式支付：	
現金	<u>45,556</u>

於截至二零零九年十二月三十一日止年度，本集團從賣方收購的中國若干在建物業及其相關資產及負債。該項收購乃透過收購廣州禮和全部股權的方式進行，並自此廣州禮和成為本集團的全資附屬公司。由於所購入的附屬公司為物業控股公司，並不購成一項業務，故該項交易以購買資產及負責入賬，而非以業務併購方式入賬。

於收購日期，廣州禮和的可識別資產及負債的賬面值如下：

二零零九年
人民幣千元

收購的資產淨值：

物業、廠房及設備	244
在建物業	2,460,209
預付款、按金及其他應收款	65,818
現金及銀行結餘	5,556
其他應付款	(1,731,827)
	<u>800,000</u>

以下列方式支付：

現金	100,000
轉讓物業	700,000
	<u>800,000</u>

本公司以現金人民幣100,000,000元、若干公寓以及本集團於其將根據中國法律成立新公司擁有的全部股權(而該公司將持有本集團在廣州禮和部分土地上興建的若干物業)向賣方支付收購廣州禮和的代價。

收購附屬公司的現金及現金等值物的現金流出淨額的分析如下：

	二零一零年 人民幣千元	二零零九年 人民幣千元
現金代價	45,556	100,000
收購的現金及銀行結餘	(45,301)	(5,556)
收購附屬公司的現金及現金等值物的現金流出淨額	<u>255</u>	<u>94,444</u>

(b) 收購廣州亮宇及得正有限公司(「得正」)的額外權益

於截至二零一零年十二月三十一日止年度，本集團收購廣州亮宇的額外5.5%股權，將其擁有權增加至100%，並已向當時的股東支付現金代價人民幣30.0百萬元。已收購非控股權益的賬面值約為人民幣3.6百萬元。代價與已收購權益的賬面值之差額約人民幣26.4百萬元已於權益內的資本儲備項下確認。

於截至二零零九年十二月三十一日止年度，本集團收購得正的額外35%股權，將其擁有權增加至100%，並已向當時的股東支付現金代價約人民幣716.0百萬元。額外收購權益的賬面值約為人民幣718.2百萬元。代價與已收購權益的賬面值之差額約人民幣2.2百萬元已於權益內的資本儲備項下確認。

(c) 解散附屬公司

於截至二零零九年十二月三十一日止年度，解散本集團擁有90%權益的附屬公司東莞市合景漢源置業有限公司#。現金結餘約人民幣2.0百萬元獲分派予該附屬公司的非控股股東。

(d) 主要非現金交易

就上文(a)所述收購廣州禮和，於二零零九年九月十七日，本集團與賣方進一步訂立債權轉讓協議，據此，賣方同意轉讓債權約人民幣1,695,000,000元給本集團，代價為上述相同金額。

該公司於本財務報表內的英文名稱指管理人員盡最大努力翻譯該公司的中文名稱，因該公司並無註冊英文名稱。

37. 或然負債

於報告期終，在本集團財務報表未撥備的或然負債如下：

	附註	本集團	
		二零一零年 人民幣千元	二零零九年 人民幣千元
就授予本集團若干物業買家之按揭額度而向 銀行作出的擔保	(a)	6,160,559	4,067,148
就授予聯營公司之銀行貸款而向銀行作出的擔保		160,000	—
就授予共同控制實體之銀行貸款而向 銀行作出的擔保		299,970	—
就應付共同控制實體款項而向第三方作出的擔保		900,000	—
就授予賣方之銀行貸款而向銀行作出的擔保	(b)	700,000	700,000
		<u>8,220,529</u>	<u>4,767,148</u>

附註：

(a) 於二零一零年及二零零九年十二月三十一日，本集團就銀行授出之按揭額度而向若干銀行提供擔保，該等按揭額度涉及為本集團物業買家安排之按揭貸款。根據擔保的條款，倘該等買家未能支付按揭款項，本集團須負責向銀行償還買家拖欠的未償還按揭本金，連同累計利息及罰款，而本集團有權(但不限於)接管有關物業的法定業權及所有權。本集團的擔保期由授出有關按揭貸款當日開始，至發出房地產權證為止，房地產權證一般於買家取得有關物業後一至兩年內發出。

該等擔保的公允值並不重大，而本公司董事會認為倘買家未能支付款項，相關物業的可變現淨值足以償還所欠的按揭本金連同累計利息及罰款，故此，於截至二零一零年及二零零九年十二月三十一日止年度的財務報表並無為該等擔保作出撥備。

- (b) 就轉讓廣州禮和股權訂立協議前，賣方已取得人民幣700,000,000元的銀行貸款。廣州禮和的土地使用權已抵押給銀行，以取得有關銀行融資。本集團已同意以銀行為受益人提供有關銀行貸款的擔保，以促使解除廣州禮和持有的土地使用權抵押。

根據上述協議，(i)倘解除廣州禮和的土地抵押後，賣方未能交付廣州禮和的土地使用權證，則本集團無責任須轉讓物業給賣方；及(ii)本集團有權於人民幣700,000,000元的代價結餘中，按實際金額的基準扣減因賣方未能或無能力償還銀行貸款逾三個月以上而蒙受的任何虧損或損失。在該情況下，將予轉讓的新公司的股權或廣州禮和的土地上將興建公寓的建築面積亦將相應向下調整。根據該等協定條款，本公司董事會認為，本集團蒙受虧損的機會甚微，因此並無於截至二零一零年及二零零九年十二月三十一日止年度的財務報表中就擔保作出撥備。

於二零一零年十二月三十一日，本公司的財務報表中並無就授予附屬公司及聯營公司之貸款分別約為人民幣4,438,295,000元(二零零九年：約人民幣3,088,108,000元)及人民幣160,000,000元(二零零九年：人民幣零元)而向若干銀行提供擔保的或然負債作出撥備。

38. 資產質押

- (a) 於報告期終，本集團已質押以下資產予若干銀行，作為授予本集團的一般銀行融資的抵押：

	附註	本集團	
		二零一零年 人民幣千元	二零零九年 人民幣千元
樓宇	14	370,673	46,801
在建資產	14	415,639	731,832
投資物業	15	2,871,337	3,046,504
土地使用權	16	182,406	210,323
在建物業	20	6,123,124	3,953,230
持作銷售用途的竣工物業	21	335,763	514,362
定期存款	25	67,600	3,000
		10,366,542	8,506,052

- (b) 於二零一零年及二零零九年十二月三十一日，本集團若干附屬公司及聯營公司之股權已質押予若干銀行，以取得授予本集團的貸款。
- (c) 於二零一零年十二月三十一日，本集團若干附屬公司個別及共同擔保優先票據，並抵押其股權作為抵押品。

39. 經營租賃安排

(a) 作為出租人

本集團根據經營租賃安排出租其投資物業(附註15)，經協商後，租賃期介乎1至10年不等。該等租賃的條款一般亦要求租戶支付保證按金及定期根據當時的市場狀況調整租金。

於二零一零年十二月三十一日，本集團根據與租戶訂立之不可撤銷經營租賃按以下年限的應收未來最低租金總額如下：

	本集團	
	二零一零年 人民幣千元	二零零九年 人民幣千元
一年內	124,054	108,282
第二至第五年(包括首尾兩年)	223,644	199,049
五年後	63,883	62,720
	<u>411,581</u>	<u>370,051</u>

(b) 作為承租人

本集團及本公司根據經營租賃安排租用若干辦公室物業，經協商後，物業租賃期介乎1至3年不等。

於二零一零年十二月三十一日，本集團及本公司根據不可撤銷經營租賃按以下年限的應付未來最低租金總額如下：

	本集團		本公司	
	二零一零年 人民幣千元	二零零九年 人民幣千元	二零一零年 人民幣千元	二零零九年 人民幣千元
一年內	5,277	2,153	2,568	749
第二年至第五年(包括首尾兩年)	5,791	385	4,659	—
	<u>11,068</u>	<u>2,538</u>	<u>7,227</u>	<u>749</u>

40. 承擔

除詳載於上文附註39(b)之經營租賃承擔外，於報告期終，本集團有以下資本承擔：

	本集團	
	二零一零年 人民幣千元	二零零九年 人民幣千元
已訂約但未撥備：		
物業、廠房及設備 – 在建資產	507,343	451,210
本集團開發作銷售用途的物業	1,722,853	2,276,794
	<u>2,230,196</u>	<u>2,728,004</u>
已授權但未訂約：		
應向共同控制實體注資	487,659	53,999
	<u>487,659</u>	<u>53,999</u>

於報告期終，本公司並無任何重大資本承擔。

41. 關連方交易

(a) 與關連方的往來結餘：

本集團於聯營公司及共同控制實體結餘款項詳情分別載於財務報表附註18及19。

(b) 與關連方進行的其他交易

本集團及本公司就授予聯營公司及共同控制實體的銀行貸款而向銀行提供的擔保以及應付共同控制實體款項的詳情，已載於財務報表附註37。

(c) 本集團主要管理人員的薪酬：

	二零一零年 人民幣千元	二零零九年 人民幣千元
短期僱員福利	26,201	16,581
以股權結算購股權開支	6,569	685
退休福利	850	406
已付主要管理人員的薪酬總額	<u>33,620</u>	<u>17,672</u>

董事薪酬的進一步詳情載於財務報表附註8。

42. 按類別分類的金融工具

於報告期終，各類金融工具的賬面金額如下：

金融資產 – 貸款及應收款

	本集團	
	二零一零年 人民幣千元	二零零九年 人民幣千元
應收貿易賬款(附註22)	47,687	147,413
列入預付款、按金及其他應收款的金融資產(附註23)	1,181,968	212,147
向聯營公司墊款(附註18)	580,632	–
向共同控制實體墊款(附註19)	1,684,129	1,139,454
應收共同控制實體款項(附註19)	46,155	46,999
受限制現金(附註25)	1,527,992	1,069,876
現金及現金等值物(附註25)	5,275,609	2,540,698
	<u>10,344,172</u>	<u>5,156,587</u>

金融負債 – 按攤銷成本計價的金融負債

	本集團	
	二零一零年 人民幣千元	二零零九年 人民幣千元
應付貿易賬款(附註26)	1,670,898	1,415,470
列入其他應付款及應計款項的金融負債(附註27)	1,905,837	1,710,205
應付聯營公司款項(附註18)	442,382	129,956
應付共同控制實體款項(附註19)	73,454	–
附息銀行及其他借貸(附註28)	12,331,630	8,645,480
其他非流動負債(附註31)	1,589,295	–
	<u>18,013,496</u>	<u>11,901,111</u>

金融資產 – 貸款及應收款

	本公司	
	二零一零年 人民幣千元	二零零九年 人民幣千元
應收附屬公司款項 (附註17)	6,415,161	6,738,406
向聯營公司墊款 (附註18)	1,888	–
向共同控制實體墊款 (附註19)	412,810	–
列入預付款、按金及其他應收款的金融資產 (附註23)	66,210	237
現金及現金等值物 (附註25)	444,394	181,433
	7,340,463	6,920,076

金融負債 – 按攤銷成本計價的金融負債

	本公司	
	二零一零年 人民幣千元	二零零九年 人民幣千元
列入其他應付款及應計款項的金融負債 (附註27)	78,960	4,172
應付共同控制實體款項 (附註19)	73,454	–
附息銀行及其他借貸 (附註28)	1,871,341	260,035
	2,023,755	264,207

43. 財務風險管理目標及政策

本集團的金融資產主要包括現金及現金等值物、受限制現金、應收貿易賬款、按金及其他應收款及向聯營公司及共同控制實體墊款／應收聯營公司及共同控制實體款項。本集團的金融負債主要包括應付貿易賬款、其他應付款及應計款項、銀行及其他借貸、應付聯營公司及共同控制實體款項。

本集團的金融工具的賬面金額與其於各報告期終的公允值相若。公允值乃按特定一刻及根據金融工具的相關市場資料作估計。該等估計屬主觀性質，其中牽涉不確定因素及重大判斷事項，故無法精確釐定。假設的變動可對估計構成重大影響。

本集團的金融工具產生的風險主要為業務風險、利率風險、外幣風險、信貸風險及流動資金風險。本集團並無任何書面風險管理政策及指引。一般而言，本集團採用保守的風險管理策略。由於本集團承擔該等風險的機會甚微，故本集團並未使用任何衍生工具及其他工具作對沖用途。本集團並未持有或發行任何衍生金融工具作買賣用途。本公司董事會檢討及同意管理各項風險的政策，並概述如下：

業務風險

本集團於中國進行業務，故須面對特別的考慮及重大風險，這其中包括與政治、經濟及法律環境有關的風險，國家當局對物業開發行業的價格及融資法規的影響。

利率風險

本集團並無重大付息資產。本集團承擔的市場利率變動風險主要與本集團的浮息銀行貸款有關。本集團並未使用任何利率掉期以對沖現金流利率風險。

下表顯示在所有其他變數維持不變下，本集團稅前利潤(透過對浮息借貸的影響)及本集團的權益對利率的可能合理變動的敏感性。

	本集團		
	基點 增加／(減少)	稅前利潤 增加／(減少) 人民幣千元	權益* 增加／(減少) 人民幣千元
二零一零年			
人民幣	200	(159,108)	—
港元	200	(22,756)	—
美元	200	(8,009)	—
人民幣	(200)	159,108	—
港元	(200)	22,756	—
美元	(200)	8,009	—

	本集團		
	基點 增加／(減少)	稅前利潤 增加／(減少) 人民幣千元	權益* 增加／(減少) 人民幣千元

二零零九年

人民幣	200	(138,819)	—
港元	200	(19,618)	—
人民幣	(200)	138,819	—
港元	(200)	19,618	—

* 不包括保留利潤

外幣風險

本集團的業務位於中國，所有交易主要以人民幣進行。除若干以港元及美元計值的銀行貸款及銀行結餘以及以美元計值的優先票據外，本集團大部分資產及負債以人民幣列值。本集團並未對沖其外匯風險。

下表顯示於報告期終在所有其他變數維持不變下，本集團稅前利潤(由於貨幣資產及負債的公允值變動)對美元及港元匯率的可能合理變動的敏感性。

	本集團		
	港元匯率	美元匯率	稅前利潤
	上升／(下降) %	上升／(下降) %	增加／(減少) 人民幣千元
二零一零年			
倘人民幣兌港元減弱	(5)	不適用	(33,257)
倘人民幣兌港元增強	5	不適用	33,257
倘人民幣兌美元減弱	不適用	(5)	(110,253)
倘人民幣兌美元增強	不適用	5	110,253

	本集團		
	港元匯率	美元匯率	稅前利潤
	上升／(下降) %	上升／(下降) %	增加／(減少) 人民幣千元
二零零九年			
倘人民幣兌港元減弱	(5)	不適用	(40,959)
倘人民幣兌港元增強	5	不適用	40,959
倘人民幣兌美元減弱	不適用	(5)	94
倘人民幣兌美元增強	不適用	5	(94)

信貸風險

本集團並無集中的信貸風險。本集團的現金及現金等值物主要為於中國國有銀行及香港高信貸評級銀行的存款。

計入合併財務狀況表的應收貿易賬款及其他應收款和現金及現金等值物的賬面金額為本集團就金融資產承擔的最大信貸風險。本集團並無其他構成重大信貸風險的金融資產。

本集團已就物業單位的若干買家安排銀行融資，並提供擔保以保證該等買家的還款責任。該等擔保的披露詳情載於附註37。

流動資金風險

本集團管理層致力透過物業銷售所產生的銷售所得款項維持充足現金及現金等值物，並透過數量充足的信貸融資額度取得足夠資金以滿足其建設承諾。本公司董事會預期，二零一一年的銷售額將較二零一零年為高，並可獲取額外銀行貸款為本集團的現有及未來物業開發項目提供資金。如經濟環境出現任何重大不利變動，本集團有多項替代計劃以減輕對本集團營運資金可能構成的影響。董事認為，本集團將能維持充足的財務資源應付營運所需。

下表概述本集團根據合同性未折現款項於報告期終的財務負債到期日：

本集團

	二零一零年					總計 人民幣千元
	按要求 人民幣千元	三個月以下 人民幣千元	十二個月 人民幣千元	一至五年 人民幣千元	五年以上 人民幣千元	
附息銀行及其他借貸	-	982,454	2,035,902	9,308,369	2,753,334	15,080,059
應付貿易賬款	1,670,898	-	-	-	-	1,670,898
其他應付款及應計 款項	652,337	-	1,253,500	-	-	1,905,837
應付聯營公司款項	442,382	-	-	-	-	442,382
應付共同控制實體款項	73,454	-	-	-	-	73,454
其他非流動負債	-	-	-	1,589,295	-	1,589,295
就授予本集團若干 物業買家之按揭 額度而向銀行作出的擔保	6,160,559	-	-	-	-	6,160,559
就授予聯營公司之銀行貸款 而向銀行作出的擔保	160,000	-	-	-	-	160,000
就授予共同控制實體之銀行 貸款而向銀行作出 的擔保	299,970	-	-	-	-	299,970
就應付共同控制實體款項而 向第三方作出的擔保	900,000	-	-	-	-	900,000
就授予賣方之銀行 貸款而向銀行作出的擔保	700,000	-	-	-	-	700,000
	11,059,600	982,454	3,289,402	10,897,664	2,753,334	28,982,454

	二零零九年					總計 人民幣千元
	三至					
	按要求 人民幣千元	三個月以下 人民幣千元	十二個月 人民幣千元	一至五年 人民幣千元	五年以上 人民幣千元	
付息銀行及其他借貸	-	238,834	2,759,137	5,807,544	956,983	9,762,498
應付貿易賬款	1,415,470	-	-	-	-	1,415,470
其他應付款及應計款項	860,205	-	850,000	-	-	1,710,205
應付聯營公司款項	129,956	-	-	-	-	129,956
就授予本集團若干 物業買家之按揭額度而向 銀行作出的擔保	4,067,148	-	-	-	-	4,067,148
就授予賣方之銀行貸款而向 銀行作出的 擔保	700,000	-	-	-	-	700,000
	<u>7,172,779</u>	<u>238,834</u>	<u>3,609,137</u>	<u>5,807,544</u>	<u>956,983</u>	<u>17,785,277</u>

本公司

	二零一零年					總計 人民幣千元
	三至					
	按要求 人民幣千元	三個月以下 人民幣千元	十二個月 人民幣千元	一至五年 人民幣千元	五年以上 人民幣千元	
付息銀行及其他借貸	-	54,564	163,842	1,101,185	1,965,333	3,284,924
其他應付款及應計款項	78,960	-	-	-	-	78,960
應付共同控制實體款項	73,454	-	-	-	-	73,454
就授予附屬公司之銀行貸款 而向銀行作出的擔保	4,438,295	-	-	-	-	4,438,295
就授予聯營公司之銀行貸款 及應付款而向銀行作出之 擔保	1,060,000	-	-	-	-	1,060,000
	<u>5,650,709</u>	<u>54,564</u>	<u>163,842</u>	<u>1,101,185</u>	<u>1,965,333</u>	<u>8,935,633</u>

	二零零九年					總計 人民幣千元
	按要求 人民幣千元	三個月以下 人民幣千元	十二個月 人民幣千元	一至五年 人民幣千元	五年以上 人民幣千元	
附息銀行及其他借貸	-	2,099	6,298	271,232	-	279,629
其他應付款及應計 款項	4,172	-	-	-	-	4,172
就授予附屬公司之 銀行貸款而向銀行作出的 擔保	3,088,108	-	-	-	-	3,088,108
	<u>3,092,280</u>	<u>2,099</u>	<u>6,298</u>	<u>271,232</u>	<u>-</u>	<u>3,371,909</u>

資本管理

本集團資本管理的首要目標，是確保本集團具備持續經營的能力，且維持穩健的資本比率，以支持其業務運作，為股東爭取最大的價值。

本集團根據經濟情況的變動管理其資本結構並作出調整。為維持或調整資本結構，本集團可能會調整向股東派發的股息、向股東派回資本或發行新股。截至二零一零年及二零零九年十二月三十一日止年度內，本集團並無更改其管理資本的目標、政策或程序。

本集團以負債比率(借貸淨額(總銀行及其他借貸扣除現金及現金等值物及受限制現金)除以權益總額)監控資本的情況。本集團的政策乃維持穩定的負債比率。資本包括股本及母公司擁有人應佔的儲備。於報告期終的負債比率如下：

	本集團	
	二零一零年 人民幣千元	二零零九年 人民幣千元
借貸淨額	<u>5,528,029</u>	<u>5,034,906</u>
權益總額	<u>11,594,272</u>	<u>10,408,323</u>
負債比率	<u>47.7%</u>	<u>48.4%</u>

44. 報告期後事項

於二零一一年一月二十日，上海富力房地產開發有限公司(「上海富力」)(一家於中國註冊成立之有限公司，為廣州富力地產股份有限公司之全資附屬公司)及上海合景(作為買方)與上海城投置地(集團)有限公司(「城投置地」)(一家於中國註冊成立之公司)(作為賣方)訂立股權轉讓協議，據此，上海富力及上海合景同意向城投置地收購上海城投悅城置業有限公司(一家於中國註冊成立之有限公司)的30%註冊資本。

有關上述交易詳情，已載於本公司在二零一一年一月二十日刊發的公告內。

45. 批准財務報表

董事會於二零一一年三月十日批准及授權刊發財務報表。

有關本集團的最新資料

概覽

我們為一家大型物業發展商，穩佔廣州的龍頭地位，業務亦拓展至蘇州、成都、北京、天津、上海及海南。我們專注發展別樹一格的中高端住宅物業。為使盈利組合多元化，我們亦在黃金地段發展商業物業作為長期投資，包括寫字樓、購物中心、服務式公寓及酒店。我們於二零零七年八月開始營運其首家寫字樓物業國際金融廣場。於二零零九年九月，我們開設其首家酒店廣州的福朋喜來登酒店，目前在廣州發展另外兩家高級酒店，包括中國大陸的首家W酒店、花都喜來登度假酒店及廣州一家高級服務式公寓W服務式公寓。此外，我們正計劃在廣州、蘇州、成都等多個城市及海南省發展其他六家高級酒店及六家高級購物中心。我們的酒店將由國際享負盛名的酒店營運商(其中包括Starwood Hotels & Resorts Worldwide, Inc. (「喜達屋酒店集團」)的聯營公司)營運。我們相信，其投資物業及酒店將有助進一步強化其品牌。我們亦從事物業相關業務，例如住宅及商業物業的物業管理。

我們擬繼續保持在廣州物業市場的龍頭地位，亦同時進一步擴大我們已進駐的城市蘇州、成都、北京、天津、上海及海南的市場份額。此外，憑藉我們營運所在地區的專業人才，我們擬以審慎態度將業務拓展至其他經篩選並具高度增長潛力的城市，即以廣州為中心的珠三角、蘇州及上海為中心的長江三角、成都為中心的西片區域、北京及天津為中心的環渤海區域。截至二零一零年十二月三十一日，我們在廣州持有三個竣工項目及八個在建項目和持作日後開發用途項目；在蘇州有一個竣工項目及三個在建項目；在成都有三個項目；北京有一個項目、海南省有一個項目、上海有四個項目及天津有一個項目，各處於不同的開發階段。

我們相信，我們可以為我們所有營運所在地區的產品達致最佳定價。我們的產品品質優越，且設計別樹一格，加上高級物業管理服務是我們取得成功的因素，上述各項均讓我們成功在廣州及其他營運所在地區競爭激烈的物業市場上脫穎而出。客戶多次重購及客戶廣泛推薦我們的項目足證我們增強客戶對我們產品的信心及維繫客戶愛戴的能力。我們獲頒多個認同我們優質產品及作為物業發展公司創展卓越成就的獎項。例如：

- 根據易居房地產研究院所示，按二零一零年北京已售的建築面積計算，北京香悅四季排名首十名內；根據新京報，按二零一零年銷售所得款項計算，北京香悅四季躋身首二十名。
- 譽山國際獲羊城晚報頒授「二零一零年最佳別墅獎」。

- 獲中國房地產協會、國務院發展研究中心企業研究所、清華大學房地產研究所及中國指數研究院認可為「二零一零年中國房地產百強企業 — 十大最具盈利能力企業」之一。
- 本公司於二零零九年獲中國房地產測評中心認可為「廣州房地產開發企業銷售金額20強」之一。
- 廣州日報於二零零九年認可本公司為「建國60周年中國人居貢獻十大功勳開發商」之一。
- 蘇州領峰獲房地產網站搜房網譽為「二零一零年蘇州最受歡迎房地產地標」。
- 廣州領峰獲搜房網譽為「二零零九年廣州房地產最佳品質豪宅」。天湖峰境項目獲羊城晚報選為「二零零九年房地產年度總評榜十佳別墅」之一。
- 成都譽峰獲四川日報報業集團及成都市房產管理局頒授「二零零九年度 — 年度樓盤金獎」。
- 北京的香悅四季獲北京青年報選為「二零零九年北京地產十大銷售樓盤『金牌榜』」。

我們於一九九五年開展物業開發業務。截至二零一零年十二月三十一日，我們持有四個竣工項目，佔地總面積約437,555平方米，本集團應佔可供銷售總建築面積約166,000平方米；本集團應佔尚餘項目中的投資物業可供銷售總建築面積約27,000平方米。截至二零一零年十二月三十一日，我們持有20個在建項目（包括在廣州珠江新城的四個在建項目），佔地總面積約6,339,252平方米，本集團應佔可供銷售總建築面積約7,668,194平方米。截至二零一零年十二月三十一日，我們有一個持作日後開發用途項目，佔地總面積約748,877平方米，本集團應佔可供銷售總建築面積約560,000平方米。

於二零零八年、二零零九年及二零一零年，我們已售及已交付的總建築面積分別約133,531平方米、509,834平方米及784,116平方米，銷售物業產生的收入分別約人民幣1,471.2百萬元、人民幣4,110.0百萬元及人民幣7,221.1百萬元（1,094.1百萬美元）。同一期間，利潤分別約為人民幣366.2百萬元、人民幣721.5百萬元及人民幣1,281.8百萬元（194.2百萬美元）。

近期發展動向

渣打銀行二零一一年融資

於二零一一年二月九日，我們與渣打銀行(香港)有限公司(「渣打銀行」)簽訂一份貸款協議，作為抵押及擔保本金總額最多達195百萬港元的港元有期貸款融資。截至本公告日期，已提取且未償還港元貸款融資的本金額相等於25百萬美元。

購買上海項目公司的股份

於二零一一年一月二十日，競投得由上海城投置地(集團)有限公司(「城投置地」)持有的上海城投悅城置業有限公司(「上海項目公司」)已註冊資本30%後，我們及上海富力房地產開發有限公司(「上海富力」)與城投置地訂立一份股權轉讓協議，以收購上海項目公司的30%註冊資本。上海項目公司持有多幅位於上海楊浦區新江灣的發展中土地。我們現正就該項收購事項申請相關批文及註冊。取得批文及辦妥註冊後，我們預期將上海新江灣項目的擁有權由35%增加至50%。根據股權轉讓協議，上海富力及我們同意向城投置地收購股份，總代價約為人民幣1,014.3百萬元(153.7百萬美元)。

持作日後開發用途的新項目

於二零一一年一月，我們增加四個持作日後開發用途項目，包括上海嘉定D-07項目、上海嘉定城北項目、蘇州尹山湖項目及海南月亮灣項目。下表載列截至二零一一年一月三十一日我們四個持作日後開發用途的新項目的建築面積(以平方米計)及其他資料。

序號	項目	位置	佔地面積	持作日後 開發用途總		本集團應佔 物業權益	本集團應佔 總建築面積 ⁽²⁾	本集團 應佔可供銷售總建築面積 ⁽³⁾			項目預期 竣工日期
				建築面積 ⁽¹⁾	總建築面積			總計	持作銷售	持作投資 ⁽⁴⁾	
持作日後開發用途項目											
1	上海嘉定D-07項目	上海	53,829	161,488	161,488	90%	145,339	145,339	95,339	50,000	二零一四年
2	上海嘉定城北項目 ⁽⁵⁾	上海	77,180	154,360	154,360	100%	154,360	154,360	154,360	—	二零一四年
3	蘇州尹山湖項目 ⁽⁵⁾	蘇州	63,944	159,860	159,860	100%	159,860	159,860	159,860	—	二零一四年
4	海南月亮灣項目	海南	202,080	107,898	107,898	100%	107,898	107,898	41,154	66,746	二零一六年

附註：

- (1) 「持作日後開發用途總建築面積」乃來自我們的內部記錄及估計數字。
- (2) 「本集團應佔總建築面積」乃根據「本集團應佔物業權益」分配建築面積後我們享有的總建築面積。
- (3) 持作日後開發用途項目的「本集團應佔可供銷售總建築面積」指截至二零一一年一月三十一日我們應佔項目的可供銷售建築面積。
- (4) 就租賃及酒店而言，包括(其中包括)寫字樓、酒店、服務式公寓及購物中心。

(5) 我們就該項目的相關土地訂立土地出讓確認函，但尚未訂立土地出讓合約及尚未取得土地使用權證。

以下各段載述截至二零一一年一月三十一日我們持作日後開發用途四個新項目資料：

位於上海的上海嘉定D-07項目

上海嘉定D-07項目為位於上海嘉定區的商業發展項目，鄰近上海地鐵第11號線。該項目佔地總面積約為53,829平方米。該項目預期設有酒店、服務式公寓及其他商業物業。截至二零一一年一月三十一日，本集團應佔可供銷售總建築面積約為145,339平方米，其中95,339平方米持作銷售及50,000平方米則持作投資用途。我們擁有該項目的90%擁有權權益。

位於上海的上海嘉定城北項目

上海嘉定城北項目為位於上海嘉定區的住宅發展項目，鄰近上海地鐵第11號線。該項目佔地總面積約為77,180平方米。我們就該項目的相關土地訂立土地出讓確認函，但尚未訂立土地出讓合約及尚未取得土地使用權證。截至二零一一年一月三十一日，本集團應佔可供銷售總建築面積約為154,360平方米，全部均持作銷售。我們擁有該項目的100%擁有權。

位於蘇州的蘇州尹山湖項目

蘇州尹山湖項目為位於蘇州市吳中區的綜合發展項目，鄰近蘇州地下鐵路第4號線。該項目預期設有住宅及商業發展項目。該項目佔地總面積約為63,944平方米。我們就該項目的相關土地訂立土地出讓確認函，但尚未訂立土地出讓合約及尚未取得土地使用權證。截至二零一一年一月三十一日，本集團應佔可供銷售總建築面積約為159,860平方米，全部均持作銷售。我們擁有該項目的100%擁有權。

位於海南的海南月亮灣項目

海南月亮灣項目位於海南文昌市龍樓鎮月亮灣風景區內，為具備風景景觀的綜合住宅、商業及酒店發展項目。該項目佔地總面積約為202,080平方米。截至二零一一年一月三十一日，本集團應佔可供銷售總建築面積約為107,898平方米，其中41,152平方米持作銷售及66,746平方米則持作投資用途。我們擁有該項目的100%擁有權權益。

我們物業發展項目的概述

概覽

截至二零一零年十二月三十一日，我們擁有25個項目，佔地總面積約為7,525,684平方米及總建築面積約16,505,653平方米，各處於不同發展階段，該等項目位於廣州、蘇州、成都、北京、天津、上海及海南。我們將我們已取得相關土地使用權證的物業發展項目分為三個類別：

- 竣工項目；
- 在建項目；及
- 持作日後開發用途項目。

下表載列該等物業發展項目的詳情：

下表載列截至二零一零年十二月三十一日我們25個項目的建築面積(以平方米計)及其他資料。

序號	項目	位置	佔地面積	竣工總建築面積 ⁽¹⁾	在建總建築面積 ⁽¹⁾	持作日後開發用途總建築面積 ⁽²⁾	總建築面積	本集團應佔物業權益	本集團應佔物業權益佔總建築面積 ⁽³⁾	本集團應佔可供銷售總建築面積 ⁽⁴⁾⁽⁷⁾		項目竣工日期或預期竣工日期
										持作銷售	持作投資 ⁽⁵⁾	
1.	上城灣畔	廣州	228,229	289,475	—	—	289,475	100%	289,475	42,000	—	二零一零年
2.	國際金融廣場	廣州	7,262	101,378	—	—	101,378	100%	101,378	61,000	—	二零一零年
3.	福明喜來登酒店	廣州	6,000	35,000	—	—	35,000	100%	35,000	—	—	二零一零年
4.	朗悅灣	蘇州	196,064	285,739	—	—	285,739	100%	285,739	28,000	—	二零一零年
	尚餘物業 ⁽⁶⁾	廣州	—	—	—	—	—	100%	—	27,000	—	二零一零年
	在建項目											
5.	玉湖峰境	廣州	485,296	443,300	30,000	—	473,300	100%	473,300	163,000	16,000	二零一零年
6.	廣州領峰	廣州	22,626	194,143	74,000	—	268,143	100%	268,143	74,000	74,000	二零一零年
7.	科匯金谷	廣州	150,082	197,428	196,385	—	393,813	100%	393,813	225,000	—	二零一零年
8.	增城譽山國際 ⁽¹⁰⁾	廣州	1,971,126	5,000	269,607	2,392,739	2,712,346	100%	2,712,346	2,356,000	151,000	二零一零年
9.	D3-4	廣州	5,162	—	40,848	—	40,848	100%	40,848	34,000	—	二零一零年
10.	J2-2	廣州	8,066	—	171,288	—	171,288	50%	85,644	72,000	—	二零一零年
11.	晶藍 ⁽¹¹⁾	廣州	114,176	—	155,000	310,000	465,000	33%	155,000	142,000	13,000	二零一零年
12.	晶藍上城	蘇州	73,581	179,803	10,000	—	189,803	100%	189,803	52,000	—	二零一零年
13.	峰匯國際 ⁽¹²⁾	蘇州	348,449	170,000	491,298	190,277	851,575	100%	851,575	647,000	95,000	二零一零年
14.	蘇州領峰	蘇州	170,323	—	150,000	316,400	466,400	29.9% ⁽⁹⁾	127,494	127,494	39,797	二零一零年
15.	萬景峰	成都	117,518	140,000	374,372	123,483	637,855	100%	637,855	456,000	—	二零一零年
16.	成都譽峰	成都	186,705	60,000	300,153	529,847	890,000	100%	890,000	695,000	130,000	二零一零年
17.	成都錦江項目 ⁽¹⁶⁾	成都	190,253	—	256,448	643,643	900,091	50%	450,046	385,000	65,000	二零一零年
18.	香悅四季 ⁽¹⁷⁾	北京	376,150	30,000	479,766	215,248	595,014	100%	595,014	460,000	—	二零一零年
19.	陵水項目	海南	531,336	—	179,210	148,790	328,000	100%	328,000	253,000	40,000	二零一零年
20.	天津津南項目 ⁽¹³⁾	天津	1,289,227	—	583,700	2,427,300	3,011,000	25%	752,750	700,000	50,000	二零一零年
21.	上海浦東項目 ⁽¹⁷⁾	上海	26,053	—	78,160	—	78,160	100%	78,160	78,000	—	二零一零年
22.	上海普陀項目	上海	42,045	—	157,400	—	157,400	50%	78,700	57,000	21,700	二零一零年
23.	上海嘉定E-06項目 ⁽¹⁸⁾	上海	88,415	—	74,200	36,318	110,518	100%	110,518	74,200	36,300	二零一零年
24.	上海新江灣項目	上海	142,664	—	128,229	143,114	271,343	35% ⁽¹⁵⁾	94,970	94,500	8,000	二零一零年
	持作日後開發用途項目											
25.	佛山項目 ⁽¹⁴⁾	廣州	748,877	—	2,782,164	—	2,782,164	20%	560,000	560,000	—	二零一零年
	總計		7,525,684	2,176,266	4,070,104	10,259,323	16,505,653		10,585,571	8,321,194	7,558,597	862,797

附註：

- 竣工項目的「竣工總建築面積」及在建項目的「在建總建築面積」分別來自我們的內部記錄。
- [持作日後開發用途總建築面積]乃來自我們的內部記錄及估計數字。
- [本集團應佔總建築面積]乃根據「本集團應佔物業權益」分配總建築面積。可供銷售總建築面積指截至二零一零年十二月三十一日我們項目應佔的可供銷售總建築面積。
- 竣工項目、在建項目及持作日後開發用途項目的「本集團應佔物業權益」指總中心、會議中心及購物中心。
- 總租賃及酒店面額，包括(其中包)辦公室、酒店、服務式公寓、會所、餐館、馬鞍山雅苑、悅庭及翠翠園的投資物業。
- 包括御輝苑。
- 包括尚餘物業。
- 我們訂立信託融資安排，以為該項目提供資金。據此，中信信託有限公司持有項目公司的100%股權。我們將承辦本集團應佔的100%物業權益。
- 我們訂立信託融資安排，以為該項目提供資金。據此，江西國際信託股份有限公司持有項目公司約60.1%股權。
- 竣工時，將向東凌集團有限公司交付總建築面積共約136,000平方米，作為該項目的部分收購代價。
- 我們就該項目的相關土地訂立土地出讓合約，但尚未取得土地出讓合約。
- 我們尚未全數支付土地出讓金，且尚未取得若若干地塊(佔地約86,777平方米)的土地使用權證。
- 我們已發出或訂立土地出讓合約，但尚未全數支付土地出讓金，且尚未取得土地出讓合約。
- 我們現正就該項目的相關土地訂立土地出讓合約，但尚未全數支付土地出讓金，且尚未取得土地出讓合約。
- 我們訂立信託融資安排，以為該項目提供資金。據此，平安信託有限公司持有項目公司的98.16%股權。
- 我們就該項目的相關土地訂立土地出讓合約，但尚未取得土地出讓合約。

物業發展的收入

下表載列二零一零年按項目劃分的收入及已售建築面積：

	截至二零一零年 十二月三十一日止年度	
	平方米	人民幣 (以千計)
領匯國際商務發展中心.....	3,054	24,433
馬鞍山雅苑.....	1,725	11,635
譽峰.....	4,720	126,209
朗悅君庭.....	5,468	33,787
天湖峰境.....	73,869	508,352
盈彩美居.....	—	—
上城灣畔.....	73,274	442,654
匯峰苑.....	859	13,862
朗悅灣.....	109,786	808,954
廣州領峰.....	7,474	464,923
綠寶園.....	28,604	285,081
科匯金谷.....	75,518	754,879
譽山國際.....	33,161	610,660
晶藍上城.....	95,007	448,786
萬景峰.....	53,282	263,092
峰匯國際.....	140,876	1,232,563
香悅四季.....	29,713	368,236
成都譽峰.....	47,726	823,037
	<u>784,116</u>	<u>7,221,143</u>

銷售成本

下表載列二零一零年有關銷售成本的資料：

	截至二零一零年 十二月三十一日 止年度 人民幣
銷售物業	
土地.....	1,379,063
資本化利息.....	189,041
建築成本.....	<u>2,749,633</u>
	4,317,737
物業管理	23,642
酒店營運	<u>26,899</u>
合計	<u>4,368,278</u>

尚餘物業

過往，我們在廣州已有多個住宅項目竣工。該等項目包括御暉苑、御華苑、疊彩園、盈彩美居、菁品園、譽峰、匯峰苑、馬鞍山雅苑、朗悅君庭及瑜翠園。該等項目包括我們持作長期投資用途的小部分商業及零售物業。截至二零一零年十二月三十一日，絕大部

分該等項目的可供銷售單位經已出售，而本集團於該等項目內應佔可供銷售總建築面積合共約27,000平方米，乃持作投資用途。

竣工物業

位於廣州的上城灣畔

上城灣畔為位於廣州從化區的中高端住宅發展項目。該項目坐擁河景，四周設有多種配套設施，且交通網絡發展完善，鄰近城市巴士終點站及輕軌系統，方便到達廣州其他部分。該項目設有一個大型住宅社區，包括合共約2,200個住宅單位的高層住宅樓宇及聯排別墅。該項目佔地總面積約為228,229平方米。截至二零一零年十二月三十一日，本集團應佔可供銷售總建築面積約為42,000平方米，全部均持作銷售。我們擁有該項目的100%擁有權。

位於廣州的國際金融廣場

國際金融廣場為位於廣州天河區珠江新城心臟地帶的甲級寫字樓發展項目。該項目俯瞰珠江及毗鄰珠江的海心沙廣場，亦鄰近廣州地下鐵路第3號及第5號線地下鐵站，交通便利。該項目設有高級寫字樓，我們將其租賃予國內外銀行、跨國公司、外交機構及零售物業。該項目佔地總面積約為7,262平方米。截至二零一零年十二月三十一日，本集團應佔可供銷售總建築面積約為61,000平方米，全部均持作投資用途(寫字樓)。同日，我們保留約5,600平方米作為自用。我們擁有該項目的100%擁有權。

位於廣州的東圃福朋喜來登酒店

東圃福朋喜來登酒店為位於廣州天河東圃領匯國際商務發展中心南面的四星級酒店。我們聘用喜達屋酒店集團管理該酒店，確保酒店服務質素。該酒店設有約300間客房。該酒店佔地總面積約為6,000平方米。截至二零一零年十二月三十一日，本集團應佔可供銷售總建築面積約為35,000平方米，全部均持作投資用途(酒店)。我們擁有該項目的100%擁有權。

位於蘇州的朗悅灣

朗悅灣為位於蘇州相城區的中高端住宅發展項目。該項目由國際知名設計師設計，地處珍珠湖兩座島嶼上，四周環抱自然花園及湖景。該項目預期設有中高端住宅樓宇、湖畔聯排別墅及別墅。該項目佔地總面積約為196,064平方米。截至二零一零年十二月三十一日，本集團應佔可供銷售總建築面積約為28,000平方米，全部均持作銷售。我們擁有該項目的100%擁有權。

在建項目

位於廣州的天湖峰境

天湖峰境為位於廣州花都區北興鎮的大型住宅發展項目。該項目鄰近九龍湖，方便到達市中心及白雲國際機場。該項目預期設有住宅單位(包括別墅、聯排別墅及高層公寓)以及多項作休憩、教育及商業用途的社區設施。該項目亦將包括喜達屋酒店集團管理的五星級花都喜來登度假酒店，設有約102間別墅式客房。該項目佔地總面積約為485,296平方米。截至二零一零年十二月三十一日，本集團應佔可供銷售總建築面積約為179,000平方米，其中約163,000平方米持作銷售，16,000平方米持作投資用途(酒店)。我們擁有該項目的100%擁有權。

位於廣州的廣州領峰

廣州領峰為位於廣州天河區珠江新城金惠路及興盛路交匯處的高端綜合發展項目。該項目預期設有國際知名設計師設計的高層豪宅、服務式公寓及花園景觀。該項目亦將包括約有316間客房的五星級廣州W酒店以及約有144間服務式公寓套房的廣州W公寓。廣州W酒店及廣州W公寓將由喜達屋酒店集團管理。該項目佔地總面積約為22,626平方米。截至二零一零年十二月三十一日，本集團應佔可供銷售總建築面積約為74,000平方米，全部均持作投資用途(酒店及服務式公寓)。我們擁有該項目的100%擁有權。

位於廣州的科匯金谷

科匯金谷為位於廣州蘿崗開發區科學城心臟地帶的科學大道的寫字樓發展項目，交通網絡發展完善，方便到達珠江新城。該項目預期設有多功能綜合寫字大樓，設計著重環保，配以尖端信息系統基礎設施，同時設有服務式公寓。該項目佔地總面積約為150,082平方米。截至二零一零年十二月三十一日，本集團應佔可供銷售總建築面積約為225,000平方米，全部均持作銷售。我們擁有該項目的100%擁有權。

位於廣州的譽山國際

譽山國際為位於廣州增城區新塘鎮的大型綜合發展項目。該項目聘請國際知名設計師設計，預期設有高層住宅樓宇、別墅及寫字樓，連同多項作休憩、教育及商業用途的社區設施。該項目亦將包括五星級增城喜來登酒店。該項目佔地總面積約為1,971,126平方米。截至二零一零年十二月三十一日，本集團應佔可供銷售總建築面積約為2,507,000平方米，其中約2,356,000平方米持作銷售及151,000平方米持作投資用途(寫字樓、會議中

心、購物中心及酒店)。我們擁有該項目的100%擁有權。竣工時，將向東凌集團有限公司交付建築面積合共約136,000平方米，作為該项目的部分收購代價。

位於廣州的D3-4項目

D3-4項目為位於廣州天河區珠江新城最北面的高端服務式公寓發展項目。該項目周圍建有住宅及商業機構，交通網絡發展完善。該項目預期設有高層服務式公寓樓宇，內設綜合商業樓層。該項目佔地總面積約為5,162平方米。截至二零一零年十二月三十一日，本集團應佔可供銷售總建築面積約為34,000平方米，全部均持作銷售。我們已開始該項目的開發活動，但尚未展開建設工程。我們根據信託安排持有該項目的擁有權。

位於廣州的J2-2項目

J2-2項目為位於廣州天河區珠江新城中央商業區心臟地帶的高端綜合發展項目。該項目預期設有高級寫字樓。該項目佔地總面積約為8,066平方米。截至二零一零年十二月三十一日，本集團應佔可供銷售總建築面積約為72,000平方米，全部均持作銷售。我們已開始該項目的開發活動，但尚未展開建設工程。我們擁有該項目的50%擁有權。

位於廣州的獵德項目

獵德項目為位於廣州珠江新城中心(獵德村原址)的高端綜合發展項目。該項目預期設有高級寫字樓樓宇、購物中心、服務式公寓及五星級酒店。該項目佔地總面積約為114,176平方米。我們就該項目的相關土地訂立土地出讓合同，但尚未取得土地使用權證。截至二零一零年十二月三十一日，本集團應佔可供銷售總建築面積約為155,000平方米，其中約142,000平方米持作銷售及13,000平方米持作投資用途(購物中心及酒店)。我們擁有該項目的33%擁有權。

位於蘇州的晶藍上城

晶藍上城為位於蘇州昆山的中高端住宅發展項目，距離上海市中心31公里。該項目預期設有高層住宅樓宇。該項目佔地總面積約為73,581平方米。截至二零一零年十二月三十一日，本集團應佔可供銷售總建築面積約為52,000平方米，全部均持作銷售。我們擁有該項目的100%擁有權。

位於蘇州的峰匯國際

峰匯國際為高端綜合發展項目，位於蘇州平江新城人民路，毗鄰活力島。項目四周交通網絡發展完善。預期設有高層住宅樓宇、高級寫字樓、酒店、零售店及購物中心。該項目佔地總面積約為348,449平方米。我們尚未取得該項目一幅佔地約86,777平方米相關土地的土地使用權證。截至二零一零年十二月三十一日，本集團應佔可供銷售總建築面積約為647,000平方米，其中約552,000平方米持作銷售及約95,000平方米持作投資用途(購物中心)。我們擁有該項目的100%擁有權。

位於蘇州的蘇州領峰

蘇州領峰為位於蘇州木瀆鎮的高端綜合項目。該項目可直接通往蘇州輕軌第1號線金楓路站。該項目預期設有住宅、商業及零售物業，將包括星級酒店。該項目佔地總面積約為170,323平方米。截至二零一零年十二月三十一日，本集團應佔可供銷售總建築面積約為127,494平方米，其中約87,697平方米持作銷售及39,797平方米持作投資用途(購物中心及酒店)。我們擁有該項目的29.9%擁有權。該項目的擁有權乃根據一份信託協議持有。

位於成都的萬景峰

萬景峰為位於成都高新西區的中高端住宅發展項目。該項目受惠於發展完善的交通網絡，可方便到達市中心，四周設有學校、大學及醫院等多項社區設施。項目預期設有中高端住宅樓宇。該項目佔地總面積約為117,518平方米。截至二零一零年十二月三十一日，本集團應佔可供銷售總建築面積約為456,000平方米，全部均持作銷售。我們擁有該項目的100%擁有權。

位於成都的成都譽峰

成都譽峰為位於成都南部天府新城的中央商業區的高端綜合發展項目。該項目預期設有高層豪宅樓宇、高級寫字樓、五星級酒店及零售物業。該項目佔地總面積約為186,705平方米。截至二零一零年十二月三十一日，本集團應佔可供銷售總建築面積約為825,000平方米，其中約695,000平方米持作銷售及130,000平方米持作投資用途(購物中心及酒店)。我們擁有該項目的100%擁有權。

位於成都的成都錦江項目

成都錦江項目為位於成都錦江區攀成鋼片區的綜合發展項目，鄰近成都地鐵第2號及第9號線交匯處。該項目預期設有住宅及商業發展項目。該項目佔地總面積約為190,253平方米。我們就該項目的相關土地訂立土地出讓確認函，但尚未全數支付土地出讓金，且尚未取得土地使用權證。我們已開始該項目的開發活動，但尚未展開建設工程。截至二零

二零一零年十二月三十一日，本集團應佔可供銷售總建築面積約為450,000平方米，其中約385,000平方米持作銷售及約65,000平方米持作投資用途(商業)。我們擁有該項目的50%擁有權。

位於北京的香悅四季

香悅四季為位於北京四個衛星城鎮之一順義區的中高端住宅發展項目。該項目座落奧林匹克路北面，毗鄰奧林匹克水上公園，四周為北京鄉村高爾夫俱樂部，設有多項休憩設施及五星級酒店。該項目亦享有完善交通網絡，由國際著名設計師設計。該項目預期設有低密度住宅社區設施，包括低層洋房及別墅。該項目佔地總面積約為376,150平方米。截至二零一零年十二月三十一日，本集團應佔可供銷售總建築面積約為460,000平方米，全部均持作銷售。我們擁有該項目的100%擁有權。

位於海南的陵水項目

陵水項目為位於海南陵水的綜合發展項目。該項目預期設有住宅式公寓、別墅及酒店。該項目佔地總面積約為531,336平方米。截至二零一零年十二月三十一日，本集團應佔可供銷售總建築面積約為293,000平方米，其中約253,000平方米持作銷售及40,000平方米持作投資用途(酒店)。我們已開始該項目的開發活動，但尚未展開建設工程。我們擁有該項目的100%擁有權。

位於天津的天津津南項目

天津津南項目為位於天津津南區的大型綜合發展項目，三面環河(海河及月牙河)，方便乘達天津地鐵第6號線。該項目預期設有住宅、商業及酒店發展項目。該項目佔地總面積約為1,289,227平方米。我們就該項目的相關土地訂立土地出讓合同，但尚未取得土地使用權證。我們已開始該項目的開發活動，但尚未展開建設工程。截至二零一零年十二月三十一日，本集團應佔可供銷售總建築面積約為750,000平方米，其中約700,000平方米持作銷售及約50,000平方米持作投資用途(商業及酒店)。我們根據信託安排擁有該項目的擁有權。

位於上海的上海浦東項目

上海浦東項目為位於上海浦東新區的商業發展項目，鄰近上海地鐵第7號線的後灘站，坐擁黃埔江優美景色。該項目預期設有兩幢寫字樓。該項目佔地總面積約為26,053平方米。我們就該項目的相關土地訂立土地出讓合同，但尚未取得土地使用權證。我們已開

始該項目的開發活動，但尚未展開建設工程。截至二零一零年十二月三十一日，本集團應佔可供銷售總建築面積約為78,000平方米，全部均持作銷售。我們擁有該項目的100%擁有權。

位於上海的上海普陀項目

上海普陀項目為位於上海普陀區真如副中心西北面的綜合發展項目，鄰近上海地鐵站第11號線的真如站。該項目預期設有高端住宅式公寓、服務式公寓及大型購物中心。該項目佔地總面積約為42,045平方米。截至二零一零年十二月三十一日，本集團應佔可供銷售總建築面積約為78,700平方米，其中57,000平方米持作銷售及21,700平方米持作投資用途(購物中心)。我們擁有該項目的50%擁有權。

位於上海的上海嘉定E-06項目

上海嘉定E-06項目為位於上海嘉定區嘉定新城的綜合發展項目，鄰近上海地鐵第11號線嘉定站。該項目預期設有住宅、寫字樓及商業單位。該項目佔地總面積約為88,415平方米。我們就該項目的相關土地訂立土地出讓合同，但尚未取得土地使用權證。我們已開始該項目的開發活動，但尚未展開建設工程。截至二零一零年十二月三十一日，本集團應佔可供銷售總建築面積約為110,500平方米，其中約74,200平方米持作銷售及36,300平方米持作投資用途(寫字樓及商業)。我們擁有該項目的100%擁有權。

位於上海的上海新江灣項目

上海新江灣項目為位於上海楊浦區新江灣的綜合發展項目，鄰近上海地鐵第10號線新江灣站，並可通往第3號及第5號線。該項目亦靠近復旦大學的新校舍。該項目預期設有高端住宅單位、商業及寫字樓樓宇和酒店。該項目佔地總面積約為142,664平方米。截至二零一零年十二月三十一日，本集團應佔可供銷售總建築面積約為94,500平方米，其中約86,500平方米持作銷售及8,000平方米持作投資用途(寫字樓及酒店)。截至二零一零年十二月三十一日，我們擁有該項目的35%擁有權。我們現正就該收購申請相關批文及註冊。收訖批文及辦妥註冊後，我們預期將上海新江灣項目的擁有權由35%增至50%。

持作日後開發用途項目

位於廣州的佛山地塊項目

預期佛山地塊項目為位於廣州佛山禪城區的高端住宅及商業發展項目。該項目座落地鐵站上蓋，距離廣州市中心只需40分鐘車程。該項目預期設有高端住宅樓宇、寫字樓及購物中心。該項目佔地總面積約為748,877平方米。我們已發出或訂立土地出讓確認函或土地出讓合約，但尚未全數支付土地出讓金，且尚未取得土地使用權證。截至二零一零年十二月三十一日，本集團應佔可供銷售總建築面積約為560,000平方米，全部均持作銷售。我們擁有該項目的20%擁有權。

酒店管理

下表載列截至二零一零年十二月三十一日有關在建酒店的若干資料：

	項目	估計 竣工日期	估計酒店		擁有權 權益	管理合夥人
			建築面積 (平方米)	估計客房 數量		
花都喜來登度假酒店	天湖峰境	二零一一年	16,000	102	100%	喜來登
廣州W酒店	廣州領峰	二零一一年	50,000	316	100%	W酒店

此外，我們現正計劃在廣州、蘇州、成都及海南開發另外六家高級酒店，作為我們六個在建項目的一部分，即獵德、增城譽山國際、峰匯國際、蘇州領峰、成都譽峰及陵水項目。

重大債務及其他責任概況

我們與多間銀行或信託公司借款或承擔債項，為我們的現有物業項目融資及為我們的營運資金需求提供資金。截至二零一零年十二月三十一日，我們的銀行貸款總額為人民幣10,713.3百萬元(1,623.2百萬美元)。於二零一零年十二月三十一日，我們因發行二零一零年票據持有總額相等於人民幣1,618.3百萬元(245.2百萬美元)的未贖回優先票據。該等貸款、債項及其他責任的重大條款及條件概要載於下文。

項目貸款協議

我們的若干中國附屬公司與中國多間銀行(主要包括中國銀行、廣州農村商業銀行、中國建設銀行、中國農業銀行、中國工商銀行、華商銀行、渣打銀行、中國民生銀行股份有限公司、廣東發展銀行及上海浦東發展銀行)已訂立貸款協議。該等貸款一般為項目貸款，旨在為我們項目投資物業的建設或營運提供資金(「項目貸款」)，年期介乎一年至十年不等，基本與有關項目的建設期限或投資物業的營運相符。若干中國項目貸款規定，倘已出售相關項目的若干建築面積百分比，則須提前償還貸款。

利息

項目貸款下未償還本金額通常按浮動利率計息，而有關浮動利率乃參考相關銀行的基準年利率計算。銀行一般每年對浮動利率進行檢討。利息付款一般按月或按季於特定貸款協議所列明的各個付款日期支付。

契諾

根據該等項目貸款，我們多間附屬公司借款人同意(其中包括)在未事先知會貸款人及/或事先獲相關貸款人同意之情況下不會採取以下行動：

- 就其物業或資產任何部分增設產權負擔，或以可能損害其償還貸款能力的方式處置其資產；
- 向任何第三方提供可能損害其償還貸款能力的擔保；
- 以貸款提供資金的資產向任何第三方授出擔保；
- 對其公司架構作出任何主要變動，如組建合營企業、進行併購及重組；或改變公司狀況，如清盤及解散；
- 大幅改變其業務經營性質或範疇；
- 產生額外債務；
- 削減其註冊資本；
- 向第三方轉讓貸款項下的部分或全部負債；及
- 提前還款。

股息限制

根據與中國銀行、中國工商銀行及廣東發展銀行訂立的項目貸款，我們部分中國附屬公司亦同意於以下情況不分派任何股息：

- 倘借款人的除稅後利潤為零或負數，或不足以彌補上一個會計期間的虧損；或
- 倘借款人於有關會計期間的除稅前利潤尚未用作支付該會計期間到期的本金額、利息或其他相關開支，或不足以彌補下一段期間到期的本金額、利息或其他相關開支。

擔保及抵押

我們若干中國附屬公司及聯營公司與中國多間銀行已就部分項目貸款訂立擔保或抵押協議，據此，該等附屬公司及聯營公司已為附屬公司借款人於該等項目貸款項下的所有負債提供擔保或抵押(包括物業按揭及股份質押)。我們兼任該等若干項目貸款的擔保人。

收購融資

中國建行東山二零一零年貸款

於二零一零年三月十八日，我們中國附屬公司廣州市天建房地產開發有限公司(「廣州天建」)與中國建設銀行廣州市東山分行(「中國建行東山分行」)訂立貸款協議，以為收購廣州禮和(持有增城譽山國際項目)提供資金。貸款為人民幣有期貸款融資，本金總額最高為人民幣11.6億元(「中國建行東山二零一零年貸款」)。貸款為期五年。於二零一零年十二月三十一日，該融資項下未償還本金額為人民幣11.6億元(175.7百萬美元)。

利息

中國建行東山二零一零年貸款按中國人民銀行貸款基準年利率計息，計息期內每月第12日付息。倘若中國建行東山二零一零年貸款並非作特定貸款用途，罰息額按中國人民銀行貸款基準年利率再上調100%浮動利率計算。中國建行東山二零一零年貸款項下逾期未償還本金額之利息則按中國人民銀行貸款基準年利率再上調50%浮動利率計算。

契諾

根據中國建行東山二零一零年貸款，廣州天建同意(其中包括)：

- 不對其物業或資產的任何部分增設產權負擔，亦不以可能損害其償還貸款能力的方式處置其資產；
- 不向任何第三方提供可能損害其償還貸款能力的擔保；
- 不會大幅改動其業務經營的性質或範疇；
- 不會向第三方轉讓貸款項下的部份或全部負債；及
- 中國建行東山二零一零年貸款僅用作收購目標項目公司全部股權(包括其業務經營、財務及現金狀況)。

違約事件

中國建行東山二零一零年貸款載有若干慣常違約事件，包括欠付本金額或利息、無力償債及違反中國建行東山二零一零年貸款的條款。倘若發生違約事件，中國建行東山分行有權即時要求支付或償還所有未償還的款項(包括所有累計利息)而毋須事先向本公司發出通知。此外，倘若中國建行東山分行基於任何理由認為有若干狀況可危害中國建行東山分行根據合約索償，如獲投資項目及／或目標收購公司業務的性質出現重大變動、目標收購公司的股息政策出現重大變動，中國建行東山分行在發出五個營業日之書面通知後，可即時採取必要的解除措施，如即時要求支付或償還所有未償還款項。

有期貸款

工商銀行二零零六年貸款

於二零零六年十二月二十日，我們與中國工商銀行(亞洲)有限公司(「工商銀行」)簽訂貸款協議，經二零零六年十二月二十八日訂立的補充貸款協議、二零零七年一月十二日訂立的第二份補充貸款協議及二零零八年五月六日訂立的第三份補充貸款協議予以補充。貸款融資為港元有期貸款融資，供廣州新恆昌企業發展有限公司(「廣州新恆昌」)使用的本金總額最高500百萬港元，供廣州合景房地產開發有限公司(「廣州合景」)使用的本金總額最高500百萬港元(「工商銀行二零零六年貸款」)，上述兩家公司均在中國註冊成立的全資附屬公司。於二零一零年十二月三十一日，該融資項下未償還本金額為562.3百萬港元(72.1百萬美元)。

工商銀行二零零六年貸款的最終到期日為二零一四年三月三十一日。我們可於工商銀行二零零六年貸款的貸款協議所列的付息日期提前償還貸款，惟須向工商銀行發出五個營業日之事先書面通知，其中指明提前償還的金額及提前償還的日期。

擔保及抵押

我們同意擔保工商銀行二零零六年貸款。

工商銀行二零零六年貸款以國際金融廣場的若干綜合保險賠款及建築合約(約一半之國際金融廣場)(「已抵押物業」)以及我們的執行董事孔健岷、孔健濤及孔健楠的股息戶口作抵押。

利息

工商銀行二零零六年貸款按香港銀行同業拆息加年利率1.25%計息，計息期內各計息期(須為一個月)首日付息。工商銀行二零零六年貸款的任何逾期款項附帶罰息，金額按逾期首日至實際還款日期期間以工商銀行二零零六年貸款適用利率加年利率2.0%計算。

契諾

我們同意本貸款協議項下未償還貸款與已抵押物業之估值比率在任何時候均維持於50%以下。

我們另同意，倘若已抵押物業受到第三方權益所約束，除若干例外情況外，我們不會：

- 增設抵押或出售任何資產；
- 借款、貸款或提供任何擔保；
- 訂立任何與出售、特許及／或管理已抵押物業有關的合約；及
- 進行任何非一般過程的投資。

違約事件

工商銀行二零零六年貸款載有若干慣常違約事件，包括欠付本金額或利息、連帶違約、無力償債及違反工商銀行二零零六年貸款的條款。倘若發生違約事件，工商銀行有權即時要求支付或償還所有未償還的款項(包括所有累計利息)而毋須事先向本公司發出通知。

同意

於二零一零年七月二十九日，我們接獲工商銀行的函件，其同意二零一零年票據發售及各相關方面。於二零一一年一月十八日，我們接獲工商銀行的函件，其同意票據發售及各相關方面。

工商銀行二零零八年貸款

於二零零八年七月三十日，我們與工商銀行訂立有期貸款協議。貸款融資為本金總額最高250百萬港元的港元有期貸款融資(「工商銀行二零零八年貸款」)。於二零一零年十二月三十一日，該融資項下未償還本金額為112.5百萬港元(14.5百萬美元)。

工商銀行二零零八年貸款將於二零一一年七月三十日到期。未經工商銀行事先同意且沒有事先向工商銀行發出10個營業日之提前還款書面通知，我們不得提前償還工商銀行二零零八年貸款。

擔保及抵押

我們同意擔保工商銀行二零零八年貸款。

工商銀行二零零八年貸款以我們在香港註冊成立的全資附屬公司之一佰基有限公司的股本及其擁有的全部資產作抵押，並以我們的中國附屬公司廣州從化合景房地產開發有限公司之股本作抵押。佰基有限公司為非附屬公司擔保人。

利息

工商銀行二零零八年貸款按香港銀行同業拆息加年利率3.5%計息，計息期自首次作出墊款當日起計，計息期內各計息期(為三個月)最後一個營業日付息。工商銀行二零零八年貸款的任何逾期款項的利息按逾期實際日數及365日一年每個月複利基準以年利率2.0%計算。

契諾

根據工商銀行二零零八年貸款，我們同意以下財務契諾：

- 我們的淨資產¹將不少於人民幣85億元；及
- 經工商銀行於二零一零年七月二十二日書面確認，我們的淨資本負債比率²將不超過60%。

我們另同意(其中包括)從化項目的所有預售及銷售款項將存入工商銀行廣州受控制戶口。

違約事件

工商銀行二零零八年貸款載有若干慣常違約事件，包括欠付本金額或利息、連帶違約、無力償債及違反工商銀行二零零八年貸款的條款。倘若發生違約事件，工商銀行有權即時要求支付或償還所有未償還的款項(包括所有累計利息)而毋須事先向本公司發出通知。

同意

於二零一零年七月二十九日，我們接獲工商銀行的函件，其同意發售及各相關方面。於二零一一年一月十八日，我們接獲工商銀行的函件，其同意票據發售及各相關方面。

渣打銀行二零零九年融資

於二零零九年四月二十七日，我們與渣打銀行訂立貸款協議。貸款融資為本金總額最高300百萬港元的無抵押港元有期貸款融資(「渣打銀行二零零九年融資」)。此外，渣打銀行二零零九年融資獲Fancy Think Investments Limited(「Fancy Think」)及Oak Plus Investments Limited(「Oak Plus」)擔保。於二零一零年十二月三十一日，該融資項下未償還本金額為300百萬港元(38.6百萬美元)。

渣打銀行二零零九年融資將於二零一二年四月二十七日到期。沒有事先向渣打銀行發出14天之提前還款書面通知(其中指明提前還款額及提前還款日期)，我們不得提前償還渣打銀行二零零九年融資。

¹ 工商銀行二零零八年貸款項下的「淨資產」指我們最近期經審核綜合財務狀況表所示已發行股本繳足或入賬列為繳足之金額及經常計入綜合資本及儲備的金額，其中扣除已向股東宣派的任何股息或其他分派且限於並無在有關經審核綜合財務狀況表及損益賬的任何結欠款項中就該等股息或其他分派撥備。

² 工商銀行二零零八年貸款項下的「淨資本負債比率」指附息借貸總額(扣除現金及現金等價物及受限制現金)對淨資產之比率。

利息

渣打銀行二零零九年融資按香港銀行同業拆息加年利率3.0%計息，計息期內各計息期（按我們的選擇可為一個月、兩個月或三個月）首日付息。渣打銀行二零零九年融資的任何逾期款項附帶違約利息，金額按年利率2.0%計算。

契諾

根據渣打銀行二零零九年融資，我們同意以下財務契諾：

- 我們的綜合有形淨資產¹將不少於83億港元；
- 我們的綜合淨借貸²與綜合有形淨資產（扣除少數股東權益應佔款額）之比率將不會超過0.75：1；及
- 我們的綜合EBITDA³與綜合利息開支⁴之比率將不少於6.0：1。

我們另同意（其中包括）：

- 倘若Fancy Think及Oak Plus的淨資產總值少於本集團綜合有形淨資產減發行人淨資產之75%，額外的離岸附屬公司將需擔保渣打銀行二零零九年融資；及
- 不會對本集團任何資產增設產權負擔，惟若干例外情況除外。

1 按渣打銀行二零零九年融資所界定者，「綜合有形淨資產」指我們綜合財務報表所示本集團繳足或入賬列為繳足之已發行股本總額另加經常計入我們綜合可供分派及非可供分派儲備的金額，其中扣除無形資產應佔任何金額、任何資產賬面值之增記金額、結算日或之前從利潤已向或擬向人士分派的任何金額、反映繳足資本變動的任何調整、經常計入有關儲備的金額或外聘核數師認為合適的調整。

2 按渣打銀行二零零九年融資所界定者，「綜合淨借貸」指向任何銀行或其他金融機構借入任何債務按綜合基準計算的所有負債總額，其中扣除本集團成員公司手持現金總額（不包括已抵押的任何有關現金）。

3 按渣打銀行二零零九年融資所界定者，「綜合EBITDA」指本集團於有關期間的除稅前綜合經營利潤：其中(a)扣除綜合利息開支前；(b)計入被視為例外或特殊項目之項目前；(c)扣除商譽攤銷或有形資產折舊應佔的任何金額前；及(d)扣除少數股東權益應佔本集團任何成員公司任何利潤金額後。

4 按渣打銀行二零零九年融資所界定者，「綜合利息開支」指有關借款人截至其財政年度最後一日止十二個月及借款人截至其財政年度上半年最後一日止六個月期間本集團任何成員公司累計、已付或應付綜合總借貸之利息、佣金、費用、折扣、提前還款罰款或溢價或其他融資款項總額（但不包括已資本化利息），扣除本集團任何其他成員公司欠負的任何責任，包括租賃及租購款項的利息部份（包括本集團任何成員公司根據任何利率對沖工具向對手方已付、應付或累計的任何金額並扣除對手方根據任何利率對沖工具向本集團任何成員公司已付、應付或累計的任何金額）。

違約事件

渣打銀行二零零九年融資載有若干慣常違約事件，包括欠付本金額或利息、連帶違約、無力償債及違反渣打銀行二零零九年融資的條款。倘若發生違約事件，渣打銀行有權即時要求支付或償還所有未償還的款項(包括所有累計利息)而毋須事先向本公司發出通知。

同意

於二零一零年七月二十九日，我們接獲渣打銀行的函件，其同意二零一零年票據發售及各相關方面。於二零一一年二月十五日，我們接獲渣打銀行的函件，其同意票據發售及各相關方面。

工商銀行二零一零年貸款

於二零一零年七月二十九日，我們與工商銀行訂立有期貸款協議。貸款融資為本金總額最高500百萬港元的港元有期貸款融資(「工商銀行二零一零年貸款」)。工商銀行二零一零年貸款於二零一零年七月二十九日起30天內可作一次性提取。於本發售備忘錄日期，工商銀行二零一零年貸款已全數提取。

工商銀行二零一零年貸款將於二零一三年七月二十九日到期。未經工商銀行事先同意且沒有事先向工商銀行發出10個營業日之提前還款書面通知(其中指明提前還款額及提前還款日期)，我們不得提前償還工商銀行二零一零年貸款。

擔保及抵押

我們、Oak Plus及Rich Come Enterprises Limited(「Rich Come」)(均為我們的全資附屬公司)同意擔保工商銀行二零一零年貸款。

工商銀行二零一零年貸款以Beauty Sight Investments Limited(「Beauty Sight」)及Rich Come的股本及其擁有的全部資產、我們中國附屬公司海南新世界房地產實業(香港)有限公司的股本、位於海南若干物業以及Rich Come欠負Beauty Sight貸款的應收款項作抵押。Beauty Sight及Rich Come為非附屬公司擔保人。

利息

工商銀行二零一零年貸款按香港銀行同業拆息加年利率4%計息，計息期自首次作出墊款當日起計，計息期內各計息期(為一個月、兩個月或三個月)最後一個營業日付息。工商銀行二零一零年貸款的任何逾期款項的利息按逾期實際日數及365日一年每個月複利基準以年利率2.0%計算。

契諾

根據工商銀行二零一零年貸款，我們同意以下財務契諾：

- 我們的淨資產¹將不少於人民幣8,500百萬元；及
- 我們的淨資本負債比率²將不超過60%。

我們另同意(其中包括)海南陵水項目的所有預售及銷售款項將存入工商銀行的特定及受控制戶口，未經工商銀行事先同意，不得從戶口提取任何款額。

違約事件

工商銀行二零零八年貸款載有若干慣常違約事件，包括欠付本金額或利息、連帶違約、無力償債及違反工商銀行二零一零年貸款的條款。倘若發生違約事件，工商銀行有權即時要求支付或償還所有未償還的款項(包括所有累計利息)而毋須事先向本公司發出通知。

同意

於二零一零年七月二十九日，我們接獲工商銀行的函件，其同意二零一零年票據發售及各相關方面。於二零一一年一月十八日，我們接獲工商銀行的函件，其同意票據發售及各相關方面。

信託融資安排

蘇州信託融資

於二零零九年十二月，中國建設銀行蘇州市分行(「中國建行蘇州分行」)(作為創立人及受益人)與江西國際信託股份有限公司(「江西國際」)訂立信託協議，藉此成立了為數人民幣901百萬元的信託，其中包括900,000,000個優先級信託單位(「優先級信託單位」)及1,000,000個次級信託單位(「次級信託單位」)。優先級信託單位乃供公眾人士認購，而次級信託單位已由我們中國全資附屬公司之一蘇州市合景房地產開發有限公司(「蘇州合景」)認購。

信託籌集的資本已用作增加蘇州市凱譽房地產開發有限公司(「蘇州凱譽」)的註冊資本由人民幣400百萬元增至人民幣1,500百萬元，蘇州凱譽從事蘇州領峰發展項目。增資後，江西國際、蘇州合景及獨立第三方蘇州市金竹置業發展有限公司分別持有蘇州凱譽60.06%、29.94%及10%。信託的有效期為18個月，惟江西國際可在發生若干事件後提前終止。優先級信託單位及次級信託單位不得提前贖回。

¹ 工商銀行二零一零年貸款項下的「淨資產」指我們最近期經審核綜合財務狀況表所示已發行股本繳足或入賬列為繳足之金額及經常計入綜合資本及儲備的金額，其中扣除已向股東宣派的任何股息或其他分派且限於並無在有關經審核綜合財務狀況表及損益賬的任何結欠款項中就該等股息或其他分派撥備。

² 工商銀行二零一零年貸款項下的「淨資本負債比率」指附息或無附息借貸總額(扣除現金及現金等價物及受限制現金)對淨資產之比率。

就信託融資而言，蘇州合景與中國建行蘇州分行亦訂立選擇權協議，據此，蘇州合景可向中國建行蘇州分行收購所有優先級信託單位，代價相等於二零一零年十二月二十四日優先級信託單位數目 $\times (1 + 11.5\%) \times$ 優先級信託單位投資日數，再除以360的金額（「代價」），除非發生重大不利事件，否則有關收購將應中國建行蘇州分行的要求進行（「出售選擇權」）。

出售選擇權以蘇州合景所持蘇州凱譽廣州合景的股權作抵押，我們亦同意擔保選擇權協議項下的責任。

信託所得款項全數已存入於中國建行蘇州分行開立及經其管理的託管銀行戶口。

廣州信託融資

於二零一零年一月，廣州合景與中信信托有限責任公司（「中信信托」）訂立連串協議以成立信託融資安排，目的是增加廣州市萬暉房地產開發有限公司（「萬暉」）的註冊資本，而萬暉負責廣州D3-4發展項目。信託融資安排的有效期為18個月。

信託包括三個系列：300,000,000個供公眾人士認購的優先級信託單位（「優先級信託單位」）、30,000,000個首批次級信託單位（「首批信託單位」）及135,000,000個第二批次級信託單位（「第二批信託單位」），每個信託單位認購價為人民幣1元。

優先級信託單位已全數獲公眾人士認購。中信信托已利用所得款項人民幣300百萬元投資萬暉。同時，廣州合景同意將其所持萬暉的100%股權交託予中信信托以換取首批信託單位。因此，中信信托全資擁有萬暉。廣州合景亦同意將其擁有萬暉欠負股東貸款人民幣135百萬元之債權人權利交託予中信信托以換取第二批信託單位。

認購3,000,000個優先級信託單位或以上的投資者，其目標年度孳息率為6.5%；認購3,000,000個優先級信託單位以下的投資者，其目標年度孳息率為5.8%。優先級信託單位的目標盈利相等於優先級信託單位的本金額 \times 目標年度孳息率 \times 實際累計日數，再除以365。此外，廣州合景須每年向中信信托作出補償，金額相等於優先級信託單位本金額 \times 1.1% \times 實際累計日數，再除以365。

就信託融資而言，我們向中信信托授出a)可要求我們向其收購萬暉100%股權之出售選擇權；及b)向第三方轉讓萬暉股權之權利；我們亦擁有可要求中信信托向我們出售萬暉100%股權之購買選擇權。

廣州合景根據信託融資須承擔的責任由我們作擔保，並以我們的附屬公司之一廣州亮宇投資有限公司的94.5%股權作抵押。

上海浦東信託融資

於二零一零年九月二十九日，廣州市萬璟房地產開發有限公司（「廣州萬璟」）、上海合景、New China Trust Co., Ltd.（「新華信託」）與廣州合景房地產開發有限公司（「廣州合景」）訂立一份信託融資協議（「信託協議」）。根據該信託協議，新華信託將向公眾集資人民幣650.0百萬元，而信託期限將為1.5年。該資金將用作廣州萬璟注資款項，此後，新華信託將持有廣州萬璟的95.59%股權，而廣州合景將持有餘下的4.41%股權。未得新華信託的同意下，廣州合景不得將項目公司的股權轉讓予第三方。廣州萬璟將使用新華信託的注資額人民幣650.0百萬元，進一步向項目公司（該公司正在發展上海浦東項目，即上海璟東房地產開發有限公司）注資。同時，上海合景將向項目公司的註冊資本注入相等金額，使其註冊資本達人民幣1,350.0百萬元。廣州萬璟及上海合景將各自持有項目公司的50%股權。上海合景將抵押其於項目公司的50%股權予新華信託。新華信託將指派一名董事至廣州萬璟及項目公司擔任董事，該名董事將可就業務規劃及出售重大固定資產等若干重大事宜擁有否決權。

根據信託協議，信託安排屆滿之前或提早終止時，廣州合景、上海合景或廣州萬璟有權要求新華信託以下述方式提取信託融資：(1)透過向廣州萬璟獲取股息或透過削減資本方式；(2)向廣州合景或其指定第三方轉讓信託的實益權益；或(3)向廣州合景或其指定第三方轉讓廣州萬璟的股權。新華信託將自收訖的所得款項中分派本金及利息。倘新華信託透過首兩項方式取得本金及利息，則新華信託將不計成本向廣州合景或其指定第三方轉讓餘下信託資產（包括廣州萬璟的股權）。

於二零一零年九月二十九日，上海合景、廣州萬璟及項目公司訂立增資協議，據此，廣州萬璟及上海合景將向項目公司注入人民幣650.0百萬元。廣州萬璟及上海合景各自擁有項目公司的50%股權。

於二零一零年九月二十九日，廣州合景、新華信託及廣州萬璟訂立增資協議，據此，新華信託將向廣州萬璟注入人民幣650.0百萬元。因此，新華信託擁有廣州萬璟的95.59%股權，而廣州合景擁有餘下4.41%股權。

於二零一零年九月二十九日，上海合景與新華信託訂立兩份股份抵押協議，據此，上海合景於項目公司的50%股權已抵押予新華信託，以擔保廣州萬璟、上海合景及廣州合景履行信託協議下的責任。未得新華信託的同意下，項目公司不得向上海合景發行現金股息。

二零一零年票據

於二零一零年八月十八日，我們簽訂了一份契約，據此，我們發行了本金總額為250,000,000美元二零一七年到期的12.50%優先票據。二零一零年票據於新加坡交易所上市。

於二零一零年十二月三十一日，發行二零一零年票據中有總額人民幣1,618.3百萬元(245.2百萬美元)的優先票據尚未贖回。

擔保

二零一零年票據項下的責任由我們的現有附屬公司(「二零一零年附屬公司擔保人」)提供擔保，惟根據中國法律組織之附屬公司及於二零一零年票據中所列明的若干其他附屬公司除外。我們稱該等擔保為二零一零年附屬公司擔保。在若干情況並受若干條件所限，須由我們附屬公司之一提供的二零一零年附屬公司擔保可以有限追溯權擔保(「二零一零年合營附屬公司擔保」)取代。我們稱提供二零一零年合營附屬公司擔保之附屬公司為二零一零年合營附屬公司擔保人。

二零一零年附屬公司擔保人各自共同及個別地為二零一零年票據項下的本金、任何溢價、利息及所有其他應付款項將會如期準時支付提供擔保。

抵押品

為二零一零年票據項下責任作出抵押，本公司同意以票據持有人之利益押記，或導致原屬二零一零年附屬公司擔保質押人押記(視情況而定)原屬二零一零年附屬公司擔保人(Market Network Limited除外)各自的股本(「統稱「二零一零年抵押品」)以保障本公司根據票據的責任以及原屬二零一零年附屬公司擔保質押人各自根據其附屬公司擔保的責任。二零一零年抵押品可於若干資產出售及若干其他情況下解除或減少。此外，二零一零年票據持有人與其他有抵押債務持有人(包括渣打銀行二零零九年融資項下貸款人及獲准同等有抵押債務的任何其他債權人)均就二零一零年抵押品享有同等權益。

利息

二零一零年票據按年利率12.50%計息。利息須每半年於期末繳付。

契諾

受若干條件及例外情況所規限，二零一零年契約及各有關二零一零年附屬公司擔保均包含若干契諾，限制我們及各有關受限制附屬公司不能進行下列活動，其中包括：

- 產生或擔保額外債務及發行不合資格或優先股份；
- 宣派其資本股份之股息或購買或贖回資本股份；

- 作出投資或其他指定受限制付款；
- 發行或出售有關受限制附屬公司之資本股份；
- 就有關受限制附屬公司之債務作出擔保；
- 出售資產；
- 設立留置權；
- 訂立銷售及售後租回交易；
- 從訂獲准業務以外的任何業務；
- 訂立協議限制有關受限制附屬公司派付之能力；
- 股息、轉讓資產或作出公司間貸款；
- 與股東或聯屬公司訂立交易；及
- 進行整合或合併。

違約事件

監管二零一零年票據的契約載有若干慣常違約事件，包括於二零一零年票據的本金或溢價到期應付時並未作出支付，連續30天未支付到期利息及與契約項下的違約事件大致相約的其他違約事件。倘違約事件發生及持續存在，監管二零一零年票據的契約項下的受託人或持有至少25%尚未贖回的二零一零年票據的持有人可宣佈二零一零年票據的本金加溢價(如有)及任何應計及未付的利息即時到期應付。倘發生若干特定違約事件，未贖回二零一零年票據的本金額、溢價(如有)及任何應計及未付的利息將自動即時到期應付，受託人或任何持有人毋須作出任何宣告或其他行動。

控制權變動

於發生若干控制權變動事件及評級下降後，我們將提出要約回購全部未贖回的二零一零年票據，購入價為該等票據本金額之101%，另加截至購回日期止任何應計及未付的利息(如有)。

到期日及贖回

二零一零年票據將於二零一七年八月十八日到期。我們隨時並不時可以出售本公司若干類別的股份的所得款項贖回最多相當於二零一零年票據本金總額的35%，贖回價相等於二零一零年票據本金額之112.50%，另加截至贖回日期止任何應計及未付利息(如有)，惟每次贖回後二零一零年票據原發行本金總額最少65%須仍未贖回，且有關贖回須於相關股權發售截止後60天內進行。

此外，倘我們或監管二零一零年票據的契約項下原屬二零一零年附屬公司擔保人因特定稅法出現若干變動或修訂而須額外支付若干款項，除若干例外情況外，我們可贖回二零一零年票據，贖回價為二零一零年票據本金額之100%，另加任何應計及未付利息。

近期重大債務

渣打銀行二零一一年融資

於二零一一年二月九日，我們與渣打銀行訂立貸款協議。貸款融資為本金總額最多195百萬港元的有抵押且有擔保的港元有期貸款融資（「渣打銀行二零一一年融資」）。貸款融資以根據二零一零年抵押品增設抵押（Power Place Enterprises Limited的股本除外）以及根據或就監管二零一零年票據的契約之任何負債可時不時提供作抵押之任何其他抵押文件作抵押。渣打銀行二零一一年融資之擔保人為我們附屬公司Act Power International Limited, Able Talent International Limited, Boom Faith International Limited, Cheerful Hill Group Limited, Extreme Beauty Enterprises Limited, Faith Beauty International Limited, Fame Rich Group Limited, Fast Choice Group Limited, Good Excel Enterprises Limited, Happy Clear Consultants Limited, High Insight Enterprises Limited, High Ascent, Hugeluck Investments Limited, Noble Wit Enterprises Limited, Now Rich Holdings Limited, Pine Billion Enterprises Limited, Reach Luck Consultants Limited, Rising Wave Enterprises Limited, Win Talent Enterprises Limited, Bondie Investments Limited, Fancy Think, Fine Era Investments Limited, Global Era Investments Limited, Jumbo Yield Investments Limited, Luck Creation Investments Limited, Market Network Limited, Profit Spring Investments Limited, Sammax Investments Limited, Total Super Investments Limited, Trimming Star Group Limited及Truly Gain Investments Limited。於本發售備忘錄日期，已提取且未償還港元貸款融資之本金額相等於25百萬美元。

渣打銀行二零一一年融資將於二零一四年二月九日到期。我們沒有向渣打銀行發出14天事先書面通知前，不得自願提前償還全部或任何部份的渣打銀行二零一一年融資。

利息

渣打銀行二零一一年融資按香港銀行同業拆息加年利率4.60%計息，計息期內各計息期（按我們的選擇可為一個月、兩個月或三個月或我們與渣打銀行協定的其他期間）最後一日付息。渣打銀行二零一一年融資的任何逾期款項附帶違約利息，金額按年利率2.00%計算。

契諾

根據渣打銀行二零一一年融資，我們同意以下財務契諾：

- 綜合有形淨資產¹將不少於人民幣100億元；
- 綜合淨借貸²與綜合有形淨資產之比率在任何時候將不會超過0.75：1；
- 於任何有關期間⁵綜合EBITDA³與利息開支⁴之比率將不少於2.00：1；
- 綜合中國借貸⁶與綜合總資產⁷之比率於任何時候將不會超過0.50：1；及
- 我們將確保任何財政年度向股東所付的任何分派、股息或其他款項不得超過本集團於該財政年度的綜合淨利潤的50%。

¹ 按渣打銀行二零一一年融資所界定者，「綜合有形淨資產」指我們綜合財務報表所示本集團繳足或入賬列為繳足之已發行股本總額另加經常計入我們綜合可供分派及非可供分派儲備的金額，其中(a)扣除商譽或任何其他無形資產應佔任何金額後；(b)扣除任何少數股東權益後；(c)計入計算有關擔保人及其附屬公司綜合有形淨資產時將計入按公認會計原則、準則及慣例(「公認會計原則」)計算之任何金額後；(d)撇除本公司及其附屬公司最近期刊發經審核綜合資產負債表應用會計原則與本公司截至二零零八年十二月三十一日止財政年度經審核綜合財務報表應用會計原則不一致之處。

² 按渣打銀行二零一一年融資所界定者，「綜合淨借貸」指任何時間以下各項的總額(不重複計算)：(a)(i)本集團最近期刊發經審核綜合資產負債表(「資產負債表」)「短期貸款」金額；及(ii)任何所述按公認會計原則計算本集團成員公司的流動借貸；(b)(i)資產負債表「長期貸款」的金額；及(ii)任何所述按公認會計原則計算本集團成員公司的長期借貸，減資產負債表所示年結正數的「現金」結餘、「受限制現金」結餘及銀行結餘(不論有關現金能否即時匯至本公司或渣打銀行二零一一年融資項下擔保人作償還渣打銀行二零一一年融資之用)。

³ 按渣打銀行二零一一年融資所界定者，「綜合EBITDA」指任何有關期間，本集團於有關期間的綜合經營利潤：其中不計入(a)(i)利息開支；(ii)稅項；及(iii)特殊及例外項目；(b)扣除少數股東權益應佔附屬公司的金額；(c)扣除限於銷售、營銷成本、行政開支及其他經營開支之金額；及(d)補加有關期間就折舊及攤銷所作所有撥備金額(按本集團財務報表、與財務報表有關若干條款所列的憑證及遵守財務契約而釐定)。

⁴ 按渣打銀行二零一一年融資所界定者，「利息開支」指任何有關期間，本集團就任何利率對沖衍生交易任何未變現損益而調整的借貸(但不重複計算)於有關期間累計(不論是已付、應付或已資本化)利息及任何其他融資開支之總額。

⁵ 按渣打銀行二零一一年融資所界定者，「有關期間」指(a)本公司各財政年度；及(b)本公司財政年度下半年首日開始至其下一財政年度上半年最後一日止各期間。

⁶ 按渣打銀行二零一一年融資所界定者，「綜合中國借貸」指任何時間以下各項的總額(不重複計算)：(a)(i)資產負債表「短期貸款」金額；及(ii)任何所述按公認會計原則計算本集團成員公司的流動借貸；(b)(i)資產負債表「長期貸款」的金額；及(ii)任何所述按公認會計原則計算本集團成員公司的長期借貸，在各情況下均有關本集團於中國註冊成立成員公司向(x)中國金融機構；或(y)本集團於中國註冊成立的其他成員公司借入的短期貸款、長期貸款及借貸。

⁷ 按渣打銀行二零一一年融資所界定者，「綜合總資產」指本集團按綜合基準計算流動資產及非流動資產總額，其中參照本公司最近期經審核財務報表。

我們另同意(其中包括)：

- 於用款首日，所有為收購或發展本集團擁有投資物業提供融資及再融資之貸款(「投資物業貸款」)的貸款估值比率(「貸款估值比率」)不得超過55%(就此而言不包括工商銀行二零零六年貸款)；及
- 用款首日後任何時間，倘若所有投資物業貸款貸款估值比率超過65%，本公司須確保不遲於貸款估值比率超出有關百分比後三個月(或本公司與渣打銀行可能協定的其他較後日期)提前償還投資物業貸款的若干金額，以維持貸款估值比率不超過55%。

違約事件

渣打銀行二零一一年融資載有若干慣常違約事件，包括欠付本金額或利息、連帶違約、無力償債及違反渣打銀行二零一一年融資的條款。倘若發生違約事件，渣打銀行有權向本公司發出通知，即時要求支付或償還所有未償還的款項(包括所有累計利息)。

釋義

在本公告內，除文義另有所指外，下列詞彙之涵義如下：

「董事會」	指	董事會
「花旗」	指	Citigroup Global Markets Limited，為就票據發售及銷售的聯席牽頭經辦人兼聯席賬簿管理人之一
「本公司」	指	合景泰富地產控股有限公司，一家於開曼群島註冊成立之有限公司，其股份於聯交所主板上市
「董事」	指	本公司董事
「建築面積」	指	建築面積
「本集團」	指	本公司或其附屬公司
「香港」	指	中國香港特別行政區
「滙豐」	指	香港上海滙豐銀行有限公司，為就票據發售及銷售的聯席牽頭經辦人兼聯席賬簿管理人之一
「票據」	指	本公司將發行之擔保美元定息優先票據
「中國」	指	中華人民共和國，就本公告而言不包括香港、澳門特別行政區及台灣

「建議發行票據」	指	本公司建議進行之票據發行
「購買協議」	指	由(其中包括)本公司、花旗、滙豐、渣打銀行與附屬公司擔保人將就票據發行訂立之協議
「證券法」	指	經修訂之一九三三年美國證券法
「新加坡交易所」	指	新加坡證券交易所有限公司
「聯交所」	指	香港聯合交易所有限公司
「附屬公司擔保人」	指	擔保票據的本公司附屬公司
「美元」	指	美元
「%」	指	百分比

代表董事會
合景泰富地產控股有限公司
主席
孔健岷

香港，二零一一年三月二十三日

於本公告日期，本公司執行董事為孔健岷先生、孔健濤先生、孔健楠先生、李建明先生、徐錦添先生、何偉志先生及余耀勝先生；本公司獨立非執行董事為李嘉士先生、戴逢先生和譚振輝先生。

**Extract of Operation and Finance Data
of KWG Property Holding Limited
(As of 23 March 2011)**

RISK FACTORS

Risks Relating to Our Business

We are heavily dependent on the performance of the PRC property market, particularly in Guangzhou, Suzhou, Chengdu, Beijing, Tianjin, Shanghai and Hainan

Our business and prospects depend on the performance of the property market in the PRC. As of December 31, 2010, we had 25 projects at various stages of development located in Guangzhou, Suzhou, Chengdu, Beijing, Tianjin, Shanghai and Hainan, four of which were completed, and 21 of which were under development or held for future development. As of December 31, 2010, we had three completed projects and eight projects under development and held for future development in Guangzhou. Any property market downturn in the PRC generally or, in particular, in Guangzhou and other cities and regions where we operate, could adversely affect our business, results of operations and financial condition. We cannot assure you that the demand for new properties in Guangzhou and other regions and cities in China where we operate or intend to expand will continue to grow or that prices will not deteriorate. In addition, volatility in market conditions and fluctuations in property prices, as well as the demand for properties have been affected and will continue to be affected by the economic, social, political and other factors that are outside of our control and we cannot assure you that there will not be over-supply of properties or an economic downturn in the property sectors in Guangzhou and other cities and regions of China. Any such over-supply or economic downturn may result in a slow down in property sales or downward pressure on property prices regionally or nationwide. Any adverse development in the property market in Guangzhou or other regions and cities in China where we operate or may operate in the future could have a material and adverse effect on our business, results of operations and financial condition.

Our business, financial condition and results of operations have been and will continue to be dependent on the state of the PRC property market, particularly in Guangzhou, Suzhou, Chengdu, Beijing, Tianjin, Shanghai and Hainan, and our business may be affected by adverse developments in the supply and demand for properties or adverse change in property prices in the PRC. Any adverse development in the property market in the regions and cities in China where we operate or may operate in the future could have a material and adverse effect on our business, results of operations and financial condition.

Our business is subject to extensive governmental regulation and, in particular, we are susceptible to policy changes in the PRC property sector

Our business is subject to extensive governmental regulation and the macro-economic control measures implemented by the PRC government from time to time. As with other PRC property developers, we must comply with various requirements mandated by the PRC laws and regulations, including the policies and procedures established by local authorities designated to implement such laws and regulations. In particular, the PRC government exerts considerable direct and indirect influence on the development of the PRC property sector by imposing industry policies and other economic measures, such as control over the supply of land for property development, control of foreign exchange, property financing, taxation and foreign investment. Through these policies and measures, the PRC government may restrict or reduce land available for property development, raise benchmark interest rates of commercial banks, place additional limitations on the ability of commercial banks to make loans to property developers and property purchasers, impose additional taxes and levies on property sales and restrict foreign investment in the PRC property sector. In November 2010, the Ministry of Commerce (“MOFCOM”) promulgated the Notice on Strengthening Administration of the Approval and Registration of Foreign Investment into Real Estate Industry (關於加強外商投資房地產業審批備案管理的通知), which provides that, among other things, in the case that a real estate enterprise is established in China with overseas capital, it is prohibited to purchase and/or sell real estate properties completed or under construction for arbitrage purposes. The local MOFCOM authorities are not permitted to approve investment companies to engage in the real estate development and management. Restrictions imposed by the PRC government on foreign investment in the property sector may affect our ability to make further investments in our PRC subsidiaries and, as a result, may limit our business growth and have an adverse effect on our business, financial condition and results of operations.

The PRC government has announced a series of other recent measures designed to stabilize the growth of the PRC economy and to stabilize the growth of specific sectors, including the property market, to a more sustainable level.

- On April 17, 2010, the State Council issued the Notice on Resolutely Curbing the Rapid Rising of the House Price in Certain Cities (Guofa (2010) No. 10) (國務院關於堅決遏制部分城市房價過快上漲的通知), which stipulated that the down payment for the first property bought with mortgage loans that is larger than 90 sq.m. shall be not less than 30% of the purchase price, down payment for the second property bought with mortgage loans shall be not less than 50% of the purchase price and the loan interest rate shall be not lower than 110% of the benchmark lending rate published by the People's Bank of China (the "PBOC"). In certain areas where commodity residential properties are in short supply and prices rise too quickly, the banks may suspend mortgage loans for the third or further properties bought by mortgage applicants or to non-residents who cannot provide any proof of tax or social insurance payment for more than one year.
- On April 30, 2010, the Beijing Municipal Government issued the Circular on Implementation of the Notice on Containing the Excessive Hike of Property Price in Some Cities by the State Council (北京市人民政府貫徹落實國務院關於堅決遏制部分城市房價上漲文件的通知), under which one household is allowed to purchase only one new residential unit in Beijing.
- On May 18, 2010, the Guangzhou Municipal Government issued the Opinion on the Implementation of the Notice on Resolutely Curbing the Rapid Rising of the House Price in Certain Cities by the State Council. (關於貫徹落實國務院關於堅決遏制部分城市房價過快上漲的通知精神努力實現住有所居的意見), which reiterates and specifies the above regulations by the State Council.
- On May 19, 2010, the State Administration of Taxation (the "SAT") issued the Circular on Settlement of Land Appreciation Tax (關於土地增值稅清算有關問題的通知) to clarify and strengthen the settlement of the land appreciation tax. Furthermore, on May 25, 2010, the SAT issued the Notice on Strengthening the Collection of Land Appreciation Tax (關於加強土地增值稅徵管工作的通知), which requires that the minimum LAT prepayment rate shall be 2% for provinces in the eastern region, 1.5% for provinces in the central and northeastern regions, and 1% for provinces in the western region. If the LAT is calculated based on the authorized taxation method (核定徵收), the minimum taxation rate shall be 5% in principle. For more details, see "Regulations — Taxation in China — Land Appreciation Tax."
- On May 26, 2010, the Ministry of Housing and Urban-Rural Development (the "MOHURD"), PBOC, and the China Banking Regulatory Commission (中國銀行業監督管理委員會) (the "CBRC") jointly issued the Circular on Standardizing the Assessing Criteria of the Second Home for Personal Mortgage Loans (關於規範商業性個人住房貸款中第二套住房認定標準的通知), under which a stricter standard will be adopted in assessing whether a house to be bought is a second home when granting mortgage loans. The new standard will be based on property ownership, not mortgage history, and the unit for the number of the houses will be determined in terms of family (including the borrower, his spouse and minor children), rather than individuals. Home buyers are required to provide a registration record from the local housing registration system when applying for mortgage loans. If it is impossible to check the purchasing record, loan applicants are required to submit a certification listing the number of homes owned by the applicant's family. The banks will examine both the number of the homes owned by the applicant's family and the applicant's previous mortgage and purchasing record in order to counter speculative activities. The banks will define a loan applicant as a second-home buyer as long as the applicant has taken out a mortgage loan previously, or his family has a home ownership record in the housing registration system, or it is confirmed that his family has owned a property based on due diligence.
- On September 21, 2010, the Ministry of Land and Resources and the MOHURD jointly promulgated the Notice on Further Strengthening the Administration and Control of the Lands for Real Estates and the Construction of Real Estates (關於進一步加強房地產用地和建設管理調控的通知) to tighten the examination of qualifications of land bidders.

- On September 29, 2010, the PBOC and the CBRC jointly issued the Circular on Issues Concerning Improving Differentiated Housing Loan Policies (關於完善差別化住房信貸政策有關問題的通知), which raised the minimum down payment to 30% for all first home purchase with mortgage loans, and stipulates that for any family that uses loans to buy a second home, the down payment ratio shall not be lower than 50% and loan interest rate shall not be lower than 1.1 times the benchmark loan interest rate, and all commercial banks shall suspend issuing housing loans to home buyers whose family members already own two or more housing properties and to non-local residents who cannot provide evidence showing that they have paid taxes or social insurance contributions for more than one year.
- On November 2, 2010, the Ministry of Finance, the MOHURD, the CBRC and the PBOC jointly issued the Circular on Issues Concerning Policies on Regulation of Personal Housing Provident Fund Loan (關於規範住房公積金個人住房貸款政策有關問題的通知), which provides that where personal housing provident fund loan is used to buy the first ordinary self-use house and the floor area of the house is no more than 90 sq.m., the down-payment proportion shall not be lower than 20%; where the floor area of the house is more than 90 sq.m., the down-payment proportion shall not be lower than 30%. Only the housing provident fund-paying families whose floor area per capita is less than local average shall have access to personal housing provident fund loan which is used to buy the second house, and the loan shall be used to buy ordinary self-use house so as to improve dwelling conditions. Where the personal housing provident fund loan is used to buy the second house, the down-payment proportion shall not be lower than 50%, and the interest rate of such loan shall not be less than 1.1 times of the interest rate of the personal housing provident fund loan for the purchase of the first house. Personal housing provident fund loan for the purchase of a third or more houses by housing provident fund-paying families shall be suspended.
- On January 26, 2011, the General Office of the State Council issued the Notice concerning Further Strengthening the Macroeconomic Control of the Real Property Market (進一步做好房地產市場調控工作有關問題的通知), which, among others, raised the minimum down payment for second house purchases from 50% to 60%, with the minimum lending interest rate at 110% of the benchmark rate. Furthermore, many cities have promulgated measures to restrict the number of houses one family is allowed to newly purchase in order to implement the aforesaid Notice, such as Guangzhou, Tianjin, Beijing, Shanghai, Suzhou, Qingdao, Jinan, Chengdu and Foshan. In order to implement the central government's requirement, other cities in China where our property projects are located may also issue similar restrictive measures in the near future which may impose adverse effects on our business.
- The State Council also recently approved, on a trial basis, the launch of a new property tax scheme in selected cities. The detailed measures will be formulated by the governments of the pilot provinces, autonomous regions or municipalities directly under the central government. On January 27, 2011, the governments of Shanghai and Chongqing issued their respective measures for implementing pilot property tax schemes, which became effective on January 28, 2011. See "Regulations — Taxation in China — Property Taxes." These two governments may issue additional measures to tighten the levy of property tax. It is also expected that more local governments will follow Shanghai and Chongqing in imposing property tax on commodity properties. The imposition of property tax on commodity properties will increase the purchasing cost of properties and is expected to have a negative impact on demand for properties in China, which in turn could have a material adverse effect on our business, financial condition and results of operations. We cannot assure you that property development and investment activities will continue at past levels or that there will not be an economic downturn in the property markets in the regions and cities where we operate.

Many of the property industry policies carried out by the PRC government are unprecedented and are expected to be amended and revised over time. Other political, economic and social factors may also lead to further adjustments and changes of such policies. We cannot assure you that the PRC government will not adopt additional and more stringent industry policies, regulations and measures in the future.

If we fail to adapt our operations to new policies, regulations and measures that may come into effect from time to time with respect to the real property industry, or such policy changes disrupt our business, reduce our sales or average selling prices, or cause us to incur additional costs, our business prospects, results of operations and financial condition may be materially and adversely affected.

You should read the various risk factors under the section entitled “— Risks Relating to the Property Industry in China — The PRC government may adopt further measures to slow down growth in the property sector” below for more information relating to these risks and uncertainties.

Our results of operations may vary significantly from period to period

Our results of operations may vary significantly from period to period, due to a number of factors, including the timetables of our property development projects, the timing of the sale of properties that we have developed, our revenue recognition policies and any volatility in expenses such as raw material costs. The overall schedules of our property development and the number of properties that we can develop or complete during any particular period are limited as a result of the substantial capital required for the acquisition of land, demolition and resettlement and construction. The sale of properties we develop is subject to general market or economic conditions in the areas where we conduct our business and the level of acceptance of our properties by prospective customers. According to our accounting policy, we recognize revenue upon the completion and delivery of the properties to purchasers, which may typically take up to two years after the commencement of pre-sales. Therefore, in periods in which we pre-sell a large aggregate GFA, we may not generate a correspondingly high level of revenue if the properties pre-sold are not delivered within the same period. In addition, our business depends on obtaining adequate supplies of raw materials and is subject to fluctuation in the market prices of raw materials. The prices that we pay for raw materials may increase due to increased industry demand, inflation, higher fuel and transportation costs and other factors. We will continue to experience significant fluctuations in revenue and profit from period to period in connection with our property development business. We therefore believe that period-to-period comparisons of our operating results may not be as meaningful as they would be for a company with more stable recurring revenue.

We may not always be able to obtain land reserves that are suitable for development

We derive our revenue principally from the sale of properties that we have developed. Therefore, we must maintain or increase our land reserves in strategic locations at an appropriate pace in order to ensure sustainable business growth. Based on our current rate of property development, we believe we have sufficient land reserves for development for the next several years. To have a steady stream of developed properties available for sale and support sustainable growth, we need to replenish and increase our land reserves with additional land suitable for development.

Our ability to identify and acquire suitable development sites is subject to a number of factors, some of which are beyond our control. The supply of substantially all of the land in China is controlled by the PRC government. The land supply policies adopted by the PRC government directly impact our ability to acquire land use rights for development and our costs of such acquisitions. In recent years, the PRC central and local governments have implemented various measures to regulate the means by which property developers may obtain land. The PRC government also controls land supply through zoning, land usage regulations and other means. All these measures further intensify the competition for land in China among property developers. In 2002, the PRC government introduced a nationwide system of mandatory public tender, auction or listing-for-sale for the grant of land use rights for commercial use, tourism, entertainment and commodity property development. In 2007, the Ministry of Land and Resources of the PRC (the “Ministry of Land and Resources”) issued revised Rules on the Grant of State-owned Land Use Rights through Public Tender, Auction and Listing-for-sale (招標拍賣掛牌出讓國有建設用地使用權規定), which further stipulate legal and procedural requirements on the means by which state-owned land use rights can be granted by the PRC government for industrial purposes, commercial purposes, tourism, entertainment and commodity property development, and require that the land premium must be paid in full to the local land administration bureau pursuant to the underlying land grant contract before the land use rights certificate can be issued to the land user. For more details, see “— Risks Relating to the Real Estate Industry in China — The PRC government may adopt further

measures to slow down growth in the property sector.” The PRC government’s policy to grant state-owned land use rights at competitive market prices is likely to increase the acquisition cost of land reserves generally in the PRC.

In addition, in September 2010, the Ministry of Land Resources and the MOHURD, jointly issued the Notice on Further Strengthening the Administration and Control of Real Estate Land and Construction (關於進一步加強房地產用地和建設管理調控的通知), which stipulates, among other things, that the planning and construction conditions and land use standards should be specified when a parcel of land is to be granted, and the restrictions on the area of any parcel of land granted for commodity properties should be strictly implemented. The development and construction of large low-density residential properties should be strictly restricted, and the plot ratio for residential land is required to be more than 1:1. In addition, a property developer and its shareholders will be prohibited from participating in any bidding to acquire additional land until any illegal behavior in which it has engaged, such as leaving its land idle for more than one year, has been completely rectified. The implementation of these regulations may increase land transfer prices and require property developers to maintain a higher level of working capital.

If we fail to acquire sufficient land reserves in a timely manner and at acceptable terms, or at all, our business, prospects, results of operations and financial condition may be materially and adversely affected.

We may not always be able to obtain land use rights certificates with respect to certain parcels of land in connection with which we have entered into various contractual arrangements

We may not be able to obtain land use rights certificates with respect to certain parcels of land. Under current PRC land grant policies, the relevant authorities will not issue the formal land use right certificate for a piece of land until the developer has paid the land premium in full, completed the resettlement process and is in compliance with other land grant conditions, and the land use rights for properties and lands will not be formally vested until corresponding land use right certificates have been issued. As of December 31, 2010, there were several parcels of land related to The Sapphire, Foshan Project, Chengdu Jinjiang Project, Shanghai Jiading E-06 Project, Shanghai Pudong Project, Tianjin Jinnan Project and Lie De Project, for which we have been issued or entered into land grant confirmation letters or land grant contracts but have not obtained the land use rights certificates. In connection with these land acquisitions, as of December 31, 2010, we had paid land premium in the aggregate amount of RMB7,376.9 million (US\$1,117.7 million) and had outstanding commitments totaling approximately RMB2,459.0 million (US\$372.6 million).

We cannot assure you that we will enter into formal land grant contracts, or that the relevant PRC government authorities will grant us the appropriate land use rights or issue the relevant land use rights certificates in respect of these parcels of land or in respect of other land we may contract to acquire in the future, in a timely manner, or at all. Nor can we assure you that our contractual arrangements will eventually result in our acquisition of any land use rights. As these contractual arrangements are subject to various government approvals that involve relatively complex procedures, it is not uncommon to take years to complete the acquisition of the underlying land, if at all. If we fail to obtain, or experience material delay in obtaining, the land use rights certificates with respect to any parcels of land we have contracted or may contract to acquire in the future, in a timely manner, or at all, our business, results of operations and financial condition may be materially and adversely affected. Furthermore, we cannot assure you that if the transactions as contemplated in the relevant agreement cannot be completed, any refund of our prepayments will be provided in a timely manner or at all. If we fail to obtain refunds, our financial condition, cash flow and results of operations may be materially and adversely affected.

Restrictions on the payment terms for land use rights may adversely affect our financial condition

The fiscal and other measures adopted by the PRC government from time to time may limit our flexibility and ability to use bank loans to finance our property developments and therefore may require us to maintain a relatively high level of internally-sourced cash. In November 2009, the PRC government raised the minimum land premium down payment to 50%. In March 2010, this requirement was further tightened. The PRC government set the minimum land premium at no less than 70% of the benchmark price of the locality where the parcel of land is granted, and the bidding deposit at not less than 20% of the minimum land premium. Additionally, a land grant contract must be entered into within 10 working days after the land grant deal is closed, and the down payment of 50% of the land premium is to be paid within

one month of signing the land grant contract, with the remainder to be paid in full within one year of the date of the land grant contract, subject to limited exceptions. Such change of policy may constrain our cash otherwise available for additional land acquisition and construction. We cannot assure you that we will have adequate resources to fund land acquisitions (including any unpaid land premiums for past acquisitions), or property developments.

In 2007, the Ministry of Land and Resources issued revised “Rules regarding the Grant of State-owned Land Use Rights for Construction by Way of Tender, Auction and Listing-for-sale” (招標拍賣掛牌出讓國有建設用地使用權規定), which provides that property developers must fully pay the land premium for the entire parcel under the land grant contract before they can receive a land use rights certificate and commence development on the land. This regulation became effective on November 1, 2007. As a result, property developers are not allowed to bid for a large piece of land, make partial payment, and then apply for a land use rights certificate for the corresponding portion of land in order to commence development, which had been the practice in many Chinese cities. The implementation of such regulation requires property developers to maintain a higher level of working capital, which may have a material adverse effect on our cash flow position, financial condition and business plans.

We may not have adequate financing to fund our land acquisitions and property projects

Property development is capital intensive. We finance our property projects primarily through a combination of internal funds, project loans from banks, capital contributions from shareholders, proceeds from pre-sales and sales of our developed properties and other financing sources such as our issuance of the 2010 Notes. See “Description of Material Indebtedness and Other Obligations — 2010 Notes”. As of December 31, 2010, our total bank loans amounted to RMB10,713.3 million (US\$1,623.2 million). Our ability to procure adequate and suitable financing for acquisitions of land or companies and property developments depends on a number of factors that are beyond our control, including general economic conditions, our financial strength and performance, credit availability from financial institutions, financing costs and monetary policies in China.

The PRC government has in recent years implemented a number of measures to control money supply and credit availability for fixed asset investments, particularly with respect to the property development sector. For example:

- The PBOC has prohibited commercial banks from granting loans to property developers to pay land premiums since June 2003;
- The PBOC has restricted PRC commercial banks from granting project loans for the development of luxury residential properties since 2003;
- The MOHURD (also known as the “Ministry of Construction”) (中華人民共和國住房和城鄉建設部) and other PRC government authorities jointly issued the Opinions on Adjusting the Housing Supply Structure and Stabilizing the Housing Prices (關於調整住房供應結構穩定住房價格的意見) in May 2006, which, among other things,
 - restrict the grant or extension of revolving credit facilities to property developers that hold a large amount of idle land and vacant commodity properties; and
 - prohibit commercial banks from taking commodity properties that have been vacant for more than three years as security for their loans;
- The State Administration of Foreign Exchange of the PRC (the “SAFE”) issued the Notice Regarding the Publication of the List of the First Batch of Property Development Projects with Foreign Investment that Have Properly Registered with the Ministry of Commerce (關於下發第一批通過商務部備案的外商投資房地產項目名單的通知) in July 2007, which, among other things,
 - effectively prohibits offshore funding to Foreign Invested Real Estate Enterprises (“FIREEs”) in the form of loans after June 1, 2007; and

- restricts the ability of FIREEs to raise funds by increasing registered capital; and
- The PBOC and the CBRC jointly issued the Circular on Strengthening the Administration of Commercial Real Estate Credit Loans (關於加強商業性房地產信貸管理的通知) in September 2007, which, among other things,
 - prohibits commercial banks from granting loans to property projects if the developer's own capital is less than 35% of the total investment amount;
 - prohibits commercial banks from granting loans to property projects that have not obtained land use rights certificates, construction land planning permits, construction works planning permits and construction works commencement permits;
 - requires that commercial bank loans to property developers be classified as real estate development loans and not as general working capital loans; and
 - requires that real estate development loan proceeds may only be used for developments in the local city where the loan is originated.
- In November 2009, the PRC government raised the minimum down-payment of land premium to 50% and now requires the land premium to be fully paid within one year after the signing of a land grant contract, subject to limited exceptions; and
- In March 2010, the Ministry of Land and Resources of PRC stipulated that the minimum down payment of land premium of 50% should be paid within one month after the signing of a land grant contract and the rest of the land premium should be fully paid within one year after the signing of a land grant contract.

On January 3, 2008, the State Council issued a Notice on Promoting the Economic Use of Land (關於促進節約集約用地的通知) with respect to the collection of additional land premium, establishment of a land utilization priority planning scheme and the formulation of a system for assessing the optimal use of land and other measures. The notice calls for the full and effective use of existing construction land and the preservation of farm land. The notice also emphasizes the enforcement of the current rules on assessing idle land fees at a rate equal to 20% of the land premium for any land left idle for over one year but less than two years. The notice also urges financial institutions to exercise caution when they review loan applications from property developers that have failed to complete development of at least one-third of the land area or to invest at least 25% of the total investment within one year of the construction date provided in the land grant contract. The notice states that a value-added land premium will be levied on the idle land, especially on those used for property development, and the relevant rules will be formulated jointly by the Ministry of Land and Resources and other authorities. The notice indicates that the relevant governmental authorities will formulate and issue additional rules and regulations on these matters.

In addition, the PBOC has adjusted the reserve requirement ratio for commercial banks six times in 2010 and three times in 2011. The reserve requirement ratio currently ranges from 16.5% to 20% with effect from March 25, 2011. Such increases may negatively impact the amount of funds available to lend to business, including us, by commercial banks in China. The PRC government could also introduce other initiatives that may further limit our access to capital, and/or consequently reduce our flexibility and ability to use bank loans or other forms of financing to finance our acquisitions and property developments. For example, in April 2010, the State Council issued the Notice on Resolutely Curbing the Excessive Hike of Property Prices in Some Cities (國務院關於堅決遏制部分城市房價過快上漲的通知), which mandates that developers who hold idle land or speculate in land will not be granted bank loans for the development of new property projects. In September 2010, PBOC and CBRC jointly issued a notice to prohibit banks from lending to any property developer for its new projects or renewal of its existing loans if such developer has a track record of maintaining idle land, changing the use and nature of land without proper approval, delaying the construction, commencement or completion date, hoarding properties or other non-compliance.

These government actions and policy initiatives limit our ability to use bank loans to finance our acquisitions and property development projects. The PRC government, moreover, could introduce other initiatives which may further limit our access to capital, and consequently limit our ability to obtain bank loans, the net proceeds from the offering of the Notes or other forms of financing. If we fail to secure adequate financing or renew our existing credit facilities prior to their expiration, or if the PRC government adopts further restrictive credit policies in the future, our business, results of operations and financial condition may be materially and adversely affected.

Our LAT provisions and prepayments may not be sufficient to meet our LAT obligations

In accordance with the provisions of the Provisional Regulations of the People's Republic of China on Land Appreciation Tax ("LAT") (中華人民共和國土地增值稅暫行條例) and the related implementation rules, all entities and individuals that receive income from the sale or transfer of land use rights, buildings and ancillary facilities are subject to LAT at progressive rates ranging from 30% to 60% of the appreciated value of such properties. The PRC government issues rules and regulations in respect of LAT, including rules and regulations relating to assessable rates, the deductibility of certain expenses and the collection and settlement of LAT. In addition, the PRC Government has determined that provincial and local tax bureaus may formulate their own implementing rules and determine how LAT will be settled in their jurisdiction. For more details, see "Regulations — Taxation in China — Land Appreciation Tax." There is an exemption for the sale of ordinary residential properties if the appreciated value does not exceed 20% of the total deductible expense items allowed under the relevant LAT regulations. This exemption is not available for sales of luxury residential properties, villas and commercial properties. It is not clear whether the residential portion of our mixed residential and commercial developments will be eligible for the exemption available to ordinary residential properties.

We make LAT prepayments and provisions in respect of our property development activities. See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Critical Accounting Policies — LAT" in this document. We cannot assure you that the relevant tax authorities will agree with our calculation of LAT liabilities nor can we assure you that the LAT provisions will be sufficient to cover our LAT obligations in respect of our past LAT liabilities. If the relevant tax authorities, in particular, the local tax bureau of Guangzhou and other cities and regions where we operate our business, determine that our LAT liabilities exceed our LAT prepayments and provisions, and seek to collect that excess amount immediately, our cash flow, results of operations and financial condition may be materially and adversely affected.

We experienced net cash outflows from operating activities in 2008 and 2009 and maintain a significant amount of indebtedness, which may materially and adversely affect our liquidity and our ability to service our indebtedness

We had a net cash outflow from operating activities of RMB4,711.7 million in 2008 and RMB398.0 million in 2009. We experienced consistent net operating cash outflows in 2008 and 2009, principally because during those periods we committed substantial resources to the development of new properties under development.

We maintain a significant amount of indebtedness to finance our operations. As of December 31, 2008, 2009 and 2010, our total bank loans was RMB5,994.2 million, RMB8,645.5 million and RMB10,713.3 million (US\$1,623.2 million), respectively. We also finance some of our property developments with trust financing. See "Description of Material Indebtedness and Other Obligations — Trust Finance Arrangements." Our gearing ratio, calculated as net borrowings (total bank loans and senior notes net of cash and cash equivalents and restricted cash) divided by total equity, was 50.3%, 48.4% and 47.7% as of December 31, 2008, 2009 and 2010, respectively. Of our total outstanding bank loans of RMB10,713.3 million (US\$1,623.2 million) as of December 31, 2010, RMB2,281.7 million (US\$345.7 million) was repayable within 12 months and RMB8,431.6 million (US\$1,277.5 million) was repayable in more than one year.

Our cash flow and results of operations of our operating subsidiaries will affect our liquidity and our ability to service our indebtedness, including the Notes. We cannot assure you that we will be able to continue to generate and maintain sufficient cash flow to service our indebtedness. If we are unable to make scheduled payments in connection with our debts and other fixed payment obligations as they

become due, we may need to refinance such obligations or obtain additional financing. Furthermore, the Notes and some of our bank loans contain cross default provisions under which default in one such loan could trigger a default on the Notes or one or more of the other bank loans as well. We cannot assure you that we will be able to successfully refinance our existing indebtedness or that we will be able to secure additional financing on acceptable terms, on a timely basis, or at all. If we fail to maintain sufficient cash flow to service our indebtedness or our refinancing efforts are unsuccessful, our liquidity, business, and financial condition will be materially and adversely affected.

In addition to bank loans, we rely on proceeds from the pre-sale of our properties as a major source of funding for our property development activities. If our pre-sales are limited or reduced for any reason, including policy or regulatory changes, a reduction in demand for or in the prices of our properties, or delays in our property development schedule, we could experience cash flow shortfalls and difficulties in funding our property development activities and servicing our indebtedness.

The global economic slowdown, crisis in the global financial markets and volatility of the property prices have negatively impacted, and may continue to negatively impact, our results of operations, business and our ability to obtain necessary financing for our operations

The recent global economic slowdown and turmoil in the global financial markets beginning in the second half of 2008 had a negative impact on the PRC economy, which in turn has affected the PRC property market. For example:

- we experienced a decrease in pre-sales in the second half of 2008 primarily due to the unfavorable property market conditions as a result of the recent global economic slowdown; the economic slowdown and tightened credit conditions resulted in lower demand for residential and commercial properties and declining property prices;
- the economic slowdown adversely impacted home owners and potential property purchasers, which led to a decline in the general demand for property products and an erosion of their selling prices; and
- the tightening of credit negatively impacted the ability of property developers and potential property purchasers to obtain financings.

As a result, revenue from our property development segment and GFA sold decreased in 2008.

Although global economic conditions have improved significantly and certain parts of the PRC property market showed signs of recovery in 2010 due in large part to stimulus measures adopted by the PRC government, we cannot assure you that the property market will continue to recover or that the PRC government will maintain its stimulus measures, nor can we predict as to how long the recent economic slowdown may last and to what extent it may impact us. If the nascent economic recovery fails to continue or if an economic slowdown were to return, the demand for our products, our average selling prices, and the fair value of our properties and investments and our ability to obtain necessary financing for our operations could be materially and adversely affected, which in turn would negatively impact our business, financial condition, results of operations and prospects.

We may be adversely affected by the performance of third-party contractors

We engage third-party contractors to provide various services, including piling and foundation, construction, facilities installation, interior decoration and electromechanical installation. We generally select independent contractors through an open tender process. We cannot assure you that the services rendered by any of these independent contractors or subcontractors will always be satisfactory or meet our quality and safety standards. If the performance of any independent contractor is not satisfactory, we may need to replace such contractor or take other actions to remedy the situation, which could adversely affect the cost and construction progress of our projects. Further, the completion of our property developments may be delayed, and we may incur additional costs due to a contractor's financial or other difficulties. In addition, we are expanding our business into other regions in China, and there may be a shortage of contractors that meet our quality requirements in such markets. Moreover, contractors may undertake projects for other developers, engage in risky or unsound practices or encounter financial or other

difficulties, which may affect their ability to complete their work for us on time or within budget. Any of these factors could have a material adverse effect on our business, financial condition and results of operations.

If we are not properly insulated from the rising cost of labor or construction materials, our results of operations may be adversely affected

As the result of economic growth and the boom in the property industry in the PRC, wages for construction workers and the prices of construction materials have experienced substantial increases in recent years. In addition, the PRC Labor Contract Law (中華人民共和國勞動合同法), that came into effect on January 1, 2008, and its implementing rule enhanced the protection for employees and increased employers' liability which may further increase our labor costs. Under the terms of most of our construction contracts, the construction contractors are responsible for the wages of construction workers and procuring construction materials for our property development and bear the risk of fluctuations in wages and construction material prices during the term of the relevant contract. However, we are exposed to the price volatility of labor and construction materials to the extent that we periodically enter into new or renew existing construction contracts at different terms during the life of a project, which may span over several years, or if we choose to hire the construction workers directly or purchase the construction materials directly from suppliers. Furthermore, we typically pre-sell our properties prior to their completion and we will be unable to pass the increased costs on to purchasers of our properties if the construction costs increase subsequent to the time of such pre-sale. If we are unable to pass on any increase in the cost of labor or construction materials to either our construction contractors or to the purchasers of our properties, our results of operations may be negatively affected. In addition, increased cost of the properties as a result of the increase in the cost of labor or construction materials may reduce our revenue since purchasers may be less willing to purchase our properties.

Disputes with joint venture partners or our project development partners may adversely affect our business

We have developed certain projects jointly with other entities through joint ventures or cooperation agreements. See "Business — Property Development — Financing of Property Developments."

Our joint venture partners or project development partners may:

- have economic or business interests or goals that are inconsistent with ours;
- take actions contrary to our instructions or requests or contrary to our policies or objectives;
- be unable or unwilling to fulfill their obligations under the relevant joint venture or cooperation agreements; or
- have financial difficulties.

Additionally, a disagreement with any of our joint venture partners or project development partners in connection with the scope or performance of our respective obligations under the project or joint venture or cooperation arrangement could affect our ability to develop or operate a property. Our joint venture partners or project development partners may be unable or unwilling to perform their obligations under the relevant agreements, including their obligation to make required capital contributions and shareholder loans, whether as a result of financial difficulties or otherwise. A serious dispute with our joint venture partners or project development partners or the early termination of our joint venture or cooperation arrangements could adversely affect our business, financial condition and results of operations.

Should a situation arise in which we cannot complete a project being jointly developed with our joint venture partners or property development partners, due to one of the above reasons or for any other reason, the rights and obligations of each party with respect to the uncompleted project will be determined by the relevant joint venture or cooperation agreements. If such agreements are silent or inconclusive with regard to such rights and obligations, the resolution of any dispute may require arbitration or, failing that, litigation, which could have an adverse effect on our business, results of operations and financial

condition. See “— Risks Relating to Our Business — We may be involved from time to time in disputes, administrative, legal and other proceedings arising out of our operations and may face significant liabilities as a result.”

In the event that we encounter any of the foregoing problems with respect to our joint venture partners or project development partners, our business, financial condition and results of operations may be materially and adversely affected.

Our results of operations may be affected by the performance and reputation of, and any adverse developments relating to, the hotel management partners that manage our hotels and serviced apartments

We have entered into management agreements with Starwood Hotels Group, an internationally renowned hotel management group. Pursuant to these agreements, Starwood Hotels Group will provide hotel and serviced apartment operation and management services to W Guangzhou Hotel, Huadu Sheraton Resort and Four Points by Sheraton Guangzhou, Dongpu. We also intend to engage other international hotel management companies to manage our future hotel developments. See “Business — Hotel Management.” Therefore, our results of operations may be affected by the performance of these hotel management partners, as well as any adverse publicity or other adverse developments that may affect these companies or their brands generally. For example, under the terms of the management agreements with the Starwood Hotels Group, the Starwood Hotels Group will control the daily operations of our hotels and serviced apartments. Although we intend to monitor our hotel management partners’ performance and although we participate in making operating and financial management decisions, we typically do not have the direct authority to require any hotel or serviced apartment to be operated in a particular manner or to influence any particular aspect of the daily operations of any hotel or serviced apartment (for instance, setting room rates or managing personnel). Thus, even if we believe our hotels and serviced apartments are being operated inefficiently or in a manner that does not result in optimal or satisfactory occupancy rates, operating profit margins or other performance indicators, we may not be able to require the hotel management partners to change the way they manage our hotels and serviced apartments. Any disagreement between our hotel management partners and us in respect of the management of our hotels and serviced apartments and any adverse publicity or other adverse developments that may affect the brand image of the hotel brands held by the hotel management partners in general may adversely affect the performance of our hotels and serviced apartments, and as a result, our results of operations. In addition, in the event that we wish to replace any of our hotel management partners, we may be unable to do so under the terms of our management agreements or we may need to pay substantial termination fees and may experience disruptions at the relevant hotels and serviced apartments. The effectiveness and performance of the hotel management partners in managing our hotels and serviced apartments will, therefore, significantly affect the revenue, expenses and value of our hotels and serviced apartments.

Our objectives may conflict from time to time with the objectives of our hotel management partners, which may adversely impact the operations and results of operations of our hotels and serviced apartments

The hotel management partners that operate our hotels and serviced apartments have no exclusive arrangements with us and own, operate or franchise properties other than our properties, including properties that may compete with our properties. Therefore, our hotel management partners may have interests that differ from or conflict with our own with respect to short-term or long-term goals and objectives. These differences may be significant depending upon many factors, including the remaining term of our management or tenancy agreement, trade area restrictions with respect to competition or differing policies, procedures or practices. Any of these factors may adversely impact the operations and results of operations of our hotels and serviced apartments, which could harm our business, financial condition and results of operations.

The hotel industry is dependant on the levels of business and leisure travel, demand for and supply of hotel rooms and other factors

A number of factors, many of which are common to the hotel industry and are beyond our control, could affect our business, including the following:

- adverse economic conditions;

- dependence on business, commercial and leisure travelers and tourism;
- dependence on meeting and conference business;
- the impact of acts of war or increased tensions between certain countries, increased terrorism threats, terrorist events, impediments to means of transportation (including airline strikes, road closures and border closures), extreme weather conditions, natural disasters, outbreaks of diseases and health concerns, rising fuel costs or other factors that may affect travel patterns and reduce the number of business and leisure travelers;
- adverse effects of international market conditions, which may diminish the demand for first class and luxury leisure travel or the need for business travel, as well as national, regional and local political, economic and market conditions where our hotels operate and where our customers live;
- increased competition and periodic local oversupply of guest accommodation, which may adversely affect occupancy rates and room rates;
- increases in operating costs due to inflation, labor costs (including the impact of unionization), workers' compensation and health-care related costs, utility costs (including energy costs), increased taxes and insurance costs, as well as unanticipated costs such as acts of nature and their consequences and other factors that may not be offset by increased room rates;
- seasonality in travel patterns;
- changes in interest rates and in the availability, cost and terms of debt financing; and
- changes in governmental laws and regulations (including trade restrictions), fiscal policies and zoning ordinances and the related costs of compliance.

These factors could have a material adverse effect on our hotel operations, which in turn will affect our financial condition and results of operations.

We incur significant construction and capital expenditures for development and renovation of investment properties and hotels and certain fixed costs in relation to hotel and rental property operations

Unlike properties developed for sale which can be pre-sold (subject to applicable PRC laws relating to pre-sales) to finance other property developments, our investment properties and hotels require significant upfront capital expenditures but generate no cash inflow until the development has been completed and the hotel operation or the lease with respect to the relevant investment properties commences. In addition, our existing investment properties and hotels, and all of our future investment properties and hotels, will require continuing capital expenditures associated with renovations and other capital improvements, some of which are mandated by health, safety or other regulations or by the hotel management partners. The cost of construction and capital improvements could have a material adverse effect on our business, financial condition and results of operations. The fixed costs associated with owning hotels and investment properties, including rental property operating and maintenance expenses, hotel operating and maintenance expenses, taxes, other fees and payments, may be significant. There may not be sufficient and consistent market demand for hotels and rental properties in our target markets. We may be unable to reduce the fixed costs in a timely manner in response to a decline in demand for our hotel services or investment properties for rental, and any failure to adjust our fixed costs may adversely affect our business, financial condition and results of operations. Moreover, our hotels and investment properties may be subject to increases in operating and other expenses due to adverse changes in contractual terms and increases in tax rates, utility costs, operating expenses, insurance costs, repairs and maintenance and administrative expenses, which could materially adversely affect our business, financial condition and results of operations.

We may not be able to effectively manage our expansion and growth

While we have historically focused on developing properties in Guangzhou, we have expanded into other cities such as Suzhou, Chengdu, Beijing, Shanghai, Tianjin and Hainan, and intend to further explore other promising markets in China. Our expansion is based on our forward-looking assessment of market prospects. We cannot assure you that our assessments will turn out to be accurate. In addition, to succeed with our business expansion, we will need to recruit and train new managers and other employees and build our operations and reputation in our target regional markets within a relatively short period of time. We have limited knowledge of the conditions of these local property markets and little or no experience in property development in these regions. As we enter new markets, we may not have the same level of familiarity with contractors, business practices and customs and customer tastes, behavior and preferences as compared to the cities where we are an established property developer. In addition, when we enter new geographical areas, we may face intense competition from developers with an established presence and market share in those areas. Therefore, we cannot assure you that we can successfully execute our contemplated expansion plan or that we will succeed in effectively integrating our expanded operations, or that our expanded operations will generate adequate returns on our investments or positive operating cash flows. Furthermore, our business expansion may place a substantial strain on our managerial and financial resources. Any failure in effectively managing our expanded operations may materially and adversely affect our business, prospects, results of operations and financial condition.

We may not be successful in leveraging our past experience in residential property development to expand to our new hotel, serviced apartments, and investment property businesses

We are entering into hotel, serviced apartments, and investment property businesses, namely the development and management of office buildings, serviced apartments and hotels. We completed our first office building, the International Finance Place, in 2007. In September 2009, we opened our Four Points by Sheraton Guangzhou, Dongpu, located in Tianhe Dongpu, Guangzhou and are currently developing two high-end star-rated hotels in Guangzhou, namely, W Guangzhou Hotel and Sheraton Huadu Resort, and one serviced apartment. In addition, we are planning to develop six other high-end star-rated hotels and six high-end shopping malls located in various cities including Guangzhou, Suzhou, Chengdu and Hainan. However, our experience as a residential property developer may not be applicable to the development of these types of investment properties. We cannot assure you that we will be able to leverage our past experience to face the challenges in these new investment property businesses. We rely and will continue to rely on third-party property management companies to conduct the daily operation of these serviced apartments and hotels. If their performance is not satisfactory to our guests or tenants, the occupancy rate and/or rental value for our hotels and serviced apartments may decrease, and thus adversely affect our results of operations and our reputation. We also may not be able to reduce the costs associated with the management of hotels and serviced apartments in a timely manner in response to changes in demand for those properties. Furthermore, the performance of our investment properties is subject to various factors beyond our control, such as the economic conditions and the level of business activities, business travel and tourism in the region. There may not be sufficient and consistent market demand for high-end hotels, serviced apartments, and office space in Guangzhou and our other target markets in the PRC, and, as a result, our results of operations in these new segments may not be profitable or generate recurring income or cashflow as we expect, and could even operate at a loss.

The fair value of our investment properties is likely to fluctuate from time to time and may decrease significantly in the future, which may materially and adversely impact our results of operations

We are required to reassess the fair value of our investment properties as of each balance sheet date. In accordance with HKFRS, gains or losses arising from changes in the fair value of our investment properties should be accounted for in our statements of comprehensive income in the period in which they arise. Our investment properties were revalued by an independent property valuer as of December 31, 2008, 2009 and 2010, respectively, on an open market for existing use basis which reflected market conditions at those dates. Based on such valuation, we recognized the aggregate fair market value of our investment properties on our consolidated statements of financial position, and recognized changes in fair values of investment properties and the relevant deferred tax on our consolidated statements of comprehensive income. In 2008, 2009 and 2010, the fair value gains (losses) on our investment properties, net of deferred tax, were RMB(17.7) million, RMB45.5 million and RMB2.9 million (US\$0.4 million), respectively, and accounted for approximately (4.8)%, 6.3% and 0.2%, respectively, of our profit for the respective years.

Fair value gains or losses do not, however, change our cash position as long as the relevant investment properties are held by us, and accordingly do not increase our liquidity in spite of the increased profit represented by any fair value gains. The amount of revaluation adjustments has been, and will continue to be, subject to market fluctuations. Macroeconomic factors, including economic growth rate, interest rate, inflation rate, urbanization rate and disposable income level, in addition to any government regulations, can substantially affect the fair value of our investment properties and affect the supply and demand in the PRC property market. We recorded fair value losses on investment properties of approximately RMB23.6 million in 2008. All these factors are beyond our control and we cannot assure you that changes in market conditions will continue to create fair value gains on our investment properties at the historical levels, or at all, or that the fair value of our investment properties will not decrease in the future. If the fair value of our investment properties declines, our profitability could be materially and adversely affected.

We have mortgaged certain properties and pledged shares in certain subsidiaries to secure our borrowings

We have mortgaged certain of our properties and pledge shares in certain subsidiaries to secure some of our general banking facilities. If we default on such banking facilities, the lenders may foreclose such properties we mortgage and shares in subsidiaries we pledge. Although the terms of our indebtedness limits our ability to do so, we cannot assure you that we will not mortgage our properties or pledge shares in subsidiaries to secure our borrowings in the future. Nor can we assure you that we will not default on any of our borrowings in the future.

We guarantee mortgage loans of our customers and may be liable to the mortgagee banks if our customers default on their mortgage payments

The purchasers of our properties may need mortgage loans to purchase our properties, and we typically arrange for various banks to provide these mortgage loans. In accordance with market practice, the mortgagee banks require us to guarantee our customers' mortgage loans. Typically, our guarantee obligations for such customers' mortgage loans are released upon the earlier of (i) the satisfaction of the mortgage loan by the purchaser of the property; and (ii) the issuance of the property ownership certificate for the mortgaged property. If a purchaser defaults on a mortgage loan guaranteed by us we may have to repay the mortgage loan. If we fail to do so, the mortgagee bank may foreclose the underlying property and recover any balance from us as the guarantor of the defaulted mortgage loan. In line with industry practice, we rely on the credit analysis performed by the mortgagee banks in respect of individual customers and we do not conduct any independent credit checks on them.

As of December 31, 2008, 2009 and 2010, our outstanding guarantees for the mortgage loans of our customers amounted to RMB1,624.9 million, RMB4,067.1 million and RMB6,160.6 million (US\$933.4 million), respectively. However, if any material default by our customers occurs on such loans, we may be required to honor our guarantees and our results of operations and financial position may be materially and adversely affected.

We may suffer certain losses not covered by insurance

We do not carry comprehensive insurance against all potential losses or damages with respect to our properties before their delivery to customers nor do we maintain insurance coverage against liability from tortious acts, property damage or personal injury relating to the construction and maintenance of our properties. Although we expect our third-party construction companies to maintain appropriate insurance coverage, we cannot assure you that their insurance would cover or be sufficient to satisfy all claims, or that we would not be sued or held liable for damages notwithstanding their insurance coverage. Moreover, there are certain losses for which insurance is not available on commercially practicable terms in China, such as losses suffered due to earthquake, typhoon, flooding, war and civil disorder. If we suffer from any losses, damages or liabilities in the course of our business, we may not have sufficient financial resources to cover such losses, damages or liabilities or to satisfy our related obligations. Any payment we make to cover any losses, damages or liabilities may have a material and adverse effect on our business, results of operations and financial condition.

We may not be able to complete our development projects according to schedule or on budget

A property development project requires substantial capital expenditures prior to and during the construction period, and it may take over a year before a development generates positive cash flow through pre-sales or sales. The progress of, and costs for, a development project can be adversely affected by many factors, including:

- changes in market conditions, an economic downturn or a decline in consumer confidence;
- delays in obtaining necessary licenses, permits or approvals from government agencies or authorities;
- relocation of existing residents and demolition of existing structures;
- increases in the market prices of raw materials if we cannot pass on the increased costs to customers;
- shortages of materials, equipment, contractors and skilled labor;
- latent soil or subsurface conditions and latent environmental damage requiring remediation;
- unforeseen engineering, design, environmental or geographic problems;
- labor disputes;
- construction accidents;
- natural disasters;
- adverse weather conditions;
- changes in government practices and policies, including reclamation of land for public works or facilities; and
- other unforeseen problems or circumstances.

Our property projects are at risk from earthquakes, floods and other natural disasters in the regions where we operate. Damage to any of our properties or impact on the markets, whether by natural disasters or otherwise, may either delay or preclude our ability to develop and sell our properties or adversely affect our budget for the projects. We cannot assure you that we will not experience significant delays in completion or delivery of our projects or subject to liability for any such delays. Construction delays or failure to complete construction of a project according to its planned specifications, schedule or budget may materially and adversely affect our reputation, business, results of operations and financial condition.

Our profitability and results of operations are affected by changes in interest rates

Changes in interest rates have affected and will continue to affect our financing costs and, ultimately, our results of operations. In April 2006, the PBOC raised the benchmark one-year lending rate from 5.58% to 5.85% and in August 2006 further increased such rate to 6.12%. The PBOC again increased the one-year lending rate six times in 2007 from 6.12% to 7.47% in December 2007. Beginning in 2008, the PBOC decreased the benchmark one-year lending rate five times, from 7.47% to 5.31% in December 2008, which remained unchanged until September 2010. The one-year lending rate increased to 5.81% as of December 31, 2010 and increased to 6.06% effective from February 9, 2011. As commercial banks in China link the interest rates on their loans to benchmark lending rates published by the PBOC, any further increase in such benchmark lending rates will increase the interest costs for our developments.

A substantial portion of the interest expense has been capitalized as properties under development, which will then be recognized in the consolidated statements of comprehensive income as cost of sales upon the sale of properties. As a result, such capitalized interest expense may adversely affect our gross profit margin upon the sales of properties in future.

In addition, increases in interest rates may affect our customers' ability to secure mortgages on acceptable terms, which in turn may affect their ability to purchase our properties.

We may have to compensate our customers if we fail to meet all requirements for the delivery of completed properties and the issuance of property ownership certificates

According to the relevant PRC law, property developers must meet various requirements as stated below within 90 days after the delivery of property or such other time period that may be provided in the relevant sales and purchase agreement to assist a purchaser in obtaining the individual property ownership certificate. We generally elect to specify the deadline to apply for an individual property ownership certificate in the sales and purchase agreement to allow sufficient time for the application and approval process. Within three months of the date of the completion certificate for a development, we must apply for a general property ownership certificate for the entire development. This involves, among other things, the submission of a number of documents, including land use rights documents, planning approvals and construction permits. Following the effective date of a sales and purchase agreement for one or more units in a development, we then assist the purchaser to apply for an individual property ownership certificate for each unit. This involves submission of other documents, including the sales and purchase agreement, identification documentation for the purchaser, evidence of payment of deed tax and a copy of the general property ownership certificate issued to us. Delay by a purchaser in providing the documents relating to the purchaser, or delay by the various administrative authorities in reviewing the relevant application document, as well as other factors beyond our control, may affect timely delivery of the relevant individual property ownership certificate. Under current PRC laws and regulations and under our sales and purchase agreements, we are required to compensate our customers for delays in delivery caused by us of individual property ownership certificates. We cannot assure you that delays in delivery caused by us of the required property ownership certificates will not occur. Significant delays with respect to one or more of our developments may materially and adversely affect our reputation, business, results of operations and financial condition.

The PRC government may impose fines on us or take back our land if we fail to develop a property according to the terms of the land grant contract

Under PRC laws and regulations, if we fail to develop a property according to the terms of the land grant contract, including terms relating to the payment of land premium, demolition and resettlement costs and other fees, the specified use of the land and the time for commencement and completion of the development, the PRC government may issue a warning, impose a penalty, and/or take back our land. Under current PRC laws and regulations, if we fail to pay any outstanding land grant premium on time, we may be subject to a late payment penalty for every day of delay in payment. In addition, the PRC government may impose an idle land fee equal to 20% of the land premium or allocation fees if (i) we do not commence construction for more than one year after the date specified in the relevant land grant contract, (ii) total constructed GFA is less than one-third of the total proposed GFA for the development, or (iii) the capital invested in the development is less than one-fourth of the total investment approved for the development and the development is suspended for more than one year without governmental approval. Furthermore, the PRC government has the authority to take back the land without compensation to us, if we do not commence construction for more than two years after the date specified in the land grant contract, unless the delay is caused by force majeure or governmental action. In the Notice on Promoting the Saving and Intensification of Use of Land (國務院關於促進集約節約用地的通知) promulgated by the State Council on January 3, 2008, this policy was reinforced. This notice states, among other things, that the Ministry of Land and Resources and other authorities are required to research and commence the drafting of implementation rules concerning the levy of land appreciation fees on idle land. Furthermore, the Ministry of Land and Resources issued a Notice on Restricting the Administration of Construction Land and Promoting the Use of Approved Land (關於嚴格建設用地管理促進批而未用土地利用的通知) in August 2009, which reiterates the current rules on idle land.

As of December 31, 2010, we delayed in making the payment of land premium for certain parcels of land related to Guangzhou Cosmos and The Sapphire. In relation to the land for Guangzhou Cosmos, the local government imposed a penalty fine in the amount of RMB223,125.0 (US\$33,806.8) on us due to the delay in payment for land premium. In relation to the land for The Sapphire, we had paid land premium of RMB1,058.6 million (US\$106.4 million) and had obtained land use rights of approximately 261,672 sq.m. We delayed in the payment of the outstanding amount of RMB206.4 million (US\$31.3 million) according

to the time stipulated in the relevant land grant contract. We cannot assure you that we will not be subject to a late payment penalty, nor can we assure you that the local government will not terminate the contracts and confiscate the land in the future. In addition, as of December 31, 2010, we had six parcels of land related to Chengdu Cosmos, Lingshui Project, Fragrant Seasons and Suzhou Apex with a total site area of 1,068,868 sq.m. that we had not commenced development within the time stipulated in the relevant land grant contracts. We cannot assure you that there will be no significant delays in the commencement of construction or the development of our properties in the future, or that our developments will not be subject to idle land penalties or be taken back by the government as a result of such delays. The imposition of substantial idle land penalties could have a material and adverse affect on our business, results of operations and financial condition. If any of our land is taken back by the government, we would not only lose the opportunity to develop the property, but we would also lose our prior investments in the development, including land premiums paid and costs incurred prior to the date in connection with such land.

Our acquisition of companies holding land use rights may be unsuccessful and our acquisition agreements may not provide us with sufficient protection against potential liability

We intend to continue to acquire the controlling equity interests in companies holding land use rights as a means of expanding our business and land bank. However, we may face strong competition during the acquisition process and we may not be successful in selecting or valuing target companies or their land appropriately. As a result, we may be unable to complete such acquisitions at reasonable cost, or at all. In addition, we may have to allocate additional capital and human resources to integrate the acquired business into our operations. We also cannot assure you that the integration of any acquired company will be successfully completed within a reasonable period of time, or at all, or that it will generate the economic benefit that we expected.

Our success depends on the continued services of our senior management team

Our future success depends heavily upon the continuing services of our executive directors and members of our senior management team, in particular, our Chairman, Kong Jian Min. Many members of our senior management team have more than 10 years of property development experience in the PRC. If one or more of our senior executives or other personnel are unable or unwilling to continue in their present positions, we may not be able to replace them easily or at all, and our business may be disrupted and our financial condition and results of operations may be materially and adversely affected. Moreover, along with our steady growth and expansion into other regional markets in China, we will need to employ, train and retain additional suitable skilled and qualified management and employees from a wider geographical area. If we cannot attract and retain suitable personnel, our business and future growth may be materially and adversely affected.

Property owners may terminate our engagement as the provider of property management services

We engage our own or third-party property management companies on behalf of our purchasers to manage the residential properties we developed. We believe that property management is an important part of our business strategy and is critical to the successful marketing and promotion of our property developments. Under PRC laws and regulations, a majority of property owners of a residential community of certain size have the right to change the property management service provider. In 2008, 2009 and 2010, the revenue derived from our property management services was RMB28.5 million, RMB47.9 million and RMB63.7 million (US\$9.7 million), respectively. If the owners of a residential property that we have developed, however, choose to terminate our property management services, or our customers are unsatisfied with our property management services, our reputation may be materially and adversely affected.

We may be involved from time to time in disputes, administrative, legal and other proceedings arising out of our operations and may face significant liabilities as a result

We may be involved in disputes with various parties involved in the construction, development and the sale of our properties, including contractors, suppliers, construction workers, original owners and residents, partners and purchasers. These disputes may lead to protests, legal or other proceedings and may result in damage to our reputation, incurrence of substantial costs and the diversion of resources and

management's attention. As most of our projects are comprised of multiple phases, purchasers of our properties in earlier phases may file legal actions against us if our subsequent planning and development of the relevant project is perceived to be inconsistent with our representations and warranties made to such earlier purchasers. These disputes and legal and other proceedings may materially and adversely affect our reputation, business, results of operations and financial condition. See "Business — Legal Proceedings" in this document.

In addition, we may have compliance issues with regulatory bodies in the course of our operations, which may subject us to administrative proceedings and unfavorable decrees that result in liabilities and cause delays to our property developments. If we fail to comply with any applicable PRC laws or regulations, our reputation and our business, results of operations and financial condition may be materially and adversely affected.

We are subject to legal and business risks and our business may be adversely affected if we fail to obtain or maintain the required qualification certificates and other requisite government approvals

A PRC property developer must hold a valid qualification certificate to develop property. In addition, at various stages of project development, the PRC property developer must also obtain various licenses, certificates, permits, and approvals from the relevant PRC administrative authorities, including land use rights certificates, planning permits, construction permits, pre-sale permits and certificates or confirmation of completion.

According to the Provisions on Administration of Qualifications of Real Estate Developers (房地產開發企業資質管理規定) issued by the Ministry of Construction, a newly established property developer must first apply for a provisional qualification certificate with a one-year validity, which can be renewed annually for not more than two consecutive years. If, however, the newly established property developer fails to commence a property development project within the one-year period following the provisional qualification certificate, it will not be allowed to extend the term of its provisional qualification certificate. Developers with longer operating histories must submit their qualification certificates to relevant construction administration authorities for review annually. Government regulations require developers to fulfill all statutory requirements before they may obtain or renew their qualification certificates.

We conduct our property developments through project companies. These project companies must hold valid qualification certificates to be able to conduct their businesses. As of December 31, 2010, 14 of our PRC subsidiaries had not obtained qualification certificates because they did not conduct any property development activities, two of our PRC subsidiaries were in the process of renewing their qualification certificates and 11 of our PRC subsidiaries were in the process of applying for qualification certificates. We cannot assure you that our project companies will continue to be able to obtain or renew the necessary qualification certificates in a timely manner, or at all. If any of our project companies does not obtain or renew the necessary qualification certificate in a timely manner, or at all, our prospects, and our business, results of operations and financial condition may be materially and adversely affected.

Pursuant to the Measures for the Administration of Qualifications of Property Service Enterprises (物業服務企業資質管理辦法), entities engaged in property management are required to obtain qualification certificates before they commence their business operations. Our wholly-owned property management subsidiaries are primarily engaged in the management of the residential and commercial properties we developed. If any property management companies are unable to meet the relevant requirements and therefore unable to obtain or maintain the qualification certificates, our business and financial condition could be materially and adversely affected. As of December 31, 2010, Guangzhou Kangrui Property Service and Guangzhou Junzhao Property Operation had not obtained qualification certificates. Neither of these companies currently conducts property service activities. Guangzhou Fuxin Property Management Co., Ltd. is in the process of renewing its qualification certificate.

In addition to the above, we cannot assure you that we will not encounter significant problems in satisfying the conditions to, or delays in, the issuance of other necessary licenses, certificates, permits or approvals. As of December 31, 2010, the following project companies had not fully paid their registered capital: Guangzhou Weibai Real Estate Development (which is in the process of reducing its registered capital), Chengdu Premium Property Development Company Limited, Guangzhou Fujing Real Estate

Development Co., Ltd., Hainan New World Property Development (HK) Co., Ltd. and six project companies in Foshan. There may also be delays on the part of the administrative bodies in reviewing and processing our applications and granting licenses, certificates, permits or approvals. If we fail to obtain the necessary governmental licenses, certificates, permits or approvals for any of our major property projects, or a delay occurs in the government's examination and review process, our development schedule and our sales could be substantially delayed, resulting in a material and adverse effect on our business, results of operations and financial condition.

The value of our properties may be affected if the current ancillary facilities in the vicinity of our residential communities cease to provide services to the owners or users of our properties

The ancillary facilities (e.g., schools, hospitals, public parks) in the vicinity of our residential communities enhance the value of our properties by improving the overall quality and value of the surrounding areas, thereby offering a better living environment to our property owners and users. However, we do not operate nor manage some of the ancillary facilities. We cannot assure you that these facilities will continue to operate and provide services in our residential communities. In the event that some or all of these facilities cease to operate in our residential communities, our properties may become less attractive and less valuable.

Any failure to protect our brand and trademarks could have a negative impact on our business

We believe our brands and trademarks are critical to our success. Any unauthorized use of our brands, trademarks and other intellectual property rights could harm our competitive advantages and business. Historically, China has not protected intellectual property rights to the same extent as certain other countries, and infringement of intellectual property rights continues to pose a serious risk of doing business in China. Monitoring and preventing unauthorized use is difficult. The measures we take to protect our intellectual property rights may not be adequate. Furthermore, the application of laws governing intellectual property rights in China and abroad is uncertain and evolving. If we are unable to adequately protect our brand, trademarks and other intellectual property rights, we may lose these rights and our business may suffer materially.

Increase in resettlement costs or similar costs associated with certain property developments may materially and adversely affect our business, financial condition and results of operations

Land parcels acquired by property developers for future development may have existing buildings or other structures or may be occupied by third parties. Where land is obtained from the PRC government, resettlement or similar costs are usually included in the land premium payable. Government authorities are required to enter into written agreements with the owners of properties subject to demolition and to provide compensation for their relocation and resettlement costs. The compensation payable by government authorities cannot be lower than the market value of similar properties at the time of expropriation. If the compensation paid by government authorities increases significantly due to increases in property market prices, the land premiums payable by us may be subject to substantial increases, which could adversely affect our business, results of operations and financial condition. In addition, any delay or difficulty in the resettlement process may cause a delay in the delivery of land to us, in whole or in part, and may require an increase in the fees payable in connection with the resettlement process. In addition, if a local government fails to reach an agreement over compensation with the owners or residents of the buildings subject to demolition, it may unilaterally decide on a compensation plan for such owners or residents, but the owners or residents have the right to file for administrative review with relevant government authorities or initiate lawsuits, which may delay a project's timetable. Such delays may lead to an increase in cost and a delay in the expected cash inflow resulting from pre-sales of the relevant projects. If we experience an increase in resettlement costs or experience delay due to our inability to reach a resettlement agreement, our business, financial condition and results of operations may be materially and adversely affected.

Risks Relating to the Real Estate Industry in China

The PRC government may adopt further measures to slow down growth in the property sector

Along with the economic growth in China, investments in the property sectors have increased significantly in the past few years. In response to concerns over the increase in property investments, from 2004 to February 2011, the PRC government introduced various policies and measures to curtail property developments, including:

- requiring real estate developers to finance, with their internal resources, at least 35% of the total investment (excluding affordable housing projects);
- limiting the monthly mortgage payment to 50% of an individual borrower's monthly income and limiting all monthly debt service payments of an individual borrower to 55% of his or her monthly income;
- suspending land supply for villa construction and restricting land supply for high-end residential property construction;
- requiring that at least 70% of the land supply approved by any local government for residential property development during any given year must be used for developing low- to medium-cost and small- to medium-size units for sale or as low-cost rental properties;
- requiring that at least 70% of the total development and construction area of residential projects approved or constructed on or after June 1, 2006 in any administrative jurisdiction must consist of units with a unit floor area of less than 90 sq.m. and that projects which have received project approvals prior to this date but have not obtained construction permits must adjust their planning in order to comply with this new requirement, with the exception that municipalities under direct administration of the PRC central government and provincial capitals and certain cities may deviate from such ratio under special circumstances upon approval from the PRC Ministry of Construction (中華人民共和國建設部) and currently known as PRC Ministry of Housing and Urban-Rural Development (中華人民共和國住房和城鄉建設部), or the Ministry of Construction;
- requiring any first-time home owner using housing reserves (住房公積金) to pay the minimum amount of down-payment at 20% of the purchase price of the underlying property if the underlying property has a unit floor area of less than 90 sq.m. and the purchaser is buying the property as a primary residence, or 30% of the purchase price if the underlying property has a unit floor area of larger than 90 sq.m.;
- requiring any second-time home buyer to pay an increased minimum amount of down-payment at 60% of the purchase price of the underlying property and an increased minimum mortgage loan interest rate at 110% of the relevant PBOC benchmark one-year bank lending interest rate;
- for a commercial property buyer, (i) requiring banks not to finance any purchase of pre-sold properties, (ii) increasing the minimum amount of down-payment to 50% of the purchase price of the underlying property, (iii) increasing the minimum mortgage loan interest rate to 110% of the relevant PBOC benchmark one-year bank lending interest rate, and (iv) limiting the terms of such bank borrowings to no more than 10 years, with commercial banks allowed flexibility based on their risk assessment;
- for a buyer of commercial/residential dual-purpose properties, increasing the minimum amount of down-payment to 45% of the purchase price of the underlying property, with the other terms similar to those for commercial properties;
- limiting the grant or extension of revolving credit facilities to property developers that hold a large amount of idle land and vacant commodity properties;

- imposing more restrictions on the types of property developments that foreign investments may engage in;
- imposing or increasing taxes on short-term gains from second-hand property sales;
- restricting foreign investment in the property sector by, among other things, increasing registered capital and other requirements for establishing foreign-invested real estate enterprises, tightening foreign exchange control and imposing restrictions on purchases of properties in China by foreign persons;
- requiring commercial banks to suspend mortgage loans to customers for purchase of a third or further residential property, or to non-residents who cannot provide proof of local tax or social security insurance payments for more than a one-year period;
- raising the benchmark one-year bank lending rate published by PBOC for the year ended December 31, 2010 to 5.81% and to 6.06% in February 2011;
- on January 14, 2011, raising the PBOC Renminbi deposit reserve ratio by 0.5% again for all PRC deposit-taking financial institutions, effective on January 20, 2011, resulting in deposit reserve ratios ranging from 15.5% to 19.0%; and
- on February 18, 2011, further raising the PBOC reserve requirement ratio by 0.5% for all PRC deposit-taking financial institutions, which ranges from 16.0% to 19.5%, effective on February 24, 2011.
- on March 18, 2011, further raising the PBOC reserve requirement ratio by 0.5% for all PRC deposit-taking financial institutions, which ranges from 16.5% to 20%, effective on March 25, 2011.

Beginning in the second half of 2008, in order to mitigate the impact of the global economic slowdown, the PRC government has adopted measures to encourage domestic consumption in the residential property market and support property development. However, in December 2009 and January 2010, the PRC government adjusted some policies in order to enhance the regulation of the property market, restrain property purchases for investment or speculation purposes and keep property prices from rising too quickly in certain regions and cities. At the same time, the PRC government abolished certain preferential treatments relating to business taxes payable upon transfers of residential properties by property owners and imposed more stringent requirements on the payment of land premium by property developers. In addition, in April 2010, the PRC government identified certain policy measures to increase down payment for properties purchased with mortgage loans. In January 2011, the PRC government adopted certain new policies to cool down the real estate property market, including increasing the minimum down payment to at least 60% of the total purchase price for second-house purchases with a minimum mortgage lending interest rate at least 1.1 times the benchmark rate, in certain targeted cities restricting purchasers from acquiring second (or further) residential properties and restricting non-residents that cannot provide any proof of local tax or social security payments for more than a specified time period from purchasing any residential properties, imposing property tax in certain cities and levying business tax on the full amount of transfer price if an individual owner transfers a residential property within five years of purchase. In addition, certain cities including Guangzhou, Tianjin, Beijing, Shanghai, Suzhou, Qingdao, Chengdu, Foshan and Jinan, have promulgated measures further limiting the number of residential properties one family is allowed to purchase. For a more detailed description of the PRC government's measures to curtail the overheating of the PRC property market, see the section entitled "Regulations — The Land System of the PRC — National Legislation." These measures may limit our access to capital resources, reduce market demand for our products and increase our operating costs in complying with these measures. We cannot assure you that the PRC government will not adopt additional and more stringent measures, which could further slow down property development in China. If we fail to adapt our operations to new policies, regulations and measures that may come into effect from time to time with respect to the real property industry, or such policy changes disrupt our business or cause us to incur additional costs, our business, financial condition, results of operations and prospects may be materially and adversely affected.

The property industry in China is still at a relatively early stage of development, and there is a significant degree of uncertainty in the market as a whole

Private ownership of property in China is still at a relatively early stage of development. Demand for private residential property has been increasing rapidly in recent years. However, increased demand has often been coupled with volatile market conditions and fluctuations in prices. Numerous factors may affect the development of the market and accordingly, it is very difficult to predict when and how much demand will develop. Limited availability of accurate financial and market information and the general low level of transparency in China contribute to overall uncertainty. Investors may be discouraged from acquiring new properties due to the lack of a liquid secondary market for residential properties. In addition, the limited amounts and types of mortgage financing available to individuals, together with the lack of long-term security of legal title and enforceability of property rights, may also inhibit demand for residential property. Finally, the risk of over-supply is increasing in parts of China where property investment, trading and speculation have become more active. If as a result of any one or more of these or similar factors, demand for residential property or market prices decline significantly, our business, results of operations and financial condition may be materially and adversely affected.

Increasing competition in the property industry in China, particularly in Guangzhou and other cities where we operate may adversely affect our business and financial condition

We face competition from a number of property developers. Our existing and potential competitors include private and public developers in the PRC, as well as developers from Hong Kong. Some of them may have greater marketing, financial, technical or other resources than us and greater economies of scale, broader name recognition and more established relationships in the market. In recent years, a large number of property developers have undertaken property development and investment projects, particularly in Guangzhou and other cities where we operate. Competition among property developers may cause increases in land premiums and raw material costs, shortages in quality construction contractors, surpluses in property supply leading to decreased property prices, delays in the issuance of government approvals and permits, and higher costs to attract or retain talented employees.

In addition, the property markets in Guangzhou and elsewhere in the PRC are rapidly changing. Macro-economic measures have recently been adopted by the PRC government in an attempt to slow the rapid growth of the PRC's economy and deter investment in fixed assets, including real estate assets. If we cannot respond to changes in market conditions in Guangzhou or elsewhere, or changes in customer preferences more swiftly or more effectively than our competitors, our business, results of operations and financial condition could be adversely affected.

We are exposed to pre-sale related contractual, legal and regulatory risks

We depend on cash flows from pre-sales of properties as an important source of funding for our property developments. We face risks relating to the pre-sale of properties. For example, we may find ourselves liable to the purchasers for their losses, if we pre-sell units in a property development and fail to complete that development. If we fail to complete a pre-sold property on time, our purchasers may claim compensation for late delivery pursuant to either their contracts with us or relevant PRC laws and regulations. If our delay extends beyond a specified period, our purchasers may terminate their pre-sale contracts and claim for compensation. A purchaser may also terminate his or her contract with us if the GFA of the relevant unit, as set out in the individual property ownership certificate, deviates by more than 3% from the GFA of that unit set out in his or her contract. We cannot assure you that we will not experience delays in the completion and delivery of our projects, nor that the GFA for a delivered unit will not deviate more than 3% from the GFA set out in the relevant contract. Any termination of the purchase contract as a result of our late delivery of properties will have a material adverse effect on our business, financial condition and results of operations.

Under current PRC laws and regulations, property developers must fulfill certain conditions before they can commence pre-sales of the relevant properties and pre-sales proceeds may only be used to finance the related development. Various PRC authorities and regulators have publicly called for the discontinuance or abolishment of pre-sales, or to impose tighter regulations on such practice. We cannot assure you that the PRC governmental authority will not ban the practice of pre-selling uncompleted properties or implement further restrictions on the pre-sale of properties, such as imposing

additional conditions for a pre-sale permit or further restrictions on the use of pre-sale proceeds. Proceeds from the pre-sale of our properties are an important source of financing for our property developments. Consequently, any restriction on our ability to pre-sell our properties, including any increase in the amount of up-front expenditure we must incur prior to obtaining the pre-sale permit, would extend the time period required for recovery of our capital outlay and would result in our needing to seek alternative means to finance the various stages of our property developments. This, in turn, could have an adverse effect on our business, cash flow results of operations and financial condition.

The total GFA of some of our developments may exceed the original permitted GFA and the excess GFA is subject to governmental approval and payment of additional land premium

The permitted total GFA for a particular development is set out in various governmental documents issued at various stages. In many cases, the underlying land grant contract will specify permitted total GFA. Total GFA is also set out in the relevant urban planning approvals and various construction permits. If constructed total GFA exceeds the permitted total, or if the completed development contains built-up areas that the authorities believe do not conform to the approved plans as set out in relevant construction works planning permit, we may not be able to obtain the acceptance and compliance form of construction completion (竣工驗收備案表) for the development, and as a consequence, we would not be in a position to deliver individual units to purchasers or to recognize the related pre-sale proceeds as revenue. Moreover, excess GFA requires governmental approval, and the payment of additional land premium. We may also be subject to liability to purchasers under our sales and purchase agreements.

We cannot assure you that constructed total GFA for each of our existing projects under development or any future property developments will not exceed permitted total GFA for that development, or that the authorities will not determine that all built-up areas conform to the plans approved as set out in the construction permit. Moreover, we cannot assure you that we would have sufficient funding to pay any required additional land premium or to pay for any corrective action that may be required in a timely manner, or at all. Any of these circumstances may materially and adversely affect our reputation, business, results of operations and financial condition.

The terms on which mortgage loans are available, if at all, may affect our sales

Substantially all of the purchasers of our properties rely on mortgages to finance their purchases. An increase in interest rates may significantly increase the cost of mortgage financing and affect the affordability of residential properties. In addition, the PRC government and commercial banks may also increase the down payment requirement, impose other conditions or otherwise change the regulatory framework in a manner that would make mortgage financing unavailable or unattractive to potential property purchasers.

The PRC government has enacted various laws and regulations governing terms of mortgage financing for our customers, including minimum down payment requirements, minimum mortgage loan interest rates, limitations on pre-sales, maximum mortgage term lengths, the suspension of mortgage loans to certain investors, and limits on how many houses a household can buy. See “Regulations — The Land System of the PRC — Real Estate Loans.” If the availability or attractiveness of mortgage financing is further reduced or limited, many of our prospective customers may not be able to purchase our properties and, as a result, our business, liquidity and results of operations could be adversely affected.

In line with industry practice, we provide guarantees to banks for mortgages they offer to our purchasers up until we complete the relevant property and the individual property ownership certificates with respect to the relevant properties are issued to our purchasers and the mortgage registrations for the relevant properties have been completed. If there are changes in laws, regulations, policies and practices that would prohibit property developers from providing guarantees to banks in respect of mortgages offered to property purchasers and the banks would not accept any alternative guarantees by third parties, or if no third party is available or willing in the market to provide such guarantees, it may become more difficult for property purchasers to obtain mortgages from banks and other financial institutions during sales and pre-sales of our properties. Such difficulties in financing could result in a substantially lower rate of sale and pre-sale of our properties, which would materially and adversely affect our cash flow, financial condition and results of operations.

Potential liability for environmental damages could result in substantial cost increases

We are subject to a variety of laws and regulations concerning the protection of health and the environment. The particular environmental laws and regulations that apply to any given project development site vary according to the site's location, the site's environmental condition, the present and former uses of the site and the nature and former uses of adjoining properties. Compliance with environmental laws and regulations may result in delays in development, substantial costs and may prohibit or severely restrict project development activity in environmentally sensitive regions or areas. Under PRC laws and regulations, we are required to submit an environmental impact assessment report to the relevant governmental authorities for approval before commencing construction of any project. Although the environmental inspection conducted by the relevant PRC environmental protection agencies to date have not revealed any environmental violations that we believe would have a material adverse effect on our business, results of operations or financial condition, there may be potential material environmental liabilities of which we are unaware. In addition, our operations could result in environmental liabilities or our contractors could violate environmental laws and regulations in their operations that may be attributed to us. For more information, see "Business — Environmental and Safety Matters" in this document.

The construction business and the property development business are subject to claims under statutory quality warranties

Under Regulations on the Administration of Quality of Construction Works (建設工程質量管理條例), all property development companies in the PRC must provide certain quality warranties for the properties they construct or sell. We are required to provide these warranties to our customers. We may sometimes receive quality warranties from our third-party contractors with respect to our development projects. If a significant number of claims are brought against us under our warranties and if we are unable to obtain reimbursement for such claims from third-party contractors in a timely manner or at all, we could incur significant expenses to resolve such claims or face delays in correcting the related defects, which could in turn harm our reputation and have a material and adverse effect on our business, financial condition and results of operations.

Risks Relating to China

PRC economic, political and social conditions, as well as governmental policies, could affect our business and prospects

The PRC economy differs from the economies of most of the developed countries in many aspects, including:

- the amount and degree of the PRC government involvement;
- growth rate and degree of development;
- uniformity in the implementation and enforcement of laws;
- content of and control over capital investment;
- control of foreign exchange; and
- allocation of resources.

The PRC economy has been transitioning from a centrally planned economy to a more market-oriented economy. For approximately three decades, the PRC government has implemented economic reform measures to utilize market forces in the development of the PRC economy. In addition, the PRC government continues to play a significant role in regulating industries and the economy through policy measures. We cannot predict whether changes in PRC economic, political or social conditions and in PRC laws, regulations and policies will have any adverse effect on our current or future business, financial condition or results of operations.

In addition, many of the economic reforms carried out by the PRC government are unprecedented or experimental and are expected to be refined and improved over time. Other political, economic and social factors may also lead to further adjustments of the reform measures. This refining and adjustment process may not necessarily have a positive effect on our operations and business development. For example, the PRC government has in the past implemented a number of measures intended to slow down certain segments of the economy that the government believed to be overheating, including the real estate industry. These measures have included restricting foreign investment in certain sectors of the real estate industry, raising benchmark interest rates of commercial banks, reducing currency supply and placing additional limitations on the ability of commercial banks to make loans by raising bank reserves against deposits and raising the thresholds and minimum loan interest rates for residential mortgages. These actions, as well as future actions and policies of the PRC government, could cause a decrease in the overall level of economic activity, and in turn have a material and adverse impact on our business and financial condition.

Changes in government control of currency conversion and in PRC foreign exchange regulations may adversely affect our business operations

The PRC government imposes controls on the convertibility between Renminbi and foreign currencies and the remittance of foreign exchange out of China. We receive substantially all our revenue in Renminbi. Under our current corporate structure, our income is primarily derived from dividend payments from our PRC subsidiaries. Our PRC subsidiaries must convert their Renminbi earnings into foreign currency before they may pay cash dividends to us or service their foreign currency denominated obligations. Under existing PRC foreign exchange regulations, payments of current-account items may be made in foreign currencies without prior approval from PRC State Administration of Foreign Exchange (中華人民共和國國家外匯管理局), or SAFE, by complying with certain procedural requirements.

However, approval from appropriate governmental authorities is required when Renminbi is converted into foreign currencies and remitted out of China for capital-account transactions, such as the repatriation of equity investment in China and the repayment of the principal of loans or debt denominated in foreign currencies. Such restrictions on foreign exchange transactions under capital accounts also affect our ability to finance our PRC subsidiaries. Subsequent to the offering of the Notes, we have the choice, as permitted by the PRC foreign investment regulations, to invest our net proceeds from the offering of the Notes in the form of registered capital or a shareholder loan into our PRC subsidiaries to finance our operations in China. Our choice of investment is affected by the relevant PRC regulations with respect to capital-account and current-account foreign exchange transactions in China. Our investment decisions are additionally affected by various other measures taken by the PRC government relating to the PRC property market as we have disclosed in the section entitled “Industry Overview — PRC Property Markets — Measures affecting the PRC property market.” In addition, our transfer of funds to our subsidiaries in China is subject to approval by PRC governmental authorities in the case of an increase in registered capital, and subject to approval by and registration with PRC governmental authorities in case of shareholder loans to the extent that the existing foreign investment approvals received by our PRC subsidiaries permit any such shareholder loans at all. These limitations on the flow of funds between us and our PRC subsidiaries could restrict our ability to act in response to changing market conditions.

Fluctuations in the value of Renminbi may adversely affect our business and the value of distributions by our PRC subsidiaries

The value of Renminbi depends, to a large extent, on domestic and international economic, financial and political developments and China’s governmental policies, as well as supply and demand in the local and international markets. From 1999 until 2005, the conversion of Renminbi into foreign currencies, including the U.S. dollar and the Hong Kong dollar, was based on exchange rates set and published daily by the PBOC in light of the previous day’s inter-bank foreign exchange market rates in China and the then current exchange rates on the global financial markets. The official exchange rate for the conversion of Renminbi into the U.S. dollar was largely stable until July 2005. On July 21, 2005, the PBOC revalued Renminbi by reference to a basket of foreign currencies, including the U.S. dollar. As a result, the value of Renminbi appreciated by more than 2% on that day. Since then, the PBOC has allowed the official Renminbi exchange rate to float against a basket of foreign currencies. Further, from May 18, 2007, the PBOC enlarged the floating band for the trading prices in the inter-bank foreign exchange market of the Renminbi against the U.S. dollar from 0.3% to 0.5% around the central parity rate, effective on May 21, 2007. This allows the Renminbi to fluctuate against the U.S. dollar by up to 0.5% above or below the

central parity rate published by the PBOC. On June 19, 2010, the PBOC announced its intention to proceed with the reform of the Renminbi exchange rate regime to increase the Chinese currency's exchange rate flexibility. These changes in currency policy resulted in the Renminbi appreciating against the U.S. dollar by approximately 24% from July 21, 2005 to November 30, 2010. The Renminbi exchange rate could fluctuate widely against the U.S. dollar or any other foreign currency in the future. Since our income and profits are denominated in Renminbi, any appreciation of Renminbi will increase the value of dividends and other distributions payable by our PRC subsidiaries in foreign currency terms. Conversely, any depreciation of Renminbi will decrease the value of dividends and other distributions payable by our PRC subsidiaries in foreign currency terms. Fluctuation of the value of Renminbi will also affect the amount of our foreign debt service in Renminbi terms since we have to convert Renminbi into foreign currencies to service our indebtedness in foreign currency. We currently do not hedge against our foreign exchange rate risk.

Our income tax obligations may increase, dividends from our PRC subsidiaries may be subject to withholding tax under PRC tax laws and we may be subject to PRC tax under the New Tax Law

In March 2007, the National People's Congress of the PRC and its Standing Committee (the "NPC" or the "National People's Congress") enacted the Enterprise Income Tax Law of the PRC (中華人民共和國企業所得稅法) (the "New Tax Law"), which took effect on January 1, 2008. The New Tax Law imposes a unified income tax rate of 25% on all domestic and foreign-invested enterprises unless they qualify under certain limited exceptions. According to the New Tax Law, enterprises incorporated prior to March 16, 2007 that are subject to an enterprise income tax rate lower than 25% may continue to enjoy the lower rate and gradually transition to the new tax rate within five years after January 1, 2008.

We are a holding company that is financially dependent on distributions from our subsidiaries and our business operations are principally conducted through our PRC subsidiaries. Prior to December 31, 2007, dividend payments to foreign investors made by foreign-invested enterprises, such as dividends paid to us by our PRC subsidiaries, were exempt from PRC withholding tax. The New Tax Law and the Regulations for Implementation of Enterprise Income Tax Law of the PRC (中華人民共和國企業所得稅法實施條例) (together with the New Tax Law, the "New Tax Laws"), effective January 1, 2008, provide that any dividend payment to foreign investors will be subject to a withholding tax at a rate of 10%. Pursuant to the Arrangement between Mainland China and Hong Kong for the Avoidance of Double Taxation and Prevention of Fiscal Evasion with respect to Taxes on Income (內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排) signed on August 21, 2006, a company incorporated in Hong Kong will be subject to withholding income tax at a rate of 5% on dividends it receives from its PRC subsidiaries if it holds a 25% or more interest in that particular PRC subsidiary at the time of the distribution, or 10% if it holds less than a 25% interest in that subsidiary. However, according to a Circular of the PRC State Administration of Taxation dated October 27, 2009, tax treaty benefits will be denied to "conduit" or shell companies without business substance. Therefore, it is unclear whether dividend payments made by our PRC subsidiaries to our Hong Kong subsidiaries, which hold the equity interests in our PRC subsidiaries, will continue to enjoy the 5% PRC tax rate.

In addition, under the New Tax Laws, enterprises established under the laws of jurisdictions outside China with their "de facto management bodies" located within China may be considered PRC resident enterprises and therefore subject to PRC enterprise income tax at the rate of 25% on their worldwide income. The New Tax Laws provide that "de facto management body" of an enterprise is the organization that exercises substantial and overall management and control over the production, employees, books of accounts and properties of the enterprise. If a majority of the members of our management team continue to be located in China, we may be considered a PRC resident enterprise and therefore subject to PRC enterprise income tax at the rate of 25% on our worldwide income. If we or any of our non-PRC subsidiaries otherwise is a PRC resident enterprise under the New Tax Laws, our profitability and cash flow would be materially and adversely affected. Although it is unclear under PRC tax law whether we have a "de facto management body" located in China for PRC tax purposes, we currently intend to take the position that we are not a PRC resident enterprise, but there can be no assurance that the PRC tax authorities will accept our position.

PRC regulations relating to the establishment of offshore special purpose companies by PRC residents may adversely affect our business operations

In October 2005, the SAFE issued the Notice Regarding Certain Administrative Measures on Financing and Round-trip Investment by PRC Residents through Offshore Special Purpose Vehicles (關於境內居民通過境外特殊目的公司融資及返程投資外匯管理有關問題的通知) which became effective on November 1, 2005. The notice requires PRC residents, including both legal and natural persons, to register with the local SAFE branch before establishing or controlling any company outside of China (an “offshore special purpose company”) for the purpose of acquiring any assets of or equity interest in a PRC company and raising funds offshore. In addition, any PRC resident who is the shareholder of an offshore special purpose company is required to update its SAFE registration with the local SAFE branch with respect to that offshore special purpose company in connection with any increase or decrease of capital, transfer of shares, merger, division, equity investment or creation of any security interest over any assets located in the PRC. Failure to comply with the required SAFE registration and updating requirements described above may result in restrictions being imposed on the foreign exchange activities of the PRC subsidiaries of that offshore special purpose company, including the increase in registered capital, the payment of dividends and other distributions or payments to the offshore special purpose company and capital inflows from the offshore entity. Failure to comply may also subject relevant PRC residents or the PRC subsidiaries of that offshore special purpose company to penalties under PRC foreign exchange administration regulations for evasion of applicable foreign exchange restrictions.

If the SAFE promulgates clarifications or regulations in the future requiring our beneficial owners who are Hong Kong permanent residents to comply with the registration procedures and update requirements described above and if our beneficial owners are unable or fail to comply with such procedures, our beneficial owners may be subject to fines and legal sanctions and our business operations may also be materially and adversely affected, particularly with respect to the ability of our Chinese subsidiaries to remit foreign currency payments out of China, which could affect an ability to service our offshore indebtedness (including the Notes).

Interpretation of the PRC laws and regulations involves uncertainty and the current legal environment in China could limit the legal protections available to you

Our core business is conducted in China and is governed by PRC laws and regulations. Our principal operating subsidiaries are located in China and are subject to the PRC laws and regulations. The PRC legal system is a civil law system based on written statutes, and prior court decisions have limited precedential value and can only be used as a reference. Additionally, PRC written laws are often principle-oriented and require detailed interpretations by the enforcement bodies to further apply and enforce such laws. Since 1979, the PRC legislature has promulgated laws and regulations in relation to economic matters such as foreign investment, corporate organization and governance, commercial transactions, taxation and trade, with a view to developing a comprehensive system of commercial law, including laws relating to property ownership and development. However, because these laws and regulations have not been fully developed, and because of the limited volume of published cases and the non-binding nature of prior court decisions, interpretation of PRC laws and regulations involves a degree of uncertainty and the legal protection available to you may be limited. Depending on the governmental agency or the presentation of an application or case to such agency, we may receive less favorable interpretations of laws and regulations than our competitors. In addition, any litigation in China may be protracted and result in substantial costs and diversion of resources and management attention. All these uncertainties may cause difficulties in the enforcement of our land use rights, entitlements under our permits, and other statutory and contractual rights and interests.

The national and regional economies in China and our prospects may be adversely affected by natural disasters, acts of God, and occurrence of epidemics

Our business is subject to general economic and social conditions in China. Natural disasters, epidemics and other acts of God which are beyond our control may adversely affect the economy, infrastructure and livelihood of the people in China. Some regions in China, including the cities where we operate, are under the threat of flood, earthquake, sandstorm, snowstorm, fire, drought, or epidemics such as Severe Acute Respiratory Syndrome, or SARS, H5N1 avian flu or the human swine flu, also known as Influenza A (H1N1). For instance, a serious earthquake and its successive aftershocks hit Sichuan Province

in May 2008 and resulted in tremendous loss of lives and destruction of assets in the region. We have three projects located in Chengdu, approximately 92 kilometers from the earthquake's epicenter in Wenchuan County, Sichuan Province. Based on our investigation and site inspections, our properties in Sichuan Province did not suffer any material damage or loss as a result of the earthquake. However, earthquakes with such magnitude may adversely affect our ability to complete and sell or lease our properties as scheduled or cause material damage or loss to our properties. In addition, past occurrences of epidemics, depending on their scale, have caused different degrees of damage to the national and local economies in China. A recurrence of SARS or an outbreak of any other epidemics in China, such as the H5N1 avian flu or the human swine flu, especially in the cities where we have operations, may result in material disruptions to our property development and our sales and marketing, which in turn may adversely affect our financial condition and results of operations.

We cannot guarantee the accuracy of facts, forecasts and other statistics with respect to China, the PRC economy, the PRC real estate industry and the selected PRC regional data contained in this document

Facts, forecasts and other statistics in this document relating to China, the PRC economy, the PRC real estate industry and the selected PRC regional data have been derived from various official or other publications available in China and may not be consistent with other information compiled within or outside China. However, we cannot guarantee the quality or reliability of such source materials. They have not been prepared or independently verified by us, the Initial Purchasers or any of our or its affiliates or advisors (including legal advisors), or other participants in the offering of the Notes and, therefore, we make no representation as to the accuracy of such facts, forecasts and statistics. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice, these facts, forecasts and statistics in this document may be inaccurate or may not be comparable to facts, forecasts and statistics produced with respect to other economies. Further, we cannot assure you that they are stated or compiled on the same basis or with the same degree of accuracy as in other jurisdictions. Therefore, you should not unduly rely upon the facts, forecasts and statistics with respect to China, the PRC economy, the PRC real estate industry and the selected PRC regional data contained in this document.

CAPITALIZATION AND INDEBTEDNESS

The following table sets forth on an actual basis our borrowings and capitalization as of December 31, 2010. Except as otherwise disclosed herein, there has been no material change in our capitalization since December 31, 2010.

	For the year ended December 31, 2010			
	Actual		As Adjusted	
	RMB	US\$	RMB	US\$
	(in thousands)			
Cash and cash equivalents⁽¹⁾	5,275,609	799,335		
Short-term borrowings⁽²⁾⁽³⁾⁽⁴⁾				
Bank loans — secured	977,840	148,157	977,840	148,157
Bank loans — unsecured	—	—	—	—
Current portion of long-term bank loans	1,303,834	197,551	1,303,834	197,551
Total short-term borrowings	<u>2,281,674</u>	<u>345,708</u>	<u>2,281,674</u>	<u>345,708</u>
Long-term borrowings⁽³⁾⁽⁴⁾⁽⁵⁾				
Bank loans — secured	7,940,615	1,203,123	7,940,615	1,203,123
Bank loans — unsecured	491,010	74,395	491,010	74,395
2010 Notes	1,618,331	245,202	1,618,331	245,202
Total long-term borrowings	<u>10,049,956</u>	<u>1,522,720</u>	<u>10,049,956</u>	<u>1,522,720</u>
Equity attributable to owners of the parent				
Issued capital (HK\$0.1 par value per share, 2,893,150,000 shares issued and fully paid)	280,485	42,498	280,485	42,498
Treasury shares	—	—	—	—
Reserves	10,985,534	1,664,475	11,303,781	1,712,694
Proposed final dividend	318,247	48,219	—	—
Total equity attributable to owners of the parent	<u>11,584,266</u>	<u>1,755,192</u>	<u>11,584,266</u>	<u>1,755,192</u>
Total capitalization⁽⁶⁾	<u>21,634,222</u>	<u>3,277,912</u>	<u>21,634,222</u>	<u>3,277,912</u>

(1) Cash and cash equivalents exclude restricted cash of RMB1,528.0 million (US\$231.5 million). Subsequent to December 31, 2010, our cash and cash equivalents were reduced primarily due to payments that we have made in order to fund our property development projects in China.

(2) Short-term borrowings include the current portion of long-term bank loans.

(3) Our borrowings do not include any accrual for capital commitments or contingent liabilities. As of December 31, 2010, capital commitments were RMB2,717.9 million (US\$411.8 million) and our contingent liabilities, which were in the form of guarantees that we have provided to our customers in relation to their purchase of our properties, guarantees given to a bank in connection with bank loans granted to an associate and a jointly controlled entity, guarantees provided in respect of a trust finance for a jointly-controlled entity and guarantees given to a bank in connection with bank loans granted to a third party, amounted to approximately RMB6,160.6 million (US\$933.4 million), RMB460.0 million (US\$69.7 million), RMB900.0 million (US\$136.4 million) and RMB700.0 million (US\$106.1 million), respectively. See “Management’s Discussion and Analysis of Financial Conditions and Results of Operations — Liquidity and Capital Resources — Contingent Liabilities” and “— Contractual Obligations.”

- (4) As of December 31, 2010, our Non-Guarantor Subsidiaries had bank loans in the amount of RMB9,864.6 million (US\$1,494.6 million) and capital commitments and contingent liabilities arising from guarantees of approximately RMB2,230.2 million (US\$337.9 million) and RMB8,060.5 million (US\$1,221.3 million), respectively.
- (5) Long-term borrowings exclude the current portion of long-term bank loans.
- (6) Total capitalization includes total long-term borrowings plus total equity attributable to owners of the parent.

On February 9, 2011, we signed a loan agreement with SCB for a secured and guaranteed Hong Kong dollar denominated term loan facility with an aggregate principal amount of up to HK\$195 million. As of the date of this document, the principal amount of the loan facility in Hong Kong dollars drawn down and outstanding is equivalent to US\$25 million. See “Description of Material Indebtedness and Other Obligations — Recent Material Indebtedness.”

SELECTED CONSOLIDATED FINANCIAL AND OTHER DATA

The following table presents our selected financial and other data. The selected consolidated income statement for the years ended December 31, 2008, 2009 and 2010 and the selected consolidated statement of financial position data as of December 31, 2008, 2009 and 2010 set forth below (except for EBITDA data) have been derived from our consolidated financial statements for such years and as of such dates, as audited by Ernst & Young, independent certified public accountants, and included elsewhere in this document. Our financial statements have been prepared and presented in accordance with HKFRS, which differ in certain respects from generally accepted accounting principles in other jurisdictions. The selected financial data below should be read in conjunction with the section entitled “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and our consolidated financial statements and the notes to those statements included elsewhere in this document.

Selected Consolidated Income Statement and Other Financial Data

	Year Ended December 31,			
	2008	2009	2010	2010
	RMB	RMB	RMB	US\$
	(in thousands)			
Revenue	1,574,214	4,266,572	7,465,911	1,131,199
Cost of sales	<u>(746,413)</u>	<u>(2,650,267)</u>	<u>(4,368,278)</u>	<u>(661,860)</u>
Gross profit	827,801	1,616,305	3,097,633	469,339
Other income and gains	150,644	49,265	78,893	11,953
Selling and marketing costs	(89,514)	(188,494)	(242,805)	(36,789)
Administrative expenses	(170,908)	(281,988)	(413,836)	(62,702)
Other operating expenses, net	(1,758)	(42,183)	(5,356)	(812)
Fair value gains/(losses) on investment properties, net ⁽¹⁾	(23,569)	60,587	3,869	586
Finance costs	—	(9,024)	(19,974)	(3,026)
Share of profits and losses of:				
Associates	—	(10)	(2,246)	(340)
Jointly-controlled entities	<u>10,582</u>	<u>65,024</u>	<u>11,485</u>	<u>1,740</u>
Profit before tax	703,278	1,269,482	2,507,663	379,949
Income tax expenses	<u>(337,108)</u>	<u>(548,025)</u>	<u>(1,225,889)</u>	<u>(185,741)</u>
Profit for the year	<u><u>366,170</u></u>	<u><u>721,457</u></u>	<u><u>1,281,774</u></u>	<u><u>194,208</u></u>

	Year Ended December 31,			
	2008	2009	2010	2010
	RMB	RMB	RMB	US\$
	(in thousands)			
OTHER FINANCIAL DATA				
EBITDA ⁽²⁾	574,877	1,121,166	2,469,763	374,207
EBITDA margin ⁽³⁾	36.5%	26.3%	33.1%	33.1%

- (1) Certain information may not be comparable in the periods shown due to the adoption of new and revised HKFRS. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Critical Accounting Policies — Valuation of Our Investment Properties.”
- (2) EBITDA for any period consists of profit before tax less fair value gains/(losses) on investment properties, other income and gains, and share of profits and losses of associates and jointly-controlled entities plus finance costs, depreciation and amortization expenses. EBITDA is not a standard measure under HKFRS. EBITDA is a widely used financial indicator of a company’s ability to service and incur debt. EBITDA should not be considered in isolation or construed as an alternative to cash flows, net income or any other measure of financial performance or as an indicator of our operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities. EBITDA does not account for taxes, interest expense or other non-operating cash expenses. In evaluating EBITDA, we believe that investors should consider, among other things, the components of EBITDA such as sales and operating expenses and the amount by which EBITDA exceeds capital expenditures and other charges. We have included EBITDA because we believe it is a useful supplement to cash flow data as a measure of our performance and our ability to generate cash flow from operations to cover debt service and taxes. EBITDA presented herein may not be comparable to similarly titled measures presented by other companies. Investors should not compare our EBITDA to EBITDA presented by other companies because not all companies use the same definition. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Non-GAAP Financial Measures” for a reconciliation of our profit for the year under HKFRS to our definition of EBITDA. Investors should also note that EBITDA as presented herein may be calculated differently from Consolidated EBITDA as defined and used in the Indenture governing the Notes. See “Description of the Notes — Definitions” for a description of the manner in which Consolidated EBITDA is defined for purposes of the Indenture governing the Notes.
- (3) EBITDA margin is calculated by dividing EBITDA by revenue.

Selected Consolidated Statement of Financial Position Data

	As of December 31,			
	2008	2009	2010	2010
	RMB	RMB	RMB	US\$
	(in thousands)			
NON-CURRENT ASSETS				
Property, plant and equipment	443,268	981,508	1,343,901	203,621
Investment properties	3,546,400	3,501,460	3,461,980	524,542
Land use rights	549,952	572,833	866,274	131,254
Investments in associates	—	1,348,990	3,403,588	515,695
Investments in jointly-controlled entities	20,487	1,228,036	5,434,914	823,472
Deferred tax assets	168,453	398,325	603,560	91,449
Long term prepayment	1,098,483	—	—	—
Total non-current assets	<u>5,827,043</u>	<u>8,031,152</u>	<u>15,114,217</u>	<u>2,290,032</u>
CURRENT ASSETS				
Properties under development	11,878,560	13,951,102	13,730,027	2,080,307
Completed properties held for sale	1,534,404	2,300,415	2,553,758	386,933
Trade receivables	30,713	147,413	47,687	7,225
Prepayments, deposits and other receivables	1,069,487	453,039	1,679,437	254,460
Due from a jointly-controlled entity	50,314	46,999	46,155	6,993
Taxes recoverable	3,316	24,492	59,450	9,008
Restricted cash	205,942	1,069,876	1,527,992	231,514
Cash and cash equivalents	1,167,009	2,540,698	5,275,609	799,335
Total current assets	<u>15,939,745</u>	<u>20,534,034</u>	<u>24,920,115</u>	<u>3,775,775</u>
CURRENT LIABILITIES				
Trade payables	2,879,007	1,415,470	1,670,898	253,166
Other payables and accruals	2,063,396	5,222,361	8,745,262	1,325,040
Due to associates	—	129,956	442,382	67,028
Due to a jointly-controlled entity	—	—	73,454	11,129
Interest-bearing bank and other borrowings	1,058,928	2,566,628	2,281,674	345,708
Taxes payable	1,012,289	1,418,808	2,217,971	336,056
Total current liabilities	<u>7,013,620</u>	<u>10,753,223</u>	<u>15,431,641</u>	<u>2,338,127</u>
NET CURRENT ASSETS	<u>8,926,125</u>	<u>9,780,811</u>	<u>9,488,474</u>	<u>1,437,648</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>14,753,168</u>	<u>17,811,963</u>	<u>24,602,691</u>	<u>3,727,681</u>

	As of December 31,			
	2008	2009	2010	2010
	RMB	RMB	RMB	US\$
	(in thousands)			
NON-CURRENT LIABILITIES				
Interest-bearing bank and other borrowings	4,935,253	6,078,852	10,049,956	1,522,721
Deferred tax liabilities	626,704	624,788	669,168	101,389
Deferred revenue	—	700,000	700,000	106,061
Other non-current liabilities	—	—	1,589,295	240,802
Total non-current liabilities	<u>5,561,957</u>	<u>7,403,640</u>	<u>13,008,419</u>	<u>1,970,973</u>
Net assets	<u>9,191,211</u>	<u>10,408,323</u>	<u>11,594,272</u>	<u>1,756,707</u>
EQUITY				
Equity attributable to owners of the parent				
Issued capital	254,093	280,538	280,485	42,498
Treasury shares	—	(3,041)	—	—
Reserves	8,136,797	9,982,514	10,985,534	1,664,475
Proposed final dividends	77,813	144,658	318,247	48,219
	<u>8,468,703</u>	<u>10,404,669</u>	<u>11,584,266</u>	<u>1,755,192</u>
Minority interests	722,508	3,654	10,006	1,516
Total equity	<u>9,191,211</u>	<u>10,408,323</u>	<u>11,594,272</u>	<u>1,756,708</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Overview

We are a large scale property developer with a leadership position in Guangzhou and an established presence in Suzhou, Chengdu, Beijing, Tianjin, Shanghai and Hainan. We focus on medium-to high-end residential property developments with distinctive characteristics. To diversify our earnings mix, we also develop commercial properties in prime locations as long-term investments, including office buildings, shopping malls, serviced apartments and hotels. We commenced operation of our first office property, International Finance Place, in August 2007. In September 2009, we opened our first hotel, Four Points by Sheraton in Guangzhou, and are currently developing two additional high-end hotels in Guangzhou, including mainland China's first W Hotel and Huadu Sheraton Resort, as well as W Service Apartment, a high-end serviced apartment in Guangzhou. In addition, we are planning to develop six further high-end hotels and six high-end shopping malls in various cities including Guangzhou, Suzhou and Chengdu, as well as Hainan Province. Our hotels will be operated by internationally renowned hotel operators including affiliates of Starwood Hotels & Resorts Worldwide, Inc. (the "Starwood Hotels Group"). We believe our investment properties and hotels will help further strengthen our brand name. We also engage in property-related businesses such as property management for residential and commercial properties.

For 2008, 2009 and 2010, our revenue was RMB1,574.2 million, RMB4,266.6 million and RMB7,465.9 million (US\$1,131.2 million), respectively. For 2008, 2009 and 2010, our profit was RMB366.2 million, RMB721.5 million and RMB1,281.8 million (US\$194.2 million), respectively.

Key Factors Affecting Our Performance

Our business, results of operations and financial condition are affected by a number of factors, many of which are beyond our control. See "Risk Factors." Such factors include the following:

The Regulatory Environment and Measures Affecting the Real Estate Industry in China

Our business and results of operations have been, and will continue to be, affected by the regulatory environment in China, PRC governmental policies and measures taken by the PRC government on property development and related industries. In recent years, the PRC government has implemented a series of measures with a view to control the growth of the economy, including the real estate markets. While the real estate industry is regarded as a pillar industry by the PRC government, the PRC government has taken various restrictive measures to discourage speculation in the real estate market and to increase the supply of affordable residential properties. From time to time, the PRC government adjusts or introduces macroeconomic control policies to encourage or restrict development in the private property sector through regulating, among others, land grants, pre-sales of properties, bank financing and taxation. Measures taken by the PRC government to control money supply, credit availability and fixed assets also have a direct impact on our business and results of operations. The PRC government may introduce initiatives which may affect our access to capital and the means by which we may finance our property development. See "Regulations" for more details on the relevant PRC laws and regulations.

China's economy has experienced a slowdown as a result of the recent global economic and financial crisis. Recently there have been signs showing that China's economy has rebounded from its worst growth in a decade since the second quarter of 2009. In particular, there have been signs of recovery in China's property market since the second quarter of 2009. In addition, global economic conditions have also improved as governments around the world have taken remedial actions to address the economic slowdown and financial crisis. However, there is no assurance that such improved conditions can be sustained. It is also difficult to determine the continued impact of the global economic slowdown and financial crisis on the property industry in China due to its unprecedented nature. If the global economic slowdown and financial market crisis continue or become more severe than currently estimated, our business prospects, revenues, cash flows and financial condition could be materially and adversely affected.

In response to the global financial crisis and in an effort to expand domestic demand, the State Council issued a notice on Adjusting the Capital Ratio of Fixed Asset Investment Projects (國務院關於調整固定資產投資項目資本金比例的通知) on May 25, 2009. Pursuant to the notice, the capital ratio for

government subsidized housing projects and ordinary commodity housing projects was reduced from 35% to 20%, and the capital ratio for other property development projects was reduced from 35% to 30%. On October 22, 2008, the PBOC promulgated the Notice on Several Issues Regarding the Expansion of the Extent of Downward Floating Interest Rate for Commercial Individual Housing Loans (關於擴大商業性個人住房貸款利率下浮幅度有關問題的通知). Pursuant to the notice, the minimum down payment for home buyers on their first home purchase was lowered to 20% of the purchase price, with the minimum mortgage loan interest rate lowered to 70% of the relevant PBOC benchmark interest rate. These and other measures have affected the overall economy in China, with differing effects on various sectors. For example, in November and December 2009, in response to the rising property prices across the country, the PRC government announced new policies and adopted new measures to curtail speculation in the property market and imposed more stringent requirements on the payment of land premiums by property developers. PRC regulatory measures in the real estate industry will continue to impact our business and results of operations.

Changes in the economic conditions and the regulatory environment in the PRC in general or in cities and regions in which we operate may affect the selling price of our properties as well as the time it will take us to pre-sell or sell the properties we have developed. Lower selling prices, without a corresponding decrease in costs, will adversely affect our gross profit and reduce cash flow generated from the sale of our properties, which may increase our reliance on external financing and negatively impact our ability to finance the continuing growth of our business. A prolonged selling period will increase our selling and distribution costs as well as reduce the cash flow generated from the sale of our properties for a particular period. On the other hand, higher selling price and a shorter selling period may increase our gross profit, reduce our selling and distribution costs and increase our cash flow for a particular period to enable us to fund the continuing growth of our business.

The Product Mix and Geographic Locations of Our Properties

Our principal source of revenue and cash from operations is derived from the sale of units in our residential properties, and to a lesser extent from sales of office properties, retail properties, car park spaces and serviced apartments. We also derive recurring revenue from our investment properties, which are held for recurring income and/or for capital appreciation. Our results of operations and the sources and amount of our cash from operations may vary significantly from period to period depending on the type and volume of our completed properties that we sell or rent, which frequently depends on the timing of the completion of various stages in the property development process. See “— Timing of Property Development.” Our results of operations and cash flows will also vary depending on the market demand at the time we sell or rent our properties, which affects the rental and occupancy rates of our investment properties and hotels and the selling prices for units in our residential properties. The recurring income and selling prices we receive from, and the occupancy levels of, our property developments depend on local market prices which in turn depend on local supply and demand conditions, as well as the type of property being developed.

Timing of Property Development

The number of property developments that a developer can undertake during any particular period is limited due to substantial capital requirements for land acquisitions and construction costs as well as limited land supply. In addition, significant time is required for property developments and it may take many months or probably years before pre-sales of a property development can occur. Moreover, while the pre-sale of a property generates positive cash flow for us in the period in which it is made, we must place a portion of such proceeds in restricted bank accounts and may only use such cash for specified purposes. In addition, no revenue is recognized with respect to such property until it has been completed and delivered to the purchaser. As market demand is not stable, revenue in a particular period can also depend on our ability to gauge the expected demand in the market at the expected completion date of a particular project, while delays in construction, regulatory approval processes and other factors can adversely affect the timetable of our projects. As our revenue from sales of properties are recognized upon the delivery of properties, the timing of such delivery may not only affect the amount and growth rate of our revenue but also cause changes in other payables and accruals to fluctuate from period to period. As a result, our results of operations have fluctuated in the past, primarily due to the volume of GFA delivered, which is partially a result of timing of our property development, and are likely to continue to fluctuate in the future.

Fluctuation in the Valuation of Our Investment Properties

Our investment properties principally consist of office buildings for rent, retail shop units and car park spaces held for recurring revenue and/or for capital appreciation. Our investment properties (excluding hotels and serviced apartments, which are recorded as non-current assets under “Property, plant and equipment” on our consolidated statements of financial position) are stated at their fair value on our consolidated statements of financial position as non-current assets as of the end of each reporting period on the basis of valuations by an independent property valuer or by our management. Gains or losses arising from changes in the fair value of our investment properties are accounted for as profit or loss upon revaluation increase or decrease in investment properties in our consolidated income statements, which may have a substantial effect on our profits. The property valuation involves the exercise of professional judgment and requires the use of certain bases and assumptions. The bases and assumptions which the valuer uses for the valuation typically includes values realized in comparable precedent transactions in the market for properties of similar size, character and location. The fair value of our investment properties may have been higher or lower if the valuer used a different set of bases or assumptions or if the valuation was conducted by other qualified independent professional valuers using a different set of bases and assumptions. In addition, upward revaluation adjustments reflect unrealized capital gains on our investment properties as of the relevant reporting dates and are not profit generated from the sales or rentals of our investment properties, and do not generate any cash inflow to us until such investment properties are disposed of at similarly revalued amounts. The amounts of revaluation adjustments have been, and may continue to be, significantly affected by the prevailing property markets and may fluctuate significantly. We cannot assure you that we will record fair value gains, or that we will not record fair value losses, in the future. For 2008, 2009 and 2010, we recorded net fair value gains (losses), net of deferred tax, of RMB(17.7) million, RMB45.5 million and RMB2.9 million (US\$0.4 million), respectively.

Availability and Cost of Land

To have a steady stream of properties available for sale and to achieve continuous growth in the long term, we need to replenish and increase suitable land reserves at commercially acceptable prices. Land acquisition costs are one of the primary components of our cost of sales for property development, which consists of land premium and where necessary, the cost of demolition of existing buildings and relocation of residents. The cost of acquiring land has a direct and substantial effect on our gross margins. We expect competition among property developers for suitable land reserves to remain intense, which affects land prices. In addition, PRC governmental land supply policies and implementation measures may further intensify competition for land in China among property developers. For example, although privately held land use rights are not prevented from being traded in the secondary market, the statutory means of public tender, auction and listing-for-sale practice in respect of the grant of state-owned land use rights is likely to increase competition for available land and to increase land acquisition costs. Furthermore, in November 2009, the PRC government raised the minimum down-payment of land premium to 50% and now requires the land premium to be fully paid within one year after the signing of a land grant contract, subject to limited exceptions. In March 2010, the Ministry of Land and Resources promulgated a notice to strictly regulate the transfer of land for commercial buildings. According to the notice, the area of a parcel of land granted for commodity residential project should be strictly restricted in accordance with the catalogue of restricted use of land and the minimum price of the land transfer should not be less than 70% of the benchmark price of the place where the land being transferred is located, and the real estate developer’s bid deposit should not be less than 20% of the minimum transfer price. See “Regulations — The Land System of the PRC — National Legislation.” These changes of policy may materially and adversely affect our cash flow and our ability to acquire suitable land for our operations.

Costs of Labor and Construction Materials

Our results of operations are affected by the costs of labor and construction materials such as steel and cement. As a result of the economic growth and the boom in the property development industry in the PRC, wages for construction workers and the prices of construction materials have increased substantially in recent years. Further, the PRC Labor Contract Law (中華人民共和國勞動合同法) that came into effect on January 1, 2008, enhanced the protection for employees and increased employers’ liability in many circumstances which may further increase our labor cost. To the extent that we are not able to pass such increased costs on to our customers, our gross margin and our results of operations would be adversely affected.

To reduce our exposure to price volatility of construction materials, we typically enter into contracts with third party construction contractors pursuant to which the construction contractors are responsible for procuring most of the construction materials for our property development projects. Such construction contracts are typically fixed or capped unit price contracts where the unit price of the construction materials is fixed or capped and the total price payable depends on our quantity requirement. Similarly, under the terms of most of our construction contracts, labor wages are paid by the construction contractors and increasing costs of labor are borne by the contractors during the term of such contracts. However, we are exposed to price volatility of labor and construction materials to the extent that we periodically enter into or renew our construction contracts at different terms during the life of a project, which may span over several years, or if we hire construction workers directly or procure the construction materials directly from suppliers, any of which may result in increased cost of sales and decreased profit margin. Furthermore, we typically pre-sell our properties prior to their completion and we will not be able to pass the increased costs on to our customers if labor or construction costs increase subsequent to the time of such pre-sale.

Access to and Cost of Financing

Borrowing is an important source of funding for our property developments. As of December 31, 2008, 2009 and 2010, our outstanding bank loans amounted to RMB5,994.2 million, RMB8,645.5 million and RMB10,713.3 million (US\$1,623.2 million), respectively. Because commercial banks in China link the interest rates on their borrowings to the benchmark lending rates published by PBOC, any increase in such benchmark lending rates will increase the interest costs for financing our developments. Our access to capital and cost of financing are affected by restrictions imposed from time to time by the PRC government on bank lending for property development. In addition, since we have Hong Kong dollar denominated debt, our access to capital and cost of financing are also affected by fluctuations in the Hong Kong Interbank Offered Rate, an interest rate stated in Hong Kong dollars on the lending and borrowing between banks in the Hong Kong interbank market. A significant portion of our finance costs are capitalized rather than being expensed at the time they are incurred to the extent such costs are directly attributable to the acquisition and construction of a project or a projected phase.

Our capitalized borrowing costs attributable to revenue included in our cost of sales in 2008, 2009 and 2010 was RMB35.1 million, RMB123.9 million and RMB189.0 million (US\$28.6 million), respectively. An increase in our finance costs would negatively affect our profitability and results of operations and the availability of financing will affect our ability to engage in our project development activities, which will negatively affect our results of operations.

Critical Accounting Policies

We have identified certain accounting policies that are significant to the preparation of our consolidated financial statements. Our significant accounting policies, which are important for an understanding of our financial condition and results of operations, are set forth in Note 2.4 to our consolidated financial statements included in this offering memorandum. Some of our accounting policies involve subjective assumptions and estimates, as well as complex judgments relating to accounting items such as revenue recognition, cost or expense allocation and provision. In each case, the determination of these items requires management judgments based on information and financial data that may change in future periods. When reviewing our consolidated financial statements, you should consider (i) our selection of critical accounting policies; (ii) the judgment and other uncertainties affecting the application of such policies; and (iii) the sensitivity of reported results to changes in conditions and assumptions. We set forth below those accounting policies that we believe involve the most significant estimates and judgments used in the preparation of our consolidated financial statements. See Note 3 to the financial statements starting on page F-1 of this offering memorandum.

Revenue Recognition

Revenue is recognized when it is probable that the economic benefits will flow to us and when the revenue can be measured reliably, on the following bases:

- (a) from the sale of properties, when the significant risks and rewards of ownership have been transferred to the buyer, which is when the construction work has been completed and the properties have been delivered to the buyer. Deposits and installments received in respect of properties sold prior to the date of revenue recognition are included in the consolidated statement of financial position under current liabilities;
- (b) rental income, on a time proportion basis over the lease terms;
- (c) hotel revenue from room rentals, food and beverage sales and other ancillary services when the services are rendered;
- (d) property management fee income, when the related management services have been provided; and
- (e) interest income, on an accrual basis using the effective interest method by applying the rate that discounts the estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset.

Properties Under Development, Cost of Sales and Completed Properties Held for Sale

Properties under development are intended to be held for sale after completion. Properties under development are stated at the lower of cost and net realizable value and comprise land costs, construction costs, borrowing costs, professional fees and other costs directly attributable to such properties incurred during the development period. 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. On completion, the properties are transferred to completed properties held for sale.

Cost of sales for each property we sell includes construction costs, costs of obtaining land use rights and capitalized borrowing costs on related borrowed funds during the period of construction, based upon the total saleable GFA of properties expected to be sold in each project, which are allocated to each property based on the estimated relative saleable GFA of each property. We make such estimates based on the information available at the time of completion of the relevant sales contracts, including the development plan and budget for the project. If there is any change to the estimated total development cost subsequent to the initial sales for a project, for example, due to fluctuations in construction costs or changes in development plans, we will need to finalize the cost with the contractor and allocate the increased or decreased cost to all the properties in the project, including those that have been sold in prior periods, which will increase or decrease the unit costs of, and erode or improve the margins realizable on, the properties of the project during the period in which such change occurs.

Completed properties held for sale are stated at the lower of cost and net realizable value. Cost is determined by an apportionment of the total land and buildings costs attributable to unsold properties. Net realizable value is estimated by the directors based on the prevailing market prices, on an individual property basis.

Valuation of Our Investment Properties

Our investment properties are stated at fair value based on valuations performed by independent professional valuers. In determining the fair value, the valuers have based this on a method of valuation which involves certain estimates. In relying on the valuation report provided by the valuers, our management team has exercised its judgment and is satisfied that the method of valuation is reflective of current market conditions. See “Certain Income Statement Items — Fair Value Gains on Investment Properties.”

Effective from January 1, 2009, Hong Kong Accounting Standard 40 revises the scope such that property being constructed or developed for future as an investment property is classified as an investment property. The Group has applied the amendments prospectively from January 1, 2009. The Group’s accounting policy for investment properties is to subsequently state them at fair value with changes in fair

values recognized in profit or loss. As a result of the amendments, an investment property under construction is carried at fair value at the earlier of when the fair value first becomes reliably determinable and when the construction of the property is completed.

As a result of the adoption of this amendment, during the year ended December 31, 2009, the Group reclassified properties under development of approximately RMB11.8 million into investment properties. A fair value increase of approximately RMB58.4 million in respect of the investment properties under construction has been recognized in the income statement for the year ended December 31, 2009.

Capitalized Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalized as part of the cost of those assets. The capitalization of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalized. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consists of interest and other costs that an entity incurs in connection with the borrowing of funds.

LAT

We are subject to LAT with respect to the appreciated value of land. LAT applies to both domestic and foreign developers and investors in real properties in China, irrespective of whether they are corporate entities or individuals. For 2008, 2009 and 2010, we made LAT prepayments of RMB36.1 million, RMB62.2 million and RMB189.3 million (US\$28.7 million), respectively and LAT provisions of RMB197.6 million, RMB351.2 million and RMB694.2 million (US\$105.2 million), respectively. We prepay LAT on the basis of our pre-sale proceeds in accordance with requirements of PRC tax authorities and provide for unpaid LAT liabilities based on our best estimate according to our understanding of prevailing tax rules. Actual LAT liabilities are, however, subject to determination by the tax authorities upon completion of the property development projects and, because the PRC government has not published clear and comprehensive guidelines in this regard, the tax authorities may disagree that our provisions are sufficient to cover all actual LAT obligations as of each balance sheet date in respect of our past LAT liabilities. See “Regulations — Taxation in China — Land Appreciation Tax.”

Classification between Investment Properties and Properties Held for Sale

The Group develops properties held for sale and properties held to earn rentals and/or for capital appreciation. Judgment is made by management on determining whether a property is designated as an investment property or a property held for sale. The Group considers its intention for holding the properties at the early development stage of the related properties. During the course of construction, the related properties under construction are accounted for as properties under development included in current assets if the properties are intended for sale after its completion, whereas, the properties are accounted for as assets under construction included in non-current assets if the properties are intended to be held to earn rentals and/or for capital appreciation. Upon completion of the properties, the properties held for sale are transferred to completed properties held for sale and are stated at cost, while the properties held to earn rentals and/or for capital appreciation are transferred to investment properties and are subject to revaluation at the end of each reporting period.

Certain Income Statement Items

Revenue

Our revenue represents the (i) gross proceeds from the sale of properties, (ii) gross rental income received and receivable from investment properties, (iii) gross revenue from hotel operation and (iv) property management fee income, which is categorized into four segments: property development, property investment, hotel operation and property management, respectively. We are subject to business tax at the rate of approximately 3% to 5% for all our operating segments. Revenue is presented net of business tax.

The following table sets forth our revenue in each operating segment and the percentage of revenue represented by each segment in 2008, 2009 and 2010, respectively.

	Year Ended December 31,						
	2008		2009		2010		
	RMB	%	RMB	%	RMB	US\$	%
	(in thousands, except percentages)						
Property development	1,471,220	93.5%	4,109,986	96.3%	7,221,143	1,094,113	96.7%
Property investment	74,526	4.7%	98,701	2.3%	124,178	18,815	1.7%
Hotel operation	—	—	10,003	0.3%	56,914	8,623	0.8%
Property management	28,468	1.8%	47,882	1.1%	63,676	9,648	0.8%
Total	<u>1,574,214</u>	<u>100%</u>	<u>4,266,572</u>	<u>100%</u>	<u>7,465,911</u>	<u>1,131,199</u>	<u>100%</u>

In 2008, 2009 and 2010, we derived substantially all of our revenue from the development and sale of residential properties. In the future, we intend to further expand our business into the development of hotels, office buildings and other commercial properties, and therefore we expect that our recurring revenue generated from our property management, hotel operation and property investment segments should increase over time.

Property Development

The following table sets forth the revenue and GFA sold by project for 2008, 2009 and 2010, respectively.

	Year Ended December 31,									
	2008			2009			2010			
	RMB		%	RMB		%	RMB		US\$	
	sq.m.	(in thousands)		sq.m.	(in thousands)		sq.m.	(in thousands)	(in thousands)	(in thousands)
Linkreit International Business										
Development Center ⁽¹⁾	10,406	83,519	5.7%	3,280	25,308	0.6%	3,054	24,433	3,702	0.3%
Ma'an Mountain No.1	11,600	91,404	6.2%	3,836	39,472	1.0%	1,725	11,635	1,763	0.2%
Cosmos	21,535	553,888	37.6%	9,719	215,802	5.3%	4,720	126,209	19,123	1.7%
Jinghu Garden	35,170	171,595	11.7%	57,123	255,835	6.2%	5,468	33,787	5,119	0.5%
Sky Ville	33,475	332,825	22.6%	115,539	625,694	15.2%	73,869	508,352	77,023	7.0%
Colour of United	402	2,217	0.2%	—	—	—	—	—	—	—%
Waterfront Mansion	9,805	42,548	2.9%	154,008	699,729	17.0%	73,274	442,654	67,069	6.1%
King Peak Garden	11,138	193,224	13.1%	21,726	425,711	10.4%	859	13,862	2,100	0.2%
The City Island	—	—	—	58,992	351,462	8.6%	109,786	808,954	122,569	11.2%
The Apex	—	—	—	64,408	1,288,201	31.3%	7,474	464,923	70,443	6.4%
The Emerald	—	—	—	21,203	182,772	4.4%	28,604	285,081	43,194	3.9%
International Creative Valley	—	—	—	—	—	—	75,518	754,879	114,376	10.5%
The Summit	—	—	—	—	—	—	33,161	610,660	92,524	8.5%
Up Blue Town	—	—	—	—	—	—	95,007	448,786	67,998	6.2%
Vision of the World	—	—	—	—	—	—	53,282	263,092	39,862	3.7%
The Sapphire	—	—	—	—	—	—	140,876	1,232,563	186,752	17.1%
Fragrant Seasons	—	—	—	—	—	—	29,713	368,236	55,793	5.1%
Chengdu Cosmos	—	—	—	—	—	—	47,726	823,037	124,703	11.4%
	<u>133,531</u>	<u>1,471,220</u>	<u>100%</u>	<u>509,834</u>	<u>4,109,986</u>	<u>100%</u>	<u>784,116</u>	<u>7,221,143</u>	<u>1,094,113</u>	<u>100%</u>

(1) Historical project, for which as of December 31, 2010, substantially all of the saleable GFA attributable to our Group had been sold out.

Revenue from property development represents proceeds from sales of our properties held for sale. Because we derive substantially all of our revenue from the property development segment, our results of operations for a given period depend upon the GFA of properties we have completed and delivered during that period, the market demand for those properties and the price we are able to obtain for such properties. Conditions of the property markets in which we operate change from period to period and are affected by the general economic, political and regulatory developments in the PRC as well as in Guangzhou and other locations where we operate. See “— Key Factors Affecting Our Performance.”

Consistent with industry practice, we typically enter into purchase contracts with customers while the properties are still under development but after satisfying the conditions for pre-sales in accordance with PRC laws and regulations. See “Business — Property Development — Pre-sale.” In general, there is a time difference, typically ranging from several months to one year, between the time we commence pre-selling

properties under development and the completion of the relevant property development. We do not recognize any revenue from the pre-sales of our properties until such properties are completed and delivered to the purchasers, even though we receive payments at various stages prior to delivery. Before the delivery of a pre-sold property, payments received from purchasers are recorded as “Deposits received and receipts in advance” under “Current Liabilities — Other payables and accruals” on our consolidated statements of financial position. As our revenue from sales of properties are recognized upon the delivery of properties, the timing of such delivery may not only affect the amount and growth rate of our revenue but also cause changes in other payables and accruals to fluctuate from period to period. As of December 31, 2008, 2009 and 2010, our deposits received in advance arising from pre-sales of various development projects, amounted to approximately RMB803.7 million, RMB3,308.5 million and RMB6,686.4 million (US\$1,013.1 million), respectively.

Property Investment

Revenue from our property investment segment represents recurring revenue from our investment properties, which has historically been generated from the rental of the retail properties and car park spaces of our residential projects, that is recognized on a straight-line basis over the lease period. For 2008, 2009 and 2010, our gross rental income was RMB74.5 million, RMB98.7 million and RMB124.2 million (US\$18.8 million) respectively. In the future, we expect that our recurring revenue will continue to increase over time as we further expand to the development and management of office buildings and other commercial properties. We believe the increase of such recurring revenue will help us reduce over-reliance on a particular sector of the property market and diversify our risk exposure to reduce the potential impact of adverse developments in the PRC economy and property markets in the cities in which we do business.

Hotel Operation

Revenue derived from hotel operations is recognized when such services are provided. Revenue from our hotel operations was RMB10.0 million and RMB56.9 million (US\$8.6 million) for the year ended December 31, 2009 and 2010, respectively. We expect that as a proportion of our total revenue, revenue from hotel operations will continue to increase as we develop more hotel projects in the future.

Property Management

Revenue from our property management segment is recognized when the related management services are provided. We established our two property management subsidiaries in 2003 and 2004, respectively, which provide property management services to our residential and commercial properties. For 2008, 2009 and 2010, our revenue from property management fees was RMB28.5 million, RMB47.9 million and RMB63.7 million (US\$9.7 million), respectively. We expect that our revenue from property management fees will increase over time due to the cumulative growth of our portfolio of residential and commercial properties under management. We currently do not and do not intend to provide property management services to third-party projects.

Cost of Sales

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

The table below sets forth information relating to cost of sales for the periods indicated.

	Year Ended December 31,						
	2008		2009		2010		
	RMB	%	RMB	%	RMB	US\$	%
	(in thousands, except percentages)						
Sales of properties							
Land	149,229	20.0%	622,885	23.5%	1,379,063	208,949	31.6%
Capitalized interest	35,139	4.7%	123,909	4.7%	189,041	28,642	4.3%
Construction cost	554,527	74.3%	1,890,195	71.3%	2,749,633	416,611	62.9%
	738,895	99.0%	2,636,989	99.5%	4,317,737	654,202	98.8%
Property management	7,518	1.0%	11,864	0.4%	23,642	3,582	0.6%
Hotel operation	—	—	1,414	0.1%	26,899	4,076	0.6%
Total	<u>746,413</u>	<u>100%</u>	<u>2,650,267</u>	<u>100%</u>	<u>4,368,278</u>	<u>661,860</u>	<u>100%</u>

We recognize the cost of sales of our properties for a given period to the extent that revenue from such properties have been recognized in such period. Prior to their completion and delivery, properties under development are included in our consolidated statements of financial position at the lower of cost and net realizable value. Net realizable value for our properties under development is determined by reference to management's estimates of the selling prices based on prevailing market conditions, less applicable variable selling expenses and the anticipated costs of completion. Net realizable value for our completed properties held for sale is determined by our directors based on prevailing market prices, or on individual property basis. Cost for properties under development comprises construction costs, costs of obtaining land use rights, and capitalized borrowing costs. The components of our cost of sales may change in any given year based on the stage of our projects in the property development process. See "Business — Property Development."

Construction Costs

Construction costs include all of the costs for the design and construction of a project, including payments to third-party contractors and designers and costs of construction materials. Historically, construction material costs (which are generally included in the payments to the construction contractors), particularly the cost of steel and cement, has been a major cause of fluctuations in our construction costs. See "— Key Factors Affecting Our Performance — Cost of Labor and Construction Materials."

Other components of our construction costs include ventilation systems, plant watering systems, elevators and interior decoration materials. Construction cost per sq.m. decreased slightly from RMB3,708.0 for the year ended December 31, 2009 to RMB3,507.0 (US\$531.4) for the year ended December 31, 2010, principally due to cost control mechanisms we implemented in 2010. Construction cost per sq.m. decreased from RMB4,152.8 in 2008 to RMB3,708.0 in 2009, principally due to the increasing proportion of our construction of mid-end residential projects which have relatively lower construction costs.

In addition, with the overall improvement of living standards in the PRC as well as the PRC government's recent policies aiming to increase wages of migrant workers, we expect the trend of increasing labor costs to continue into the near future, which in turn will increase our construction costs.

Costs of Land Use Rights

Costs of land use rights include costs relating to acquisition of the rights to occupy, use and develop land, and primarily represent land premiums incurred in connection with a land grant from the government or land obtained in the secondary market by transfer, cooperative arrangement, corporate acquisition or otherwise. Our costs of land use rights are influenced by a number of factors, including the location of the property, the timing of the acquisition, and the project's plot ratios. Costs of land use rights are also affected by our method of acquisition, whether by PRC government-organized tenders, auctions or listings-for-sale, through private sale transactions and cooperative agreements with third parties in the secondary market or through the acquisition of other companies that hold land use rights. We may also be required to pay demolition and resettlement costs. Our costs of land use rights are also vulnerable to changes in PRC regulations. Land cost per sq.m. increased to RMB1,759.0 (US\$266.5) for the year ended

December 31, 2010, from RMB1,222.0 in 2009, principally due to the fact that recognized land costs were for projects at better locations with relatively higher land costs. Costs of land use rights per sq.m. remained constant in 2008 and 2009.

Capitalized Borrowing Costs

We capitalize a portion of our costs of borrowings to “properties under development,” “investment properties” or “assets under construction” under “property, plant and equipment” on our consolidated statements of financial position (depending on whether the relevant project is being developed for sale; for investment or hotel operation purposes) to the extent that such costs are directly attributable to the construction of a project. In general, we capitalize finance costs incurred from the commencement of the planning and design of a project, which typically precedes the receipt of a construction permit, until the completion of construction. For any given project, finance costs incurred after the end of the month in which construction on the project is completed are not capitalized, but are instead accounted for in our consolidated income statements as finance costs in the period in which they are incurred.

Other Income and Gains

Other income and gains comprise net gains on the disposal of our investment properties, interest income on bank deposits, net foreign exchange differences, and miscellaneous income, including revenue from clubhouses and other facilities in our residential projects. Upon the disposal of an investment property, the difference between the net proceeds and the carrying value is accounted for as a gain or loss on the disposal of an investment property and is recorded on our consolidated income statements under “other income and gains.”

Selling and Marketing Costs

Selling and marketing costs include advertising and promotional expenses relating to sales and rental of our properties (including advertisements on television and in newspapers, magazines, on billboards, promotional offers made directly to our customers and certain other promotional events), selling and marketing staff costs and other selling expenses. Our selling and marketing costs in any period are affected by the proportion of newly-introduced developments in our portfolio in that period. We expect our selling and marketing costs to continue to increase, as we have multiple projects which we expect to be released to the market on a rolling basis in the near future. Furthermore, we may be required to incur additional selling and marketing costs when we enter into a new market as part of our efforts to develop our brand in those markets.

Administrative Expenses

Administrative expenses include primarily administrative staff costs, travelling and entertainment expenses, other professional fees, and general office expenses.

Fair Value Gains (Losses) on Investment Properties

Investment properties are interests in land and buildings held to earn recurring income and/or for capital appreciation. In 2007 and 2008, before the completion of construction of these properties, such interests were recorded as non-current assets under “land use rights” or “assets under construction” under “property, plant and equipment” on our consolidated statements of financial position and, upon their completion, were transferred to investment properties on our consolidated statements of financial position. In 2009, due to a change in accounting policies, such interests were recorded as non-current assets under “investment properties” on our consolidated statements of financial position. “properties under development” on our consolidated statements of financial position represent the properties that we are developing for sale and do not include any investment properties. Our investment properties currently comprise commercial properties held for rental purposes and/or for capital appreciation, including office building, retail properties and car park spaces. With regard to retail properties and car park spaces on a residential project, we treat some of them as investment properties upon the completion of such properties. However, we have the discretion to sell these retail properties and car park spaces when we believe sales will generate more economic return. Once a retail property or a car park space is sold, it is excluded from

our investment properties. The gains on disposals of these investment properties are recognized as “other income and gains”, and the losses on disposal of such properties are recognized as “other operating expenses, net.”

Gains or losses arising from changes in the fair values of investment properties are included in our consolidated income statements in the year in which they arise. Our investment properties were revalued by CB Richard Ellis Limited as of December 31, 2008, 2009 and 2010, respectively, on an open market, existing use basis which reflected market conditions at those dates. Based on such valuation, we recognized the aggregate fair market value of our investment properties on our consolidated statements of financial position, recognized fair value gains or losses on investment properties on our consolidated income statements and recognized the relevant deferred tax under “income tax expenses” on our consolidated income statements.

As of December 31, 2008, 2009 and 2010, the fair value of our investment properties was RMB3,546.4 million, RMB3,501.5 million and RMB3,462.0 million (US\$524.5 million), respectively. For 2008, 2009 and 2010, the fair value gains/(losses) on our investment properties were RMB(23.6) million, RMB60.6 million and RMB3.9 million (US\$0.6 million), respectively, and the relevant deferred tax for these fair value gains charged under “income tax expenses/(credits)” on our consolidated income statements were RMB(5.9) million, RMB15.1 million and RMB1.0 million (US\$0.2 million), respectively. Accordingly, for the same periods, net fair value gains (losses), net of deferred tax, on our investment properties were RMB(17.7 million), RMB45.5 million and RMB2.9 million (US\$0.4 million).

For 2008, our net fair value loss was primarily due to the rapid decline in the PRC property market and lack of new significant investment properties. Our net fair value gains in 2009 increased to RMB60.6 million primarily as a result of our additional investment properties in Guangzhou. For 2009, the net fair value gains, net of deferred tax, represented approximately 6.3% of our profit for the year. We reported net fair value gains on investment properties, net of deferred tax, of RMB2.9 million (US\$0.4 million) for the year ended December 31, 2010, which represented approximately 0.2% of our profit for the year. Our net fair value gains in 2010 decreased by approximately 93.6% primarily because we had no new significant investment properties in 2010 and the market value of our investment properties in 2010 remained relatively stable.

The fair value of each of our investment properties is likely to fluctuate from time to time and the fair value of our investment properties may decrease significantly in the future. Any such decrease in the fair value of our investment properties would reduce our profits. See “Risk Factors — Risks Relating to Our Business — The fair value of our investment properties is likely to fluctuate from time to time and may decrease significantly in the future, which may materially and adversely impact our profitability.”

Finance Costs

Finance costs consist primarily of interest costs on bank loans net of capitalized borrowing costs. We capitalize a portion of our costs of borrowings to “properties under development” or to “assets under construction” under “property, plant and equipment” or to “investment property under construction” under “investment properties” on our consolidated statements of financial position (depending on whether the relevant project is being developed as for sale or for investment purposes) to the extent that such costs are directly attributable to the construction of a project. Finance costs fluctuate from period to period due primarily to fluctuations in our level of outstanding indebtedness and the interest rates on such indebtedness. Since the development period for a property development does not necessarily coincide with the repayment period of the relevant loan, not all of the interest costs related to a property development can be capitalized. As a result, the period to period fluctuation of our finance costs is also attributable to the amount and timing of capitalization. See “— Cost of Sales — Capitalized Borrowing Costs.”

Share of Profit and Loss of Associates

Share of profit and loss of associates represents our profit or loss after tax that is attributable to our interest in associates pursuant to the joint venture agreement. As of December 31, 2010, our associates were Suzhou City Kaiyu Real Estate Development Company Limited, Garry Limited, Bonserry Investments Limited, Foshan City Xinjun Real Estate Development Co., Ltd., Foshan City Xinhao Real Estate Development Co., Ltd., Foshan City Xinhui Real Estate Development Co., Ltd., Foshan City

Xinjing Real Estate Development Co., Ltd., Lyntondale Holdings Limited, Channel Win Investment Limited, Foshan City Xinsheng Real Estate Development Co., Ltd., Foshan City Xinfeng Real Estate Development Co., Ltd., Foshan City Xinjin Real Estate Development Co., Ltd., Guangzhou City Wanjing Property Development Co., Ltd. and Shanghai Jingdong Property Development Limited.

Share of Profits and Losses of Jointly-controlled Entities

Share of profits and losses of jointly-controlled entities represents our profits or losses after taxation that is attributable to our interests in jointly-controlled entities pursuant to the joint venture agreements. As of December 31, 2010, our jointly-controlled entities were Guangzhou Weibai Real Estate Development Limited, Precious Wave Investments Limited, Quality Express Limited, Guangzhou Fujing Real Estate Development Limited, Shanghai Zhendong Property Development Co., Ltd., Tianjin Jinnan New Town Real Estate Development Co., Ltd., Tianjin He'an Investments Co., Ltd., Hines Shanghai New Jiang Wan Development Co., Ltd., Shanghai Chengtou Yuecheng Real Estate Company Limited, Chengdu City Hongyu Real Estate Development Ltd., Central Path Limited, Ideal City Investments Limited, Total Champ Limited and Great Command Investments Limited.

Income Tax Expenses

Our tax expenses for a given year include PRC corporate income tax and LAT during the period. For 2008, 2009 and 2010, our effective tax rate (income tax expenses divided by profit before tax) was 47.9%, 43.2% and 48.9%, respectively. Our effective tax rate is affected by, among other things, the LAT we are required to make.

PRC Corporate Income Tax

Income tax expense represents PRC corporate income tax liabilities accrued by our operating subsidiaries. The PRC corporate income tax has been calculated at the applicable tax rate on the assessable profits for each of 2008, 2009 and 2010. Before January 1, 2008, the corporate income tax rate generally applicable in the PRC was 33%. According to the PRC Enterprise Tax Law enacted by the National People's Congress on March 16, 2007, which became effective on January 1, 2008, a uniform income tax rate of 25% has been applied towards foreign investment and foreign enterprises which have set up production and operation facilities in the PRC. We are subject to tax at the new uniform income tax rate.

LAT

Under PRC laws and regulations, our PRC subsidiaries that are engaged in the property development business are subject to LAT, as determined by the local authorities in the location in which each project is located.

LAT Calculation. All income from the sale or transfer of state-owned land use rights, buildings and their attached facilities in the PRC is subject to LAT at progressive rates ranging from 30% to 60% of the appreciation value, as defined in the relevant tax laws. Certain exemptions are available for the sale of ordinary residential properties if the appreciation value does not exceed 20% of the total deductible items (as defined in the relevant tax laws). Sales of commercial properties are not eligible for such an exemption. Whether a property qualifies for the ordinary residential property exemption is determined by the local government, taking into consideration the property's plot ratio, aggregate GFA and sales price. Sales of higher-end properties and commercial properties are generally assessed at higher appreciation values, and are therefore generally subject to higher LAT rates.

LAT Provision. During 2008, 2009 and 2010, we generated sales from various projects. Our Guangzhou properties and all of our other projects currently under development or held for future development are subject to the regular LAT obligation at progressive rates between 30% and 60%. We estimate and make provisions for what we believe to be the full amount of applicable LAT in accordance with the requirements set forth in the relevant PRC tax laws and regulations. For 2008, 2009 and 2010, we have provided for LAT in the amount of RMB197.6 million, RMB351.2 million and RMB694.2 million (US\$105.2 million), respectively. Because we are only permitted to deduct our LAT provisions for

corporate income tax purposes when the relevant LAT is paid, we recognize deferred tax assets on our consolidated statements of financial position to the extent that we have made provision for LAT on properties sold or pre-sold, in each case until such time as the related LAT payments are made.

LAT Prepayment. Effective from January 1, 2005, the Guangzhou local tax bureau has required prepayment of LAT on pre-sale and sale proceeds of property developments on a quarterly basis. The applicable prepayment rates, as a percentage of pre-sale and sale proceeds of the previous quarter, are 0.5% for ordinary residential properties, 0.7% for residential and commercial complexes and 1% for other types of properties. Effective from January 1, 2008, the Guangzhou local tax bureau has changed the applicable prepayment rates of LAT. The applicable prepayment rates, as a percentage of pre-sale and sale proceeds, are 1% for ordinary residential properties and 2% for other types of properties. For the years ended December 31, 2008 and 2009, we made LAT prepayments in the amount of RMB36.1 million and RMB62.2 million, respectively. The Guangzhou local tax bureau further increased the applicable prepayment rates of LAT, effective from July 1, 2010. The prepayment rates are 2% for ordinary residential properties, 3% for non-ordinary residential properties and 4% for villas. While the prepayment rates are 2% for office buildings and 4% for commercial business properties. For the year ended December 31, 2010, we made LAT prepayments in the amount of RMB189.3 million (US\$28.7 million).

LAT Enforcement. On December 28, 2006, the PRC State Administration of Taxation issued a circular, which took effect on February 1, 2007. Under this circular, LAT must be settled if any of the following criteria is met: (1) the property development project has been completed and fully sold; (2) the property developer transfers the whole development project prior to completion; or (3) the land use rights with respect to the project are transferred. In addition, the relevant tax authorities may require the developer to settle its LAT obligations if any of the following criteria is met:

- for completed property development projects, the GFA transferred to buyers represents more than 85% of total saleable GFA of the relevant project, or the proportion represented is less than 85%, but the remaining saleable GFA has been leased out or used by the developer;
- the project has not been sold out for more than three years after obtaining the sale or presale permit;
- the developer applies for cancellation of tax registration without having settled the relevant LAT obligations; or
- other conditions stipulated by the tax authorities.

On May 19, 2010, the State Administration of Taxation issued the Circular on Issues Concerning Settlement of Land Appreciation Tax (關於土地增值稅清算有關問題的通知) which clarifies the method of revenue recognition in the settlement of land value-added tax and other relevant issues. According to the Circular, in the settlement of land value-added tax, if the sales invoices of commodity houses are issued in full, the revenue shall be recognized based on the amount indicated in the invoices. If the sales invoices of commodity houses are not issued or are issued in part, the revenue shall be recognized based on the purchase price indicated in the sales contract as well as other income. If the area of a commodity house specified in a sales contract is inconsistent with the result obtained by the relevant authorities after on-site survey and the purchase price is made up or returned before the settlement of land value-added tax, adjustments shall be made in the calculation of land value-added tax. The Circular provides that the deed tax paid by a real estate development enterprise for land use right shall be treated as the “relevant fees paid in accordance with the uniform regulations of the state” and be deducted from the “amount paid for land use right.”

On May 25, 2010, the PRC State Administration of Taxation published the Circular on Strengthening the Collection and Administration of Land Value Increment Tax (關於加強土地增值稅徵管工作的通知, “Circular”) to require all local government to scientifically formulate the tax ratio and strengthen the pre-tax of land value increment tax. According to the Circular, all local government shall made adjustments to the current pre-tax ratio. In addition to safeguarding housing, the pre-tax ratio of provinces in the eastern region shall not be lower than 2%, while the provinces in middle and northeastern region shall not be lower than 1.5% and the provinces in western region shall not be lower than 1%; and the local government shall determine the pre-tax ratio applicable to different types of real estate.

For projects developed in different phases, the LAT must be settled upon the completion of each phase. Local authorities, including the Guangzhou tax bureau, are required to issue regulations in compliance with the circular in consideration of local conditions. Our final LAT clearance and settlement in respect of any given property development project can be determined and made according to the requirements of the circular, or as and when requested by the relevant tax authorities. The relevant tax authorities have not yet notified us to commence final LAT clearance and settlement in respect of any of our property development projects. We believe we have made LAT prepayment and provision in accordance with all relevant PRC tax laws and regulations. Nevertheless, we cannot assure you that our LAT provisions are sufficient to cover our LAT obligations or that the tax authorities will agree with the basis on which we calculate our LAT obligations. In addition, our cash flows may be materially and adversely affected should the Guangzhou tax bureau require us to make immediate LAT settlement payments in respect of properties that we have developed.

As we are planning to continue to expand our property developments outside Guangzhou, we are subject to LAT as implemented by the local tax authorities in our new markets and we cannot assure you that any LAT obligations we calculate and provide for in respect of properties in these new markets will be sufficient to cover the LAT obligations which the local tax authorities ultimately impose on us.

Deferred Tax

We provided for deferred tax, using the liability method, on temporary differences at the balance sheet date arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Tax rates enacted or substantially enacted by the balance sheet date are used to determine the deferred tax.

We provided for deferred tax liabilities, including the taxable temporary differences arising on fair value gains on investment properties, in full while deferred tax assets are recognized to the extent that it is probable that future profit will be available against which the temporary differences can be utilized. Deferred tax assets are recognized for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management estimation is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Hong Kong and Cayman Islands Tax

We have not made any provision for Hong Kong profits tax as we had no assessable profit in Hong Kong during 2008, 2009 and 2010. Furthermore, based on the Cayman Islands' tax regulations, we are not subject to Cayman Islands income tax because we operate as an exempted company.

Results of Operations

The following table sets forth, for the periods indicated, certain items derived from our consolidated income statements and their respective percentages of our total revenue.

	Year Ended December 31,						
	2008		2009		2010		
	RMB	%	RMB	%	RMB	US\$	%
	(in thousands, except percentages)						
Revenue	1,574,214	100.0%	4,266,572	100.0%	7,465,911	1,131,199	100.0%
Cost of sales	(746,413)	(47.4%)	(2,650,267)	(62.1%)	(4,368,278)	(661,860)	(58.5%)
Gross profit	827,801	52.6%	1,616,305	37.9%	3,097,633	469,339	41.5%
Other income and gains	150,644	9.6%	49,265	1.2%	78,893	11,953	1.1%
Selling and marketing costs	(89,514)	(5.7%)	(188,494)	(4.4%)	(242,805)	(36,789)	(3.3%)
Administrative expenses	(170,908)	(10.9%)	(281,988)	(6.6%)	(413,836)	(62,702)	(5.5%)
Other operating expenses, net	(1,758)	(0.1%)	(42,183)	(1.0%)	(5,356)	(812)	(0.1%)
Fair value gains/(losses) on investment properties, net	(23,569)	(1.5%)	60,587	1.4%	3,869	586	0.1%
Finance costs	—	—	(9,024)	(0.2%)	(19,974)	(3,026)	(0.3%)
Share of profits and losses of:							
Associates	—	—	(10)	(0.0%)	(2,246)	(340)	(0.0%)
Jointly-controlled entities	10,582	0.7%	65,024	1.5%	11,485	1,740	0.2%
Profit before tax	703,278	44.7%	1,269,482	29.8%	2,507,663	379,949	33.6%
Income tax expenses	(337,108)	(21.4%)	(548,025)	(12.8%)	(1,225,889)	(185,741)	(16.4%)
Profit for the year	<u>366,170</u>	23.3%	<u>721,457</u>	16.9%	<u>1,281,774</u>	<u>194,208</u>	(17.2%)

2010 Compared to 2009

Revenue. Our revenue increased by 75.0% to RMB7,465.9 million (US\$1,131.2 million) in 2010 from RMB4,266.6 million in 2009, primarily due to the increase of total GFA delivered in sales of properties in 2010.

- Property Development.* Revenue generated from property development increased by 75.7% to RMB7,221.1 million (US\$1,094.1 million) in 2010 from RMB4,110.0 million in 2009, primarily attributable to a 53.8% increase in total GFA delivered of 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 increase in the completion and delivery of projects in other high growth cities. The increase in revenue generated from property development was also attributable to an increase in the recognized average selling price of the properties we sold in 2010. The recognized average selling price of our properties increased by 14.2% to RMB9,209.0 (US\$1,395.3) per sq.m. in 2010 from RMB8,061.0 per sq.m. in 2009, because our sales portfolio in 2010 included mid- to high-end residential GFA with relatively higher average selling price as compared to 2009 and because properties sold were located in cities with relatively higher average selling prices.
- Property Investment.* Revenue generated from property investment increased by 25.8% to RMB124.2 million (US\$18.8 million) in 2010 from RMB98.7 million in 2009, primarily attributable to an increase in total GFA of our rental area leased in International Finance Place in 2010, as well as 2010 being the first full year in which rental income was generated from certain tenants.
- Hotel Operation.* Revenue generated from hotel operations increased by 469.0% to RMB56.9 million (US\$8.6 million) in 2010 from RMB10.0 million in 2009, mainly because 2010 was the first full year in which we generated hotel operation income from our hotel, Four Points by Sheraton Guangzhou, Dongpu.
- Property Management.* Revenue generated from the provision of property management services increased by 33.0% to RMB63.7 million (US\$9.7 million) in 2010 from RMB47.9 million in 2009, primarily attributable to an increase in the number of properties under management. In addition, 2010 was the first full year where we provided property management services for certain projects.

Cost of Sales. Cost of sales increased by 64.8% to RMB4,368.3 million (US\$661.9 million) in 2010 from RMB2,650.3 million in 2009, primarily due to an overall increase in the cost of properties sold as a result of the increase in total GFA delivered in 2010. Land cost per sq.m. increased to RMB1,759.0 (US\$266.5) for the year ended December 31, 2010, from RMB1,222.0 in 2009, principally due to the recognized land costs of projects at better locations with relatively higher land costs. Construction cost per sq.m. decreased from RMB3,708.0 for the year ended December 31, 2009 to RMB3,507.0 (US\$531.4) for the year ended December 31, 2010 principally due to cost control mechanisms we implemented in 2010.

Gross Profit. Gross profit increased by 91.6% to RMB3,097.6 million (US\$469.3 million) in 2010 from RMB1,616.3 million in 2009. The increase in gross profit was principally due to the increase in total revenue and recognized average selling price of our properties in 2010. Our gross profit margin increased to 41.5% in 2010 from 37.9% in 2009. The increase in gross profit margin was mainly due to the sales and delivery of properties with higher recognized average selling prices in 2010 compared to 2009.

Other Income and Gains. Other income and gains increased by 60.0% to RMB78.9 million (US\$12.0 million) in 2010 from RMB49.3 million in 2009, primarily due to an increase in bank interest income by 373.9% and an increase in others by 87.4%. This increase was partially offset by a decrease in recognized net exchange gains by 49.2% to RMB12.5 million (US\$1.9 million) in 2010 from RMB24.6 million in 2009. In 2010, other income and gains mainly comprised bank interest income of approximately RMB33.5 million (US\$5.1 million) and others of approximately RMB32.9 million (US\$5.0 million).

Selling and Marketing Costs. Our selling and marketing costs increased by 28.8% to RMB242.8 million (US\$36.8 million) in 2010 from RMB188.5 million in 2009, which was primarily due to an increase of 18.1% in advertising expenses to RMB123.3 million (US\$18.7 million) in 2010 from RMB104.4 million in 2009, largely attributable to increased advertising for our 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 in sales commission fees which was in line with the increase in revenue generated from sales of properties in 2010.

Administrative Expenses. Our administrative expenses increased by 46.7% to RMB413.8 million (US\$62.7 million) in 2010 from RMB282.0 million in 2009, primarily attributable to an increased headcount in line with our rapid development. The first full year of operation of our hotel property Four Points by Sheraton Guangzhou, Dongpu and the increase of other tax and surcharges on sales of properties also contributed to the increase in administrative expenses in 2010.

Other Operating Expenses, Net. Other operating expenses, net decreased by 87.2% in 2010 at RMB5.4 million (US\$0.8 million) as compared to RMB42.2 million in 2009, primarily as a result of a decrease in losses on the disposal of certain investment properties.

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 was no significant fair value gains on investment properties for the Group. We reported net fair value gains on investment properties of RMB3.9 million (US\$0.6 million) in 2010, mainly related to fair value gains on the leasable portion of International Finance Place. We incurred net fair value gains on investment properties of RMB60.6 million in 2009, mainly in relation to fair value gains on the leasable portion of International Creative Valley in Guangzhou.

Finance Costs. Finance costs increased to RMB20.0 million (US\$3.0 million) in 2010 from RMB9.0 million in 2009. Finance costs in 2010 were primarily related to borrowing costs on certain general corporate loans. Since such loans were not earmarked for project development, such borrowing costs have not been capitalized.

Share of Profits and Losses of Jointly-controlled Entities. Share of profits of jointly-controlled entities decreased by 82.3% to RMB11.5 million (US\$1.7 million) in 2010 from RMB65.0 million in 2009, mainly due to a decrease in the total GFA delivered of Yucui Garden in 2010 compared to 2009.

Profit before Tax. Profit before tax increased by 97.5% to RMB2,507.7 million (US\$380.0 million) in 2010 from RMB1,269.5 million in 2009. As a percentage of revenue, profit before tax increased to 33.6% in 2010 from 29.8% in 2009, as a result of the cumulative effect of the foregoing factors.

Income Tax Expenses. Income tax expenses increased by 123.7% to RMB1,225.9 million (US\$185.7 million) in 2010 from RMB548.0 million in 2009, primarily due to an increase in profits for properties sold during 2010 and a corresponding increase in provisions for LAT as a result of such increase.

Profit for the Year. Profit for the year increased by 77.7% to RMB1,281.8 million (US\$194.2 million) in 2010 from RMB721.5 million in 2009. As a percentage of revenue, profit for the year increased to 17.2% in 2010 from 16.9% in 2009, as a result of the cumulative effect of the foregoing factors.

2009 Compared to 2008

Revenue. Our revenue increased by 171.0% to RMB4,266.6 million in 2009 from RMB1,574.2 million in 2008, primarily due to the increase of total GFA delivered in sales of properties in 2009.

- *Property Development.* Revenue generated from property development increased by 179.4% to RMB4,110.0 million in 2009 from RMB1,471.2 million in 2008, primarily attributable to a 281.8% increase in total GFA delivered of 509,834 sq.m. in 2009 from 133,531 sq.m. in 2008. The increase in the total GFA delivered in 2009 was principally due to the completion and delivery of three projects in 2009 that were under construction in 2008. The increase in revenue was partially offset by the decrease in the recognized average selling price of our properties sold. The recognized average selling price of property decreased to RMB8,061.0 per sq.m. in 2009 from RMB11,017.8 per sq.m. in 2008 due to our sales portfolio comprising more mid-to high end residential GFA with relatively lower recognized average selling price in 2009 as compared to 2008.
- *Property Investment.* Revenue generated from property investment increased by 32.5% to RMB98.7 million in 2009 from RMB74.5 million in 2008, primarily as a result of an increase in total GFA of our rental area leased in International Finance Place in 2009, which was the first full year in which rental income was generated from certain tenants.
- *Hotel Operation.* In September 2009, we opened our first hotel property, Four Points by Sheraton Guangzhou, Dongpu. We reported hotel operation income of approximately RMB10.0 million for 2009. We had no hotel operation income for 2008.
- *Property Management.* Revenue generated from property management increased by 68.1% to RMB47.9 million in 2009 from RMB28.5 million in 2008, primarily due to an increase in the number of properties under management. In addition, 2009 was the first full year where we provided property management services to certain projects.

Cost of Sales. Cost of sales increased by 255.1% to RMB2,650.3 million in 2009 from RMB746.4 million in 2008, primarily due to an overall increase in cost of properties sold as a result of the increase in total GFA delivered in 2009. Construction cost per sq.m. decreased from RMB4,152.8 in 2008 to RMB3,707.5 in 2009, principally due to the increasing proportion of our construction of mid-end residential projects which have relatively lower construction costs. Land premium paid per sq.m. remained constant in both 2008 and 2009.

Gross Profit. Gross profit increased by 95.3% to RMB1,616.3 million in 2009 from RMB827.8 million in 2008. The increase in gross profit is primarily attributable to the increase in the total revenue in 2009. However, the increase of gross profit was partially offset by the decrease in recognized average selling price in 2009. Our gross profit margin decreased to 37.9% in 2009 from 52.6% in 2008. The decline in gross profit margin was mainly due to the increasing proportion of our sales and delivery of mid-to high end residential GFA, which have relatively lower average selling price and gross profit margin.

Other Income and Gains. Other income and gains decreased by approximately 67.3% to RMB49.3 million in 2009 from RMB150.6 million in 2008, primarily due to less recognized net exchange gains in 2009 as compared to 2008. In 2009, other income and gains mainly comprised interest income of approximately RMB7.1 million and net exchange gains of approximately RMB24.6 million.

Selling and Marketing Costs. Our selling and marketing costs increased by 110.6% to RMB188.5 million in 2009 from RMB89.5 million in 2008, primarily due to an increase of 62.9% in advertising expenses to RMB104.4 million in 2009 from RMB64.1 million in 2008, largely attributable to increased advertising for our new projects, such as The Emerald, Chengdu Cosmos and The Vision of the World in Chengdu, The Up Blue Town and The Sapphire in Suzhou, Fragrant Seasons in Beijing, The Apex, International Creative Valley and Zengcheng Summit in Guangzhou.

Administrative Expenses. Administrative expenses increased by 65.0% to RMB282.0 million in 2009 from RMB170.9 million in 2008, primarily due to an increased headcount in line with our rapid development. The opening of our Four Points by Sheraton Guangzhou, Dongpu and the increase of other tax and surcharges on sales of properties also contributed to the increase in 2009.

Other Operating Expenses, Net. Other operating expenses, net increased to RMB42.2 million in 2009 from RMB1.8 million in 2008. Other operating expenses, net in 2009 primarily comprised the losses on the disposal of investment properties of approximately RMB40.1 million, mainly due to the disposal of certain retail shops of Yuhua Garden. We did not incur any such losses in 2008.

Fair Value Gains on Investment Properties, Net. Net fair value gains on investment properties was RMB60.6 million for 2009, mainly related to fair value gains on the leasable portion of International Creative Valley in Guangzhou. We incurred net fair value losses of RMB23.6 million in 2008 primarily due to decrease in the fair value of International Finance Place.

Finance Costs. Finance costs increased substantially to RMB9.0 million in 2009 from nil in 2008. Finance costs in 2009 were primarily related to the borrowing costs on corporate loans. Since such loans were not earmarked for project development, such borrowing costs have not been capitalized.

Share of Profits and Losses of Jointly-controlled Entities. Share of profits of jointly-controlled entities increased to RMB65.0 million in 2009 from RMB10.6 million in 2008, mainly due to an increase in the total GFA delivered of Yucui Garden in 2009 as compared to 2008.

Profit before Tax. Profit before tax increased by 80.5% to RMB1,269.5 million in 2009 from RMB703.3 million in 2008. As a percentage of revenue, profit before tax decreased to 29.8% in 2009 from 44.7% in 2008, as a result of the cumulative effect of the foregoing factors.

Income Tax Expenses. Income tax expenses increased by 62.6% to RMB548.0 million in 2009 from RMB337.1 million in 2008, primarily due to an increase in profit attributable to the owners of the parent and provisions for LAT as a result of an increase in properties sold in 2009.

Profit for the Year. Profit for the year increased by 97.0% to RMB721.5 million in 2009 from RMB366.2 million in 2008. As a percentage of revenue, profit for the year decreased to 16.9% in 2009 from 23.3% in 2008, as a result of the cumulative effect of the foregoing factors.

Liquidity and Capital Resources

We intend to continue to fund our future development and debt servicing costs from existing financial resources and cash generated from operations. We may also raise additional funds through debt or equity offerings or sales or other dispositions of assets in the future to finance all or a portion of our future development, for debt servicing or for other purposes. We also finance some of our property developments with trust financing. See “Description of Material Indebtedness and Other Obligations — Trust Financing Arrangements.” Our ability to obtain adequate financing to satisfy our debt service requirements may be limited by our financial condition and results of operations and the liquidity of international and domestic financial markets. Any failure by us to achieve timely rollover, extension or refinancing of our short-term debt may result in our inability to meet our obligations in connection with debt service, accounts payable and/or other liabilities when they become due and payable. See “Risk Factors — Risks Relating to Our Business — We may not have adequate financing to fund our land acquisitions and property projects.”

Cash Flows

The following table presents selected cash flow data from our consolidated statements of cash flows for 2008, 2009 and 2010.

	Year Ended December 31,			
	2008	2009	2010	
	RMB	RMB	RMB	US\$
		(in thousands)		
Operating profit/(loss) before working capital changes ⁽¹⁾	657,563	1,204,645	2,539,062	384,706
Changes in working capital:				
(Increase)/decrease in properties under development	(3,168,278)	546,742	891,723	135,110
Increase in completed properties held for sale	(344,775)	(766,011)	(253,343)	(38,385)
(Increase)/decrease in trade receivables	3,907	(116,700)	99,726	15,110
(Increase)/decrease in prepayments, deposits and other receivables	(331,389)	692,980	(1,227,506)	(185,986)
(Increase)/decrease in amounts due from a jointly-controlled entity	(21,313)	3,315	844	128
Increase in restricted cash	(58,589)	(863,934)	(458,116)	(69,411)
Increase/(decrease) in trade payables	(857,469)	(1,165,043)	255,428	38,701
Increase in other payables and accruals	307,490	810,448	3,410,223	516,700
Increase in amount due to associates	—	129,956	312,426	47,337
Cash (used in)/generated from operations	(3,812,853)	476,398	5,570,467	844,010
Interest received	23,537	7,066	33,483	5,073
Interest paid	(377,845)	(486,963)	(663,258)	(100,494)
Taxes paid	(544,540)	(394,470)	(622,539)	(94,324)
Net cash flows from/(used in) operating activities	(4,711,701)	(397,969)	4,318,153	654,265
Net cash flows used in investing activities	(274,170)	(2,119,402)	(5,125,228)	(776,550)
Net cash flows from financing activities	2,968,898	3,925,268	3,544,265	537,010
Cash and cash equivalents	1,167,009	2,540,698	5,275,609	799,335

(1) Represents profit before tax as adjusted for finance costs, share of profits and losses of associates, share of profits and losses of jointly-controlled entities, interest income, depreciation, amortization of land use rights, net changes in the fair values of investment properties, net gains (losses) on disposal of investment properties, gains (losses) on disposal of items of property, plant and equipment, and equity-settled share options expenses.

We had a net cash inflow from operating activities of RMB4,318.2 million (US\$654.3 million) in 2010. This net cash inflow was primarily due to (i) an increase in other payables and accruals of RMB3,410.2 million (US\$516.7 million) as a result of an increase in deposits received in advance from pre-sales of properties, (ii) a decrease in properties under development of RMB891.7 million (US\$135.1 million), mainly due to the increase in properties completed and delivered in 2010 and (iii) an increase in restricted cash of RMB458.1 million (US\$69.4 million), mainly due to an increase in pre-sales in 2010, partially offset by an increase in prepayments, deposits and other receivables of RMB1,227.5 million (US\$186.0 million), mainly due to the deposits placed for certain land acquisitions, including the Chengdu Jinjiang acquisition.

We had a net cash outflow from operating activities of RMB398.0 million for 2009, primarily due to: (i) a decrease in trade payables of RMB1,165.0 million, mainly due to the settlement of land premium and construction costs during the year, (ii) an increase in restricted cash of RMB863.9 million, mainly due to an increase in pre-sales in 2009, and (iii) an increase in completed properties held for sale of RMB766.0 million, partially offset by an increase in other payables and accruals of RMB810.4 million as a result of an increase in deposits received in advance from pre-sales of properties.

We had a net cash outflow from operating activities of RMB4,711.7 million for 2008, primarily due to: (i) an increase in properties under development of RMB3,168.3 million, mainly due to an increase in property development relating to Fragrant Seasons, (ii) a decrease in trade payables of RMB857.5 million, mainly due to the settlement of land premium and construction costs during the year relating to Waterfront Mansion and King Peak Garden, and (iii) an increase in completed properties held for sale of RMB344.8 million, mainly due to GFA pre-sold, completed but not yet delivered for Waterfront Mansion and King Peak Garden, partially offset by an increase in other payables and accruals of RMB307.5 million as a result of an increase in deposits received in advance from pre-sales of properties.

Cash Flows From Investing Activities

The primary factors affecting net cash outflow from investing activities in 2010 were: (i) investments in jointly-controlled entities of RMB1,449.7 million (US\$219.7 million), principally relating to the investments in Tianjin Jinnan Project, Chengdu Jinjiang Project and Shanghai Putuo Project, (ii) acquisition of jointly-controlled entities of RMB1,177.3 million (US\$178.4 million) as a result of our acquisition of the Shanghai New Jiang Wan Project and (iii) investments in associates of RMB705.0 million (US\$106.8 million), principally relating to the Suzhou Apex Project.

The primary factors affecting net cash outflow from investing activities in 2009 were: (i) acquisition of non-controlling interests of RMB716.0 million as a result of our acquisition of an additional 35% equity interest of Chengdu projects during 2009, (ii) purchases of items of property, plant and equipment of RMB548.9 million, principally relating to increases in construction costs for hotels, and (iii) investment in associates of RMB499.0 million related to Suzhou Apex, partially offset by a cash inflow of RMB77.3 million relating to proceeds from the disposal of certain of our investment properties.

The primary factors affecting net cash outflow from investing activities in 2008 were: (i) purchases of items of property, plant and equipment of RMB222.1 million, principally relating to increases in construction costs for hotels, and (ii) increase in long term prepayment of RMB165.1 million primarily due to land premium paid in connection with Lie De project, partially offset by a cash inflow of RMB125.7 million relating to proceeds from the disposal of certain of our investment properties.

Cash Flows From Financing Activities

The primary factors affecting net cash inflow from financing activities in 2010 were: new bank loans of RMB6,179.2 million (US\$936.2 million), primarily for the financing of construction costs for various projects and (ii) proceeds from the issue of our 2010 Notes of RMB1,617.3 million (US\$245.2 million). Cash inflows from financing activities were partially offset in 2010 by a cash outflow of RMB4,117.6 million (US\$623.9 million) in respect of repayment of bank loans.

The primary factors affecting net cash inflow from financing activities in 2009 were: (i) new bank loans of RMB5,471.0 million, primarily for the financing of construction costs; and (ii) proceeds of RMB1,348.7 million from issue of an aggregate of 300,000,000 ordinary shares at HK\$5.10 each. Cash inflows from financing activities were partially offset in 2009 by a cash outflow of RMB2,788.1 million in respect of repayment of bank loans.

The primary factor affecting net cash inflow from financing activities in 2008 was new bank loans of RMB3,816.5 million, primarily for the financing of construction costs. Cash inflows from financing activities were partially offset in 2008 by (i) a cash outflow of RMB458.5 million in respect of repayment of bank loans, and (ii) a cash outflow of RMB389.1 million in respect of dividends paid.

Bank loans and other borrowings

Our net borrowings (total bank loans and other borrowings less cash and cash equivalents and restricted cash) as of December 31, 2008, 2009 and 2010, respectively, were as follows:

	As of December 31,			
	2008	2009	2010	
	RMB	RMB	RMB	US\$
	(in thousands)			
Bank loans and other borrowings included in non-current liabilities				
Long-term bank loans — secured	3,489,817	6,030,682	8,811,325	1,335,049
Long-term bank loans — unsecured	2,185,534	767,895	924,134	140,020
2010 Notes — secured	—	—	1,618,331	245,202
Less: Amounts due within one year	(740,098)	(719,725)	(1,303,834)	(197,551)
Bank loans included in current liabilities				
Short-term bank loans — secured	179,241	408,210	977,840	148,158
Short-term bank loans — unsecured	139,589	1,438,693	—	—
Current portion of long-term bank loans	740,098	719,725	1,303,834	197,551
Total	5,994,181	8,645,480	12,331,630	1,868,429
Cash and cash equivalents	1,167,009	2,540,698	5,275,609	799,335
Restricted cash	205,942	1,069,876	1,527,992	231,514
Net borrowings	4,621,230	5,034,906	5,528,029	837,580

The maturity of our bank loans and other borrowings as of December 31, 2008, 2009 and 2010, that were included in non-current liabilities were as follows:

	As of December 31,			
	2008	2009	2010	
	RMB	RMB	RMB	US\$
	(in thousands)			
Bank loans repayable				
Between 1 and 2 years	1,058,928	2,566,628	2,281,674	345,708
Between 2 and 5 years	4,751,706	5,242,382	7,724,625	1,170,398
Over 5 years	183,547	836,470	707,000	107,121
Total bank loans repayable	5,994,181	8,645,480	10,713,299	1,623,227
2010 Notes				
Beyond 5 years	—	—	1,618,331	245,202
Total bank loans and 2010 Notes repayable	5,994,181	8,645,480	12,331,630	1,868,429

The carrying amounts of all our bank loans and other borrowings as of December 31, 2008, 2009 and 2010 were denominated in the following currencies:

	As of December 31,					
	2008		2009		2010	
	RMB	%	RMB	%	RMB	US\$
	(in thousands, except percentage)					
RMB	5,078,772	84.7%	7,580,094	87.7%	8,865,567	1,343,268
HK\$	915,409	15.3%	1,065,386	12.3%	1,252,086	189,710
US\$	—	—	—	—	2,213,977	335,451
Total	5,994,181	100%	8,645,480	100%	12,331,630	1,868,429

As of December 31, 2010, our total bank loans amounted to RMB10,713.3 million (US\$1,623.2 million), of which RMB2,281.7 million (US\$345.7 million) and RMB8,431.6 million (US\$1,277.5 million) are classified under current liabilities and non-current liabilities respectively. As of December 31, 2010, we also had senior notes represented by our 2010 Notes that amounted to RMB1,618.3 million (US\$245.2 million), which are classified as non-current liabilities. On February 9, 2011, we entered into a secured and guaranteed three year term loan facility with an aggregate principal amount of up to HK\$195.0 million (US\$25.0 million) (based on the noon buying rate for U.S. dollars in New York City for cable transfers in Hong Kong dollars of US\$1.00 = HK\$7.7810 as of December 31, 2010) with SCB. For a more detailed discussion of our material indebtedness and other obligations, see “Description of Material Indebtedness and Other Obligations.”

Restricted Cash

In line with the industry practice, our project companies are required to deposit all proceeds from pre-sales of properties into designated bank accounts as guarantees for the completion of construction. Before construction of the pre-sold properties is completed, such deposits may only be used, with the prior approval of the relevant local authorities, for purchasing construction materials, equipment, making interim construction payments and paying taxes, in each case in respect of the project from which such pre-sale proceeds were received. As of December 31, 2008, 2009 and 2010, such guarantee deposits amounted to approximately RMB205.9 million, RMB1,069.9 million and RMB1,528.0 million (US\$231.5 million), respectively.

As of December 31, 2010, certain of our time deposits of RMB67.6 million (US\$10.2 million) were pledged to secure general banking facilities granted to us.

Gearing Ratio

Gearing ratio is calculated as net borrowings (total bank loans and senior notes net of cash and cash equivalents and restricted cash) divided by total equity. As of December 31, 2008 and 2009, our gearing ratios were 50.3% and 48.4%, respectively. The gearing ratio decreased in 2009 as compared to 2008, mainly due to the issuance of new shares. As of December 31, 2010, our cash and cash equivalents amounted to RMB5,275.6 million (US\$799.3 million). As of December 31, 2010, our gearing ratio was 47.7%. The decrease in gearing ratio in 2010 was primarily attributable to an increase in cash and cash equivalents and restricted cash in 2010 as compared to 2009.

Contingent Liabilities

As of December 31, 2010, we provided guarantees to banks for loans of approximately RMB6,160.6 million (US\$933.4 million) in respect of mortgage loans provided by lending banks to purchasers of the properties we developed and sold. Our guarantees are issued from the dates of grant of the relevant mortgage loans and released upon issuance of property ownership certificates, which are generally available within one to two years after the purchasers take possession of the relevant properties.

As of December 31, 2010, we provided guarantees of approximately RMB460.0 million (US\$69.7 million) in respect of bank loans granted to an associate and a jointly-controlled entity.

As of December 31, 2010, we had provided guarantees of RMB900.0 million (US\$136.4 million) in respect of a trust financing arrangement for a jointly-controlled entity.

As of December 31, 2010, we had provided a guarantee in respect of a bank loan of RMB700.0 million (US\$106.1 million) as part of the consideration for the acquisition of Guangzhou Lihe.

Contractual Obligations

Our contractual obligations in connection with our property development activities primarily arise from contracted construction fees or other capital commitments for future property developments. The following table sets forth our contractual obligations as of the dates indicated.

	As of December 31,			
	2008	2009	2010	
	RMB	RMB	RMB	US\$
	(in thousands)			
Operating lease arrangements:				
Office premises	<u>3,319</u>	<u>2,538</u>	<u>11,068</u>	<u>1,677</u>
Other commitments contracted but not provided for:				
Property, plant and equipment —				
Assets under construction ⁽¹⁾	301,444	451,210	507,343	76,870
Properties being developed for sale	2,146,067	2,276,794	1,722,853	261,038
Other commitments authorized but not contracted for:				
Investment in a jointly-controlled entity	<u>898,930</u>	<u>53,999</u>	<u>487,659</u>	<u>73,888</u>
Total	<u>3,346,441</u>	<u>2,782,003</u>	<u>2,717,855</u>	<u>411,796</u>

(1) Assets under construction includes construction and related costs recorded in respect of our hotels that have not yet been completed.

Off-Balance Sheet Commitments and Arrangements

Except for the contingent liabilities set forth above, we have not entered into any financial guarantees or other commitments to guarantee the payment obligations of any third parties. We have not entered into any derivative contracts that are indexed to our shares and classified as shareholder's equity, or that are not reflected in our consolidated financial statements. We do not have any variable interests in any uncombined entity that provides financing, liquidity, market risk or credit support to us or engages in leasing or hedging or research and development services with us.

Market Risks

Interest Rate Risk

Our business is sensitive to fluctuations in interest rates. Our exposure to changes in interest rates is mainly attributable to our bank loans, especially long-term borrowings. Borrowings at variable rates expose us to interest rate risk. As of December 31, 2010, we had floating rate bank loans of RMB10,713.3 million (US\$1,623.2 million). As of the date of this offering memorandum, we have not used any interest rate swap to hedge our exposure to interest rate risk.

An increase in interest rates may also adversely affect prospective purchasers' ability to obtain financing and depress overall housing demand. Higher interest rates may adversely affect our revenue and profits. The PBOC benchmark one-year lending rates in China (which directly affects the property mortgage rates offered by commercial banks in the PRC) as of December 31, 2008, 2009 and 2010 were 5.31%, 5.31% and 5.81%, respectively and increased to 6.06% effective from February 9, 2011. We cannot assure you that the PBOC will not raise lending rates in the future or that our business, financial condition and results of operations will not be adversely affected as a result of these adjustments. See "Risk Factors — Risks Relating to Our Business — Our profitability and results of operations are affected by changes in interest rates."

Foreign Exchange Rate Risk

We conduct our sales and purchases almost exclusively in Renminbi except that a small portion of our sales proceeds are in other currencies. Our exposure to foreign exchange risk is principally due to our Hong Kong dollar-denominated debt and our bank deposits in foreign currencies, mainly Hong Kong dollars and U.S. dollars. With our issuance of US\$250,000,000 12.50% senior notes in August 2010, we are also exposed to foreign exchange risk relating to our U.S. dollar-denominated debt. See “Description of Material Indebtedness and Other Obligations — 2010 Notes.” As of December 31, 2010, we had aggregate cash and bank balances (including restricted cash balances) of RMB6,803.6 million (US\$1,030.8 million), of which RMB586.9 million (US\$88.9 million) was denominated in Hong Kong dollars and RMB8.9 million (US\$1.3 million) was denominated in U.S. dollars.

We recognize foreign exchange gain or loss on our statement of comprehensive income due to changes in value of assets and liabilities denominated in foreign currencies during the relevant accounting period. Appreciation of the Renminbi against the U.S. and Hong Kong dollars generally results in a gain arising from our U.S. and Hong Kong dollar-denominated debts and a loss arising from our bank deposits in Hong Kong dollars and U.S. dollars. A depreciation of the Renminbi against the U.S. and Hong Kong dollars would have the opposite effect. In addition, a depreciation of Renminbi would negatively affect the value of dividends paid by our PRC subsidiaries, which may in turn affect our ability to service foreign currency-denominated debts.

Fluctuations in foreign exchange rates have had and will continue to have an impact on our business, financial condition and results of operations. We may be subject to risks presented by fluctuations in exchange rates between the Renminbi and other currencies, particularly the U.S. dollar.” We may choose to use hedging transactions to reduce our exposure to foreign exchange rate fluctuations from time to time. For example, we may enter into non-speculative hedging or other derivative transactions. Our obligations under these transactions may be secured by cash or other collateral.

Inflation

In recent years, the PRC has not experienced significant inflation, and thus inflation has not had a significant effect on our business during the past three years. According to the China Statistical Bureau, China’s overall national inflation rate, as represented by the general consumer price index, was approximately 4.8% and 5.9% in the years ended December 31, 2007 and 2008, respectively. Deflation could negatively affect our business as it would be a disincentive for prospective property buyers to make a purchase. In the year ended December 31, 2009, China experienced deflation of approximately 0.7%. As of the date of this offering memorandum, we had not been materially affected by any inflation or deflation.

Non-GAAP Financial Measures

We use EBITDA to provide additional information about our operating performance. EBITDA refers to our earnings before the following items:

- fair value gains/losses on investment properties;
- other income and gains;
- share of profits and losses of associates and jointly-controlled entities;
- finance costs;
- income tax expenses;
- depreciation; and
- amortization.

EBITDA is not a standard measure under HKFRS. As the property development business is capital intensive, capital expenditure requirements and levels of debt and interest expenses may have a significant impact on the profit for the year of companies with similar operating results. Therefore, we believe the investor community commonly uses this type of financial measure to assess the operating performance of companies in our market sector.

As a measure of our operating performance, we believe that the most directly comparable HKFRS measure to EBITDA is profit for the year. We operate in a capital intensive industry. We use EBITDA in addition to profit for the year because profit for the year includes many accounting items associated with capital expenditures, such as depreciation and amortization, and interest income and interest expense. These accounting items may vary between companies depending on the method of accounting adopted by a company. By minimizing differences in capital expenditures and the associated depreciation and amortization expenses as well as reported tax positions, interest income and expense, EBITDA provides further information about our operating performance and an additional measure for comparing our operating performance with other companies' results. Funds depicted by this measure may not be available for debt service due to covenant restrictions, capital expenditure requirements and other commitments.

The following table reconciles our profit for the year under HKFRS to our definition of EBITDA for the years indicated.

	Year Ended December 31,			
	2008	2009	2010	
	RMB	RMB	RMB	US\$
		(in thousands)		
Profit before tax	703,278	1,269,482	2,507,663	379,949
Adjustments:				
Fair value (gains)/losses on investment properties	23,569	(60,587)	(3,869)	(586)
Other income and gains	(150,644)	(49,265)	(78,893)	(11,953)
Share of profits and losses of:				
Associates	—	10	2,246	340
Jointly-controlled entities	(10,582)	(65,024)	(11,485)	(1,740)
Finance costs	—	9,024	19,974	3,026
Depreciation	8,638	16,716	32,712	4,956
Amortization	618	810	1,415	215
EBITDA	<u>574,877</u>	<u>1,121,166</u>	<u>2,469,763</u>	<u>374,207</u>

You should not consider our definition of EBITDA in isolation or construe it as an alternative to profit for the year/period or as an indicator of operating performance or any other standard measure under HKFRS. Our definition of EBITDA does not account for taxes and other non-operating cash expenses. Our EBITDA measures may not be comparable to similarly titled measures used by other companies.

Dividends

Subject to the Cayman Companies Law, through a general meeting we may declare dividends in any currency but no dividend shall be declared in excess of the amount recommended by the board. Our articles of association provide that dividends may be declared and paid out of our profit, realized or unrealized, or from any reserve set aside from profits which the directors determine is no longer needed. With the sanction of an ordinary resolution, dividends may also be declared and paid out of share premium account or any other fund or account which can be authorized for this purpose in accordance with the Cayman Companies Law.

Except in so far as the rights attaching to, or the terms of issue of, any share may otherwise provide, (i) all dividends shall be declared and paid according to the amounts paid up on the shares in respect whereof the dividend is paid but no amount paid up on a share in advance of calls shall for this purpose be treated as paid up on the share and (ii) all dividends shall be apportioned and paid *pro rata* according to the amount paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. The directors may deduct from any dividend or other monies payable to any member or in respect of any shares all sums of money (if any) presently payable by him to us on account of calls or otherwise.

In addition, the declaration of dividends is subject to the discretion of our directors, and the amounts of dividends actually declared and paid will also depend upon the following factors:

- our general business conditions;
- our financial results;
- our capital requirements;
- interests of our shareholders; and
- any other factors which the board may deem relevant.

Our directors will declare dividends, if any, in Hong Kong dollars with respect to shares on a per share basis and will pay such dividends in Hong Kong dollars. Any final dividend for a fiscal year will be subject to our shareholders' approval.

Since December 31, 2010, we have not declared or distributed dividends to our shareholders.

INDUSTRY OVERVIEW

The information in the section below has been derived, in part, from various government publications unless otherwise indicated. This information has not been independently verified by us or the Initial Purchasers or any of our and their respective affiliates or advisors. The information may not be consistent with other information compiled within or outside China.

Overview of the PRC Economy

The PRC economy has grown significantly since the PRC government introduced economic reforms in the late 1970s. China's accession to the World Trade Organization in 2001 has further accelerated the reform of the PRC economy. Over the past five years, China's GDP has increased from approximately RMB15,988 billion in 2004 to approximately RMB33,535 billion in 2009 at a compound annual growth rate, or CAGR, of approximately 16.0%.

We believe the economic growth of China, the increase in disposable incomes, the emergence of the mortgage lending market, and the increase in urbanization rate are key drivers sustaining the growth of China's property market. Government housing reforms continue to encourage private ownership and it is assumed that the proportion of urban residents who own private properties will increase over the coming years.

The table below sets out selected economic statistics of China for the periods indicated.

	2004	2005	2006	2007	2008	2009	2004– 2009 CAGR
Population (millions)	1,300	1,308	1,314	1,321	1,328	1,335	0.5%
Nominal GDP (BMB billions)	15,988	18,322	21,192	25,731	30,067	33,535	16.0%
Real GDP growth (%)	10.1%	10.4%	11.6%	13.0%	9.0%	8.7%	N/A
CPI growth (%)	3.9%	1.8%	1.5%	4.8%	5.9%	-0.7%	N/A
Urban Population (millions)	542.8	562.1	577.1	593.8	606.7	621.9	2.8%
Urbanization (%)	41.8%	43.0%	43.9%	44.9%	45.7%	46.6%	N/A
Unemployment rate (%)	4.2%	4.2%	4.1%	4.0%	4.2%	4.3%	N/A
Per capita disposable income (RMB)	9,422	10,493	11,759	13,786	15,781	17,175	12.8%
Foreign Direct Investment (US\$ billions)	60.6	60.3	69.5	74.8	92.4	90.0	8.2%
Fixed Asset Investment (RMB billions)	7,048	8,877	11,000	13,732	17,283	22,485	26.1%
Real Estate Investment (RMB billions)	1,316	1,591	1,942	2,529	3,120	3,623	22.5%

Source: China Statistical Yearbooks 2004–2009, 2009 China National Economy and Social Development Communique

Since 2004, with a view to preventing China's economy from overheating and to achieving more balanced and sustainable economic growth, the PRC government has taken various measures to control money supply, credit availability and fixed assets investment. In particular, the PRC government has taken measures to discourage speculation in the residential property market and has increased the supply of affordable housing. See "Regulations."

The PRC Real Estate Industry

Prior to the reform of the PRC property market in 1990s, the PRC real estate development industry was part of the nation's centrally planned economy. In the 1990s, the PRC government initiated a number of housing reforms and, as a result, China's real estate and housing sector began its transition to a market-based system. A brief timeline of key housing reforms is set out below:

Timeline of housing reforms

- 1988 The PRC government amended the national constitution to permit the transfer of state-owned land use rights
- 1992 Public housing sales in major cities commenced
- 1994 The PRC government implemented further reforms and established an employer/employee-funded housing fund
- 1995 The PRC government issued regulations regarding the sales and pre-sales of real estate, establishing a regulatory framework for real estate sales
- 1998 The PRC government abolished state-allocated housing policy; the Guangdong government issued regulations on the administration of pre-sales of commodity properties in Guangdong Province
- 1999 The PRC government extended the maximum mortgage term to 30 years. The PRC government increased the maximum mortgage financing from 70% to 80%. The PRC government formalized procedures for the sale of real property in the secondary market
- 2000 The PRC government issued regulations to standardize the quality of construction projects, establishing a framework for administering construction quality
- 2001 The PRC government issued regulations relating to sales of commodity properties
- 2002 The PRC government promulgated the Rules Regarding the Grant of State-Owned Land Use Rights by Way of Tender, Auction and Listing-For-Sale
- The PRC government eliminated the dual system for domestic and overseas home buyers in China
- 2003 The PRC government promulgated rules for more stringent administration of real estate loans with a view to reducing the credit and systemic risks associated with such loans
- The PRC State Council (the “State Council”) issued a notice for sustained and healthy development of the property market
- 2004 The State Council issued a notice requiring that, with respect to property development projects (excluding ordinary housing), the proportion of capital funds should be increased from 20% to 35%
- Ministry of Construction amended Administrative Measures on the Presale of Commercial Housing in Cities
- China Banking Regulatory Commission issued the Guideline for Commercial Banks on Risks of Real Estate Loans to further strengthen the risk control of commercial banks on real estate loans
- 2005 The PRC government instituted additional measures to discourage speculation in certain regional markets including, among others, increasing the minimum required down payment to 30% of the total purchase price, eliminating the preferential mortgage interest rate for residential housing, imposing a business tax of 5% for sales within two years of purchase, and prohibiting reselling unfinished properties before they are completed

- 2006 The PRC government implemented additional land supply, bank financing and other measures to curb fast increases in property prices, to encourage the development of middle- to low-end housing and to promote healthy development of the PRC property industry
- 2007 The PRC government issued regulations to increase the annual land use tax, and to impose such land use tax on foreign invested enterprises as well and to require that land use right certificates be issued only upon full payment of the land premium with respect to all of the land use rights under a land grant contract, which effectively stopped the practice of issuing land use right certificates in installments
- 2008 The PRC government took additional measures during the first half of the year to control money supply and discourage speculation in the residential property market, but took other measures during the second half of the year to combat the impact of the global economic downturn, to encourage domestic consumption in the residential property market and to support real estate development
- 2009 The PRC government reduced the minimum capital funding requirement for real estate development from 35% to 20% for ordinary commodity housing projects and affordable housing projects, and to 30% for other real estate projects
- 2010 In response to rising property prices across the country, the PRC government adjusted some of its policies in order to enhance regulation in the property market, restrain property purchases for investment or speculation purposes and keep property prices from rising too quickly in certain cities. Such policy adjustments include abolition of certain preferential treatment relating to business taxes payable upon transfers of residential properties by property owners, suspending grant of mortgage loans to non-residents who cannot provide any proof of local tax or social insurance payment for more than one year, and limiting the number of residential properties that one household can purchase in certain areas. The PRC government also clarified certain issues with respect to the calculation, settlement and collection of land appreciation tax in order to enforce the settlement and collection of land appreciation tax, and the criteria for commercial banks to identify the second housing unit when approving mortgage loans and imposition of more stringent requirements on the payment of land premium by property developers and increasing the down payment and loan interest rates for properties purchased with mortgage loans.
- Beginning of 2011 to present The PRC government implemented certain measures aimed at further reining in soaring property prices. These measures include further increasing the minimum down payment for second house purchases with high mortgage lending interest rate, imposing property tax in certain cities and levying business tax on the full transfer price arising from any transfer by individuals of residential property within five years upon their purchase of such residential property, in order to implement the Notice concerning Further Strengthening the Macroeconomic Control of Real Property Market, many cities have promulgated measures to limit the number of residential properties one household can newly purchase, such as Guangzhou, Tianjin, Beijing, Shanghai, Suzhou, Qingdao, Jinan, Chengdu and Foshan.

For additional information on housing reforms and recent regulatory developments with respect to China’s property industry, see “Regulations.”

The Property Market in China

The continued growth of China’s property industry is evidenced by the increase in both gross floor area sold and average selling prices over the period 2004–2009. According to CEIC Data Company Limited, the gross floor area of commodity properties sold in China has increased from approximately

453.6 million sq.m. in 2004 to 937.1 million sq.m. in 2009 representing a CAGR of 15.6%. At the same time, average selling prices for commodity properties in China have increased from approximately RMB2,778 per sq.m. in 2004 to RMB4,695 in 2009 representing a CAGR of 11.1%.

The same uptrend over this period is evident for both residential and commercial properties, as described below.

The gross floor area of residential properties sold in China has increased from approximately 397.2 million sq.m. in 2004 to 852.9 million sq.m. in 2009 representing a CAGR of 16.5%. The average selling price of residential properties have increased from approximately RMB2,608 per sq.m. in 2004 to approximately RMB4,474 per sq.m. in 2009 representing a CAGR of 11.4%.

The gross floor area of commercial properties sold in China has increased from approximately 39.8 million sq.m. in 2004 to 52.2 million sq.m. in 2009 representing a CAGR of 5.6%. The average selling price of commercial properties increased from approximately RMB3,966 per sq.m. in 2004 to approximately RMB6,896 per sq.m. in 2009, representing a CAGR of 11.7%.

The following table sets forth selected data relating to the PRC property market for the periods indicated.

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2004- 2009 CAGR</u>
Investment in Real Estate (RMB in billions)	883.7	1,086	1,364	1,801	2,244	2,562	23.7%
Total GFA sold (sq.m. in millions)	453.6	554.9	618.6	773.5	659.7	937.1	15.6%
GFA of residential properties sold (sq.m. in millions)	397.2	495.9	554.2	701.4	592.8	852.9	16.5%
GFA of commercial properties sold (sq.m. in millions)	39.8	40.8	43.4	46.4	42.1	52.2	5.6%
Average price of residential properties (RMB per sq.m.)	2,608	2,937	3,119	3,645	3,576	4,474	11.4%
Average price of commercial properties ⁽¹⁾ (RMB per sq.m.)	3,966	4,568	5,296	5,819	5,935	6,896	11.7%
Average price of commodity properties (RMB per sq.m.)	2,778	3,168	3,367	3,864	3,800	4,695	11.1%

Source: CEIC Data Company Limited

Note:

(1) These data are sourced from CRIC.

The Property Market in Guangdong Province

Guangdong Province is located in the southern part of China and comprises approximately 179,757 square kilometers in area. According to Guangdong Bureau of Statistics, as of the end of 2009, Guangdong Province had a permanent resident population of approximately 96.4 million. Guangdong Province has experienced substantial economic growth in the past 10 years. The real GDP growth rate of Guangdong Province exceeded the average national growth rate for each of the past 10 years and the per capita GDP of Guangdong Province was significantly higher than the national average.

The table below sets out selected economic statistics of Guangdong Province for the periods indicated.

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2004– 2009 CAGR</u>
Population (millions)	91.1	91.9	93.0	94.5	95.4	96.4	1.1%
Nominal GDP (RMB in billions)	1,887	2,237	2,616	3,108	3,570	3,908	15.7%
Real GDP growth rate (%)	14.8%	13.8%	14.6%	14.7%	10.1%	9.5%	N/A
Per capita GDP (RMB)	20,876	24,438	28,284	33,151	37,589	40,748	14.3%
Per capita disposable income for urban households (RMB)	13,628	14,770	16,016	17,699	19,733	21,575	9.6%

Source: Guangdong Bureau of Statistics and CEIC Data Company Limited

According to CEIC Data Company Limited, in 2009, a total GFA of approximately 65.6 million sq.m. of residential properties was sold in Guangdong Province at an average selling price of RMB6,518 per sq.m. Over the period 2004–2009, residential GFA completed and residential GFA sold have increased by a CAGR of 6.7% and 19.1% respectively.

The table below sets out various statistics regarding the investment in, completion and sales of properties in Guangdong Province for the periods indicated.

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2004– 2009 CAGR</u>
Total investment in property development (RMB in billions)	135.6	159.2	184.4	251.9	293.2	296.1	16.9%
Total GFA completed (sq.m. in millions)	34.1	43.9	43.1	42.7	43.6	47.0	6.6%
Total residential GFA completed (sq.m. in millions)	27.8	34.8	34.2	35.1	40.3	38.4	6.7%
Total commodity GFA sold (sq.m. in millions)	30.5	50.4	51.8	61.7	48.2	70.4	18.2%
Total residential GFA sold (sq.m. in millions)	27.4	45.5	46.9	56.1	43.6	65.6	19.1%

Source: CEIC Data Company Limited; 2004–2009 Guangdong Statistical Yearbook

The Property Market in Guangzhou

Guangzhou is the largest city in southern China and the capital city of Guangdong Province. According to Guangzhou Statistics Net and CEIC Data Company Limited, as of the end of 2009, Guangzhou had a permanent resident population of approximately 10.3 million. The city experienced a high GDP growth rate for the six years from 2004 to 2009. In 2009, Guangzhou's GDP reached approximately RMB911.3 billion, representing a per capita GDP of approximately RMB88,834, ranking the third highest in the PRC.

The table below sets out selected economic statistics of Guangzhou for the periods indicated.

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2004– 2009 CAGR</u>
Population (million)	9.7	9.5	9.8	10.0	10.2	10.3	1.2%
Nominal GDP							
(RMB in billions)	411.6	515.4	607.4	710.9	821.6	911.3	17.2%
Real GDP growth rate (%)	15.0%	12.9%	14.8%	14.9%	12.3%	11.5%	N/A
Per capita GDP (RMB).	56,271	69,268	63,100	71,808	81,223	88,834	9.6%
Per capita disposable income for urban household (RMB).	16,884	18,287	19,851	22,469	25,317	27,610	10.3%

Source: *Guangzhou Statistics Net and CEIC Data Company Limited*

Guangzhou is also one of the largest commercial centers in southern China. It serves as a transportation hub for southern China. A new international airport, the Guangzhou Baiyun International Airport, was officially opened in August 2004. The Guangzhou Baiyun International Airport is expected to support an annual capacity of approximately 25.0 million passengers and approximately 1.0 million tons of air freight by 2010.

According to CEIC Data Company Limited, in 2009, a total GFA of approximately 12.5 million sq.m. of residential properties was sold in Guangzhou at an average selling price of RMB8,988 per sq.m. Over the period 2004-2009, residential GFA sold and average selling price have increased by a CAGR of 9.6% and 14.2% respectively.

The table below sets out the total investment in property development, GFA of commodity properties completed, GFA of residential properties sold, and average selling price of residential properties in Guangzhou for the periods indicated.

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2004– 2009 CAGR</u>
Total investment in property development							
(RMB in billions)	47.7	50.8	55.7	70.4	76.4	81.7	11.4%
Total GFA completed							
(sq.m. in millions)	12.1	13.6	14.5	15.0	9.4	9.6	(4.5%)
Total Residential GFA sold (sq.m. in millions)	7.9	11.3	11.6	11.6	8.8	12.5	9.6%
Residential ASP (RMB)	4,618	4,921	6,336	7,993	8,502	8,988	14.2%

Source: *CEIC Data Company Limited*

The Property Market in Foshan

Foshan is located in the central part of Guangdong Province, situated to the east of Guangzhou. According to Statistical Report on Foshan Domestic Economy and Social Development 2009 and CEIC Data Company Limited, as of the end of 2009, Foshan had a permanent resident population of approximately 6.0 million. The city experienced a high GDP growth rate for the six years from 2004 to 2009. In 2009, Foshan's GDP reached approximately RMB481.5 billion, representing a per capita GDP of approximately RMB80,579. The table below sets out selected economic statistics of Foshan for the periods indicated.

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2004– 2009 CAGR</u>
Population (millions)	5.8	5.8	5.9	5.9	6.0	6.0	0.7%
Nominal GDP							
(RMB in billions)	165.4	238.0	292.7	358.9	433.3	481.5	23.8%
Real GDP growth rate (%)	16.3%	19.2%	19.3%	19.2%	15.2%	13.5%	N/A
Per capita GDP (RMB)	47,500	41,266	50,232	61,199	72,975	80,579	11.1%
Per capita disposable income for urban households (RMB)	16,045	17,424	18,894	21,112	22,494	24,578	8.9%

Source: 2004–2009 Foshan City National Economic and Social Development Report

According to the 2009 Statistics Report on Foshan Domestic Economy and Social Development, in 2009, a total GFA of approximately 7.8 million sq.m. of residential properties was sold in Foshan. Over the period 2004–2009, residential GFA sold has increased by a CAGR of 14.3%.

The table below sets out the total investment in property development, GFA of commodity properties completed, and GFA of residential properties sold in Foshan for the periods indicated.

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2004– 2009 CAGR</u>
Total investment in property development							
(RMB in billions)	9.6	14.2	18.2	31.4	26.7	35.8	30.1%
Total GFA completed							
(sq.m. in millions)	5.3	4.7	4.4	4.6	3.2	2.4	(14.7%)
Total Residential GFA sold (sq.m. in millions)	4.0	4.8	6.1	6.9	5.4	7.8	14.3%

Source: 2004–2009 Foshan City National Economic and Social Development Report and CEIC Data Company Limited

The Property Market in Jiangsu Province

The Property Market in Suzhou

Suzhou is located at the south-east of Jiangsu Province. It is one of the central cities of the Yangtze River Delta. The city has a total area of 8,488 square kilometres, of which 1,650 square kilometres is urban area. The total population of Suzhou as of the end of 2009 was approximately 6.3 million. According to the 2009 Statistics Report on Suzhou Domestic Economy and Social Development, in 2009, Suzhou's GDP reached RMB774.0 billion, representing an increase of approximately 11.5% as compared to 2008. In 2009, net income per capita of Suzhou's urban population was RMB26,320, representing an increase of 10.3% over the previous year.

	2004	2005	2006	2007	2008	2009	2004– 2009 CAGR
Population (millions)	6.0	6.1	6.2	6.2	6.3	6.3	1.0%
Nominal GDP (RMB in billions)	345.0	402.7	482.0	570.1	670.1	774.0	17.5%
Real GDP growth rate (%)	17.6%	15.3%	15.5%	16.0%	13.0%	11.5%	N/A
Per capita GDP ⁽¹⁾ (RMB)	57,992	66,766	78,802	91,911	106,863	N/A	16.5%
Per capita disposable income for urban households (RMB)	14,451	16,276	18,532	21,260	23,867	26,320	12.7%

Source: 2004–2009 Suzhou City National Economic and Social Development Report and Suzhou Statistical Year Book 2004–2009

Notes:

(1) 2004–08 CAGR

According to CEIC Data Company Limited and the Suzhou Statistics Bureau, in 2009, a total GFA of approximately 20.1 million sq.m. of residential properties was sold in Suzhou. The average selling price for residential properties in 2008 was RMB5,533 per sq.m. Over the period 2004–2009, residential GFA sold has increased by a CAGR of 26.1% and over the period 2004–2008, average selling price has increased by a CAGR of 16.9%.

The table below sets out the total investment in property development, GFA of commodity properties completed, GFA of residential properties sold, and average selling price of residential properties in Suzhou for the periods indicated.

	2004	2005	2006	2007	2008	2009	2004– 2009 CAGR
Total investment in property development (RMB in billions)	33.4	41.4	47.1	60.2	71.8	72.4	16.7%
Total GFA completed (sq.m. in millions)	11.3	16.0	14.4	16.0	14.8	18.8	10.7%
Total Residential GFA sold (sq.m. in millions)	6.3	9.7	11.9	16.5	8.3	20.1	26.1%
Residential ASP ⁽¹⁾ (RMB)	2,964	3,718	4,415	5,004	5,533	N/A	16.9%

Source: CEIC Data Company Limited

Notes:

(1) 2004–08 CAGR

The Property Market in Sichuan Province

The Property Market in Chengdu

Chengdu is the capital of Sichuan Province, located in the southwestern part of China. According to Statistical Report on Chengdu Domestic Economy and Social Development 2009, as of the end of 2009, Chengdu had a population of approximately 11.4 million. The city experienced a high GDP growth rate for the six years from 2004 to 2009. In 2009, Chengdu's GDP reached approximately RMB450.3 billion representing a per capita GDP of approximately RMB34,996. The table below sets out selected economic statistics of Chengdu for the periods indicated.

	2004	2005	2006	2007	2008	2009	2004- 2009 CAGR
Population (millions)	10.6	10.82	11.03	11.1	11.3	11.4	1.5%
Nominal GDP (RMB in billions)	218.6	237.1	275.0	332.4	390.1	450.3	15.5%
Real GDP growth rate (%)	13.6%	13.5%	13.8%	15.3%	12.1%	14.7%	N/A
Per capita GDP (RMB)	20,777	19,627	25,171	26,525	30,855	34,996	11.0%
Per capita disposable income for urban households (RMB)	10,394	11,359	12,789	14,989	16,943	18,659	12.4%

Source: Chengdu Statistics Bureau and CEIC Data Company Limited, *Statistical Report on Chengdu Domestic Economy and Social Development 2009*

According to CEIC Data Company Limited, in 2009, a total GFA of approximately 25.3 million sq.m. of residential properties was sold in Chengdu at an average selling price of RMB4,875 per sq.m. Over the period 2004-2009, residential GFA sold and average selling price have increased by a CAGR of 30.1% and 17.0% respectively.

The table below sets out the total investment in property development, GFA of commodity properties completed, GFA of residential properties sold, and average selling price of residential properties in Chengdu for the periods indicated.

	2004	2005	2006	2007	2008	2009	2004- 2009 CAGR
Total investment in property development (RMB in billions)	29.1	45.1	61.4	90.5	92.4	94.5	26.6%
Total GFA completed (sq.m. in millions)	8.6	7.6	12.0	10.9	12.1	16.4	13.8%
Total Residential GFA sold (sq.m. in millions)	6.8	11.1	14.8	20.8	13.6	25.3	30.1%
Residential ASP (RMB)	2,224	2,308	3,437	4,190	4,869	4,875	17.0%

Source: CEIC Data Company Limited

The Property Market in Beijing

Beijing, the capital city of China, has been experiencing fast economic growth in the past few decades and has gradually developed into a relatively mature economy. Per capita GDP in Beijing is the highest among the regions presented above and reached RMB68,788 in 2009.

Annual disposable income per capita for urban households in Beijing also grew to RMB26,738 in 2009, representing a CAGR of 11.3% for the five years from 2004 to 2009, which is largely consistent with the overall growth in China.

	2004	2005	2006	2007	2008	2009	2004– 2009 CAGR
Population (millions)	11.6	11.8	12.0	12.1	12.3	12.5	1.5%
Nominal GDP (RMB in billions)	606.0	688.6	787.0	935.3	1,049	1,187	14.4%
Real GDP growth rate (%)	13.2%	11.1%	12.0%	12.3%	9.0%	10.1%	N/A
Per capita GDP (RMB)	41,099	45,444	50,467	58,204	63,029	68,788	10.9%
Per capita disposable income for urban households (RMB)	15,638	17,653	19,978	21,989	24,725	26,738	11.3%

Source: *Beijing Statistical Year Book 2004–2009*

According to CEIC Data Company Limited, in 2009, a total GFA of approximately 18.8 million sq.m. of residential properties was sold in Beijing at an average selling price of RMB13,224 per sq.m. Over the period 2004–2009, residential GFA sold has decreased by a CAGR of 3.9% whilst average selling price has increased by a CAGR of 21.6%.

The table below sets out the total investment in property development, GFA of commodity properties completed, GFA of residential properties sold, and average selling price of residential properties in Beijing for the periods indicated.

	2004	2005	2006	2007	2008	2009	2004– 2009 CAGR
Total investment in property development (RMB in billions)	147.3	152.5	172.0	199.6	190.9	233.8	9.7%
Total GFA completed (sq.m. in millions)	34.3	37.7	31.9	28.9	25.6	26.8	(4.8%)
Total Residential GFA sold (sq.m. in millions)	22.9	25.7	22.1	17.3	10.3	18.8	(3.9%)
Residential ASP (RMB)	4,972	6,162	7,375	10,661	11,648	13,224	21.6%

Source: *CEIC Data Company Limited*

The Property Market in Hainan Province

Hainan is an island located off the southern coast of China, one of the special economic zones laid out by Deng Xiao Ping. According to Statistical Report on Hainan Domestic Economy and Social Development 2009, as of the end of 2009, Hainan had a population of approximately 8.6 million. The province experienced a high GDP growth rate for the five years from 2004 to 2009. In 2009, Hainan's GDP reached approximately RMB164.7 billion, representing a per capita GDP of approximately RMB19,166. The table below sets out selected economic statistics of Hainan for the periods indicated.

	2004	2005	2006	2007	2008	2009	2004– 2009 CAGR
Population (millions)	8.2	8.3	8.4	8.5	8.5	8.6	1.0%
Nominal GDP (RMB in billions)	79.9	89.5	105.3	122.3	145.9	164.7	15.6%
Real GDP growth rate (%)	10.4%	10.1%	12.5%	14.5%	9.8%	11.7%	N/A
Per capita GDP (RMB)	9,812	10,871	12,654	14,555	17,175	19,166	14.3%
Per capita disposable income for urban households (RMB)	7,736	8,124	9,395	10,997	12,608	13,751	12.2%

Source: 2004–2009 Hainan Province National Economic and Social Development Report

According to CEIC Data Company Limited, in 2009, a total GFA of approximately 5.4 million sq.m. of residential properties was sold in Hainan Province at an average selling price of RMB6,295 per sq.m. Over the period 2004–2009, residential GFA sold and average selling price have increased by a CAGR of 33.0% and 23.9% respectively.

The table below sets out the total investment in property development, GFA of commodity properties completed, GFA of residential properties sold, and average selling price of residential properties in Hainan Province for the periods indicated.

	2004	2005	2006	2007	2008	2009	2004– 2009 CAGR
Total investment in property development (RMB in billions)	5.6	7.1	8.9	12.7	18.9	28.8	38.8%
Total GFA completed (sq.m. in millions)	1.0	1.7	1.1	2.4	2.3	3.7	29.9%
Total Residential GFA sold (sq.m. in millions)	1.3	2.3	1.9	3.0	3.2	5.4	33.0%
Residential ASP (RMB)	2,154	2,855	3,735	4,095	5,441	6,295	23.9%

Source: CEIC Data Company Limited

The Property Market in Shanghai

Shanghai is located in the Yangtze River Delta Region. According to China Real Estate Information Corporation, as of the end of 2009, Shanghai had a population of 19.2 million. As one of the most prosperous cities in China, Shanghai maintained a double-digit real GDP growth rate from 2004 to 2007, however, due in part to the slowing global economy, real GDP growth in Shanghai declined to 9.7% in 2008 and 8.2% in 2009. In 2009, Shanghai's total GDP was RMB1,505.0 billion, and Shanghai's GDP per capita ranked first amongst all provinces and municipalities in China. The table below sets out selected economic statistics of Shanghai for the periods indicated.

	2004	2005	2006	2007	2008	2009	CAGR (2004– 2009)
Population (millions).	17.4	17.8	18.2	18.6	18.8	19.2	2.0%
Nominal GDP (RMB in billions) . .	801.2	924.7	1,057	1,249	1,407	1,505	13.4%
Real GDP growth rate	14.2%	11.1%	12.0%	14.3%	9.7%	8.2%	N/A
Per capita GDP (RMB).	46,755	52,535	58,837	68,024	75,109	78,989	11.1%
Per capita disposable income for urban household (RMB).	16,683	18,645	20,668	23,623	26,675	28,838	11.6%

Source: China Real Estate Information Corporation

According to the China Real Estate Information Corporation, in 2009, a total GFA of approximately 18.8 million sq.m. of residential properties was sold. The average selling prices increased at a CAGR of 18.4% from 2006 to 2009.

The table below sets out the total investment in property development, GFA of commodity properties completed, and GFA of residential properties sold in Shanghai for the periods indicated.

	2004	2005	2006	2007	2008	2009	CAGR (2004– 2009)
Total investment in property development (RMB billion)	117.5	124.7	127.6	130.8	136.7	146.4	4.5%
Total GFA completed (million sq.m.).	34.4	31.0	32.7	33.8	24.8	21.0	-9.4%
Total Residential GFA sold (million sq.m.).	N/A	N/A	15.6	20.6	9.1	18.8	6.4% ⁽¹⁾
Residential ASP (RMB)	N/A	N/A	9,472	10,555	13,685	15,730	18.4% ⁽¹⁾

Source: China Real Estate Information Corporation

Notes:

(1) CAGR from 2006 to 2009

The Property Market in Tianjin

Tianjin is located in the Bohai Rim of Northern China. It is 120 km away from Beijing, the capital of China. Tianjin is a municipality under the administration of the central government of the PRC. Since the Jingjin Express Railway began service in August 2008, the travel time between Tianjin and Beijing has shortened significantly to approximately 30 minutes. According to the China Real Estate Information Corporation, Tianjin's population was approximately 12.3 million at the end of 2009. In 2009, Tianjin's GDP reached approximately RMB752.1 billion from RMB311.0 billion in 2004, representing a CAGR of 19.3%. GDP per capita rose from RMB30,575 in 2004 to RMB62,403, a CAGR of 15.3%. The table below sets out selected economic statistics of Tianjin for the periods indicated.

	2004	2005	2006	2007	2008	2009	CAGR (2004– 2009)
Population (millions).	10.2	10.4	10.7	11.2	11.8	12.3	3.8%
Nominal GDP (RMB in billions) . .	311.0	366.3	433.7	501.8	635.4	752.1	19.3%
Real GDP growth rate	N/A	14.5%	14.4%	15.1%	16.5%	16.5%	N/A
Per capita GDP	30,575	35,457	40,961	45,829	55,473	62,403	15.3%
Per capita disposable income for urban household (RMB).	11,467	12,639	14,283	16,357	19,422	21,430	13.3%

Source: CRIC

According to the China Real Estate Information Corporation, in 2009, a total GFA of approximately 13.3 million sq.m. of residential properties was sold. The average selling price rose from RMB4,126.0 in 2004 to RMB7,414.0 in 2009, representing a CAGR of 18.9%.

The table below sets out the total investment in property development, GFA of commodity properties completed, and GFA of residential properties sold in Tianjin for the periods indicated.

	2004	2005	2006	2007	2008	2009	CAGR (2004– 2009)
Total investment in property development (RMB billion)	26.4	32.8	40.2	50.5	65.4	73.5	22.7%
Total GFA completed (million sq.m.).	13.0	14.8	15.2	19.9	25.6	19.0	7.9%
Total Residential GFA sold (million sq.m.).	N/A	6.7	8.3	9.8	5.0	13.3	18.7% ⁽¹⁾
Residential ASP (RMB)	N/A	4,126	4,817	6,117	6,918	7,414	15.8% ⁽¹⁾

Source: China Real Estate Information Corporation

Notes:

(1) 2005–2009 CAGR

The Hotel Industry in the PRC

China's tourism industry has benefited from the strong economic growth in China which has resulted in higher disposable income for urban households, reflecting a more affluent domestic customer base. In addition, the increased number of international travelers to China also contributed to the growth of China's tourism sector. The total number of overseas visitor arrivals reached 126.5 million visitors in 2009, representing a CAGR of 3.0% from 2004 to 2009. The majority of these visitor arrivals were compatriots from Hong Kong, Macau and Taiwan, who accounted for approximately 82.7% of all overseas visitors to the PRC in 2009. The table below sets out the number of overseas visitors arriving in the PRC for the periods indicated.

	2004	2005	2006	2007	2008	2009	2004– 2009 CAGR
From Hong Kong/Macau (millions)	88.4	95.9	98.3	101.1	101.3	100.1	2.5%
From Taiwan (millions)	3.7	4.1	4.4	4.6	4.4	4.5	4.0%
Foreigners (millions)	16.9	20.3	22.2	26.1	24.3	21.9	5.3%
Total (millions)	109.0	120.3	124.9	131.8	130.0	126.5	3.0%

Source: CEIC Data Company Limited

To accommodate the growing number of visitor arrivals, the number of star-rated hotels in China increased from 10,888 in 2004 to 14,099 in 2008, representing a CAGR of 6.7%. The growth rate of high-end 4 or 5-star hotels has been even higher at a CAGR of 16.7% for the same period. The supply of hotels in Guangzhou has grown at a much lesser pace however, increasing from 1,067 in 2004 to 1,126 in 2008, representing a CAGR of 1.4%; this serves to somewhat limit the supply of hotel rooms in Guangzhou.

The table below sets out the number of hotels in China and Guangzhou for the periods indicated.

	2004	2005	2006	2007	2008	2004– 2008 CAGR
Star-rated hotels in China (number)	10,888	11,828	12,751	13,583	14,099	6.7%
4 or 5 Star hotels in China (number)	1,213	1,427	1,671	1,964	2,253	16.7%
Star-rated hotels in Guangzhou (number)	1,067	1,083	1,146	1,169	1,126	1.4%

Source: CEIC Data Company Limited

Office Property Market in the PRC

Foreign direct investment in China increased from US\$60.6 billion in 2004 to US\$90.0 billion in 2009. Many multi-national corporations have set up their regional headquarters in China to enhance access to, and establish a foothold in, local markets.

Economic growth has been accompanied by a general shift of the economic base within major urban areas away from production-based industrial activities to more service-based activities, such as research and development, product design, market research, branding and consulting. The Tertiary industry is becoming a more important component of the overall economy, growing from RMB6,456 billion in 2004 to RMB14,292 billion in 2009.

The employed population in the tertiary sector in China increased from 124 million in 1991 to 266 million in 2009 and its share of the entire workforce rose from 18.9% to 34.1%, respectively. The growth in the tertiary sector will generate more demand for office properties to house the increasing workforce in this sector.

Retail Property Market in the PRC

Retail sales in China have experienced strong growth. Retail sales in China grew by 15.5% in 2009. Growth in retail sales largely reflect the urbanization of households in China, as the propensity to consume of urban households is higher than that of rural households.

Disposable income in China has continued to grow steadily and this has benefited the development of the retail sector in the country. As China's population becomes more affluent, the composition of its population's retail spending is shifting away from a heavy weighting on food towards a more balanced consumption model similar to that of a more developed country. The shift in consumption pattern towards more discretionary spending is expected to continue as income increases.

Demand for prime retail spaces is expected to remain firm on the back of China's rapid urbanization and rising income levels of the middle and upper class.

Competition and Strengths

For more information on competition, see "Business — Competition" in this offering memorandum. We believe that we have certain competitive strengths notwithstanding the competition with the other PRC real estate property developers. For more information on our competitive strengths, see "Business — Competitive Strengths" in this offering memorandum.

BUSINESS

Overview

We are a large scale property developer with a leadership position in Guangzhou and an established presence in Suzhou, Chengdu, Beijing, Tianjin, Shanghai and Hainan. We focus on medium- to high-end residential property developments with distinctive characteristics. To diversify our earnings mix, we also develop commercial properties in prime locations as long-term investments, including office buildings, shopping malls, serviced apartments and hotels. We commenced operation of our first office property, International Finance Place, in August 2007. In September 2009, we opened our first hotel, Four Points by Sheraton in Guangzhou, and are currently developing two additional high-end hotels in Guangzhou, including mainland China's first W Hotel and Huadu Sheraton Resort as well as W Serviced Apartment, a high-end serviced apartment in Guangzhou. In addition, we are planning to develop six further high-end hotels and six high-end shopping malls in various cities including Guangzhou, Suzhou and Chengdu, as well as Hainan Province. Our hotels will be operated by internationally renowned hotel operators including affiliates of Starwood Hotels & Resorts Worldwide, Inc. (the "Starwood Hotels Group"). We believe our investment properties and hotels will help further strengthen our brand name. We also engage in property-related businesses such as property management for residential and commercial properties.

Historically, we have focused our property developments in Guangzhou, the capital of Guangdong Province and one of China's largest cities, capturing the opportunities presented by its rapidly growing economy. In particular, we have focused on developments in prime locations, such as the Pearl River New Town, which in recent years has been promoted by the Guangzhou government as the CBD. The Guangzhou government has devoted significant resources and adopted certain favorable policies to develop the Pearl River New Town into Guangzhou's new financial and commercial centre. For example, the Guangzhou City Library, the Guangdong Province Museum and the Guangzhou Opera House are all distinctive buildings in the Pearl River New Town which were completed in 2010, the year Guangzhou hosted the Asian Games. We intend to maintain our leadership position in Guangzhou's property market while further enhancing our presence in Suzhou, Chengdu, Beijing, Tianjin, Shanghai and Hainan, where we have established operations. We also intend to expand in a prudent manner into other selected cities with high growth potential by leveraging our expertise in the regions where we operate, namely the Pearl River Delta (with a focus on Guangzhou), Yangtze River Delta (with a focus on Suzhou and Shanghai), Western Region (with a focus on Chengdu), and Bohai Rim (with a focus on Beijing and Tianjin). As of December 31, 2010, we had three completed projects and eight projects under development and held for future development in Guangzhou and one completed project and three projects under development in Suzhou, three projects in Chengdu, one project in Beijing, one project in Hainan Province, four projects in Shanghai and one project in Tianjin, at various stages of development.

We believe that we have been able to consistently achieve a premium price for our products in all the geographic locations where we operate. Our success is attributable to our premium quality products, distinctive designs and superior property management service, all of which have successfully distinguished us in the highly competitive property markets in Guangzhou and the other geographic locations where we operate. We have also been able to enhance customer confidence in our products and retain customer loyalty as indicated by high percentages of repeat customers and client referrals of our projects. We have received various awards in recognition of our premium quality products and our achievements as a property development company. For example:

- According to the E-House China R&D Institute, Beijing Fragrant Seasons was ranked among the top ten developments by GFA sold in Beijing in 2010, and according to the *Beijing News*, Beijing Fragrant Seasons was among the top 20 developments by sales proceeds in 2010.
- The Summit received the "2010 Best Villa Award" from the *Yangcheng Evening News*.
- Recognized as one of the "Top 100 Chinese Real Estate Enterprises in 2010 — Top 10 Profitable Enterprises" by the China Real Estate Association, Business Research Center of the Development Research Center of the State Council, Institute of Real Estate Studies of Tsinghua University, and China Index Research Institute.
- Our company was recognized as one of the "Top 20 Guangzhou Real Estate Development Enterprises by Sales Amount" by China Real Estate Evaluation Centre in 2009.

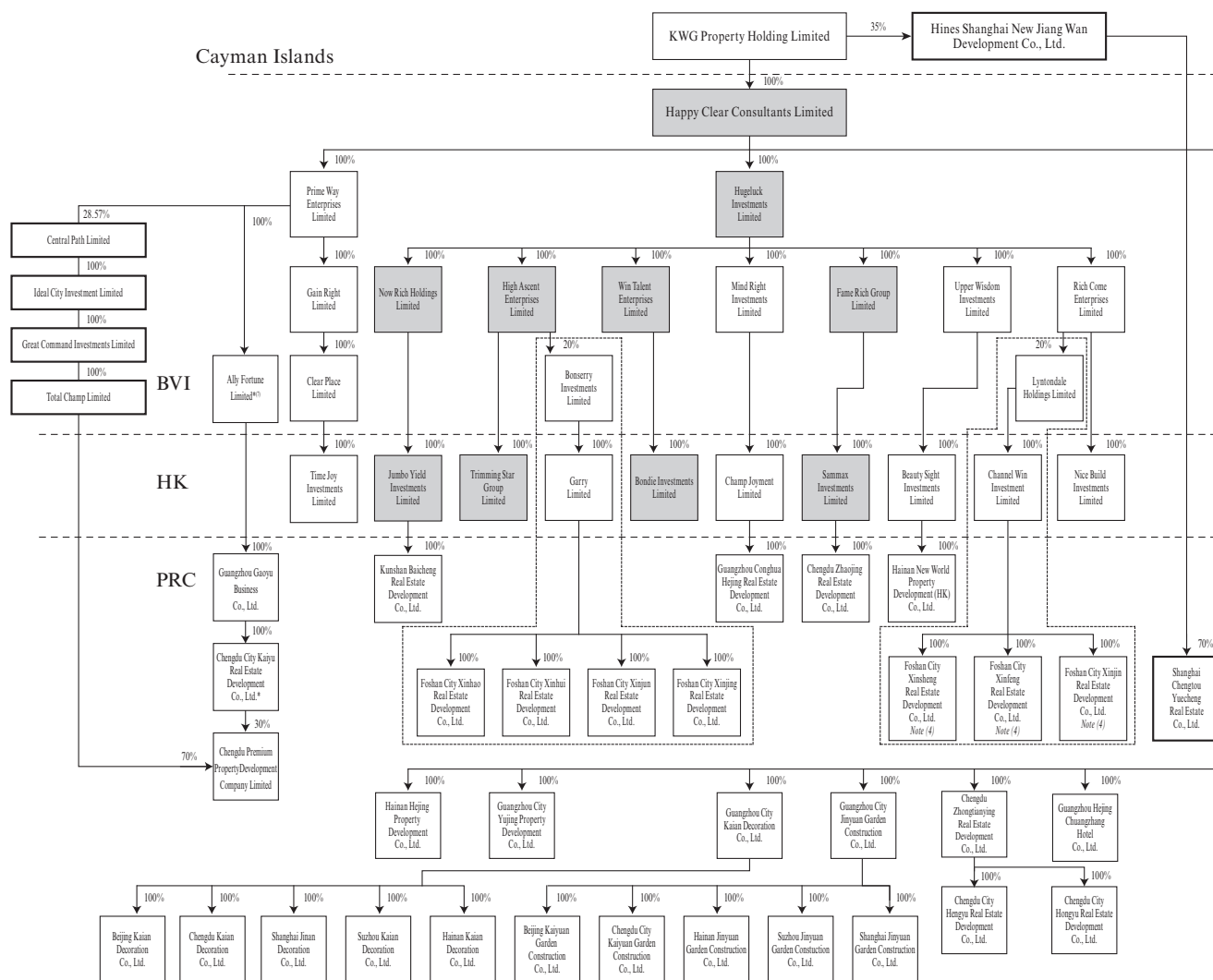
- *The Guangzhou Daily* recognized our company as one of the “Top 10 Property Developers Contributing to Residential Living in China on the 60th Anniversary of the Establishment of the PRC” in 2009.
- Suzhou Apex was awarded the “Most Popular Landmark Real Estate in Suzhou in 2010” by real estate internet portal, www.SouFun.com.
- The Apex in Guangzhou was recognized as “Best Quality Luxury Residence in Guangzhou 2009” by *SouFun.com*. Our Sky Ville project was selected as one of the “Top 10 Villas in Annual Real Estate Review 2009” by the *Yangcheng Evening News*.
- Chengdu Cosmos received “2009 — Golden Award of Property Development of the Year” by the Sichuan Daily Newspaper Group and Cheungdu Real Estate Management Bureau.
- Fragrant Seasons in Beijing was selected for the “Golden Award List of Top 10 Best-selling Property Developments of Beijing 2009” by *the Beijing Youth Daily*.

We commenced our property development business in 1995. As of December 31, 2010, we held four completed projects with a total site area of approximately 437,555 sq.m. and a total saleable GFA attributable to our Group of approximately 166,000 sq.m., and investment properties from residual projects with a total saleable GFA attributable to our Group of approximately 27,000 sq.m. (see “— Residual Properties”). As of December 31, 2010, we had 20 projects under development, including four projects being developed in the Pearl River New Town in Guangzhou, with a total site area of approximately 6,339,252 sq.m. and a total saleable GFA attributable to our Group of approximately 7,668,194 sq.m. As of December 31, 2010, we had one project held for future development with a total site area of approximately 748,877 sq.m. and a total saleable GFA attributable to our Group of approximately 560,000 sq.m.

In 2008, 2009 and 2010, we sold and delivered a total GFA of approximately 133,531 sq.m., 509,834 sq.m. and 784,116 sq.m., generating revenue from sale of properties of approximately RMB1,471.2 million, RMB4,110.0 million and RMB7,221.1 million (US\$1,094.1 million), respectively. During the same periods, our profit was approximately RMB366.2 million, RMB721.5 million and RMB1,281.8 million (US\$194.2 million), respectively.

Corporate Structure

The following chart sets forth our corporate structure as of December 31, 2010.



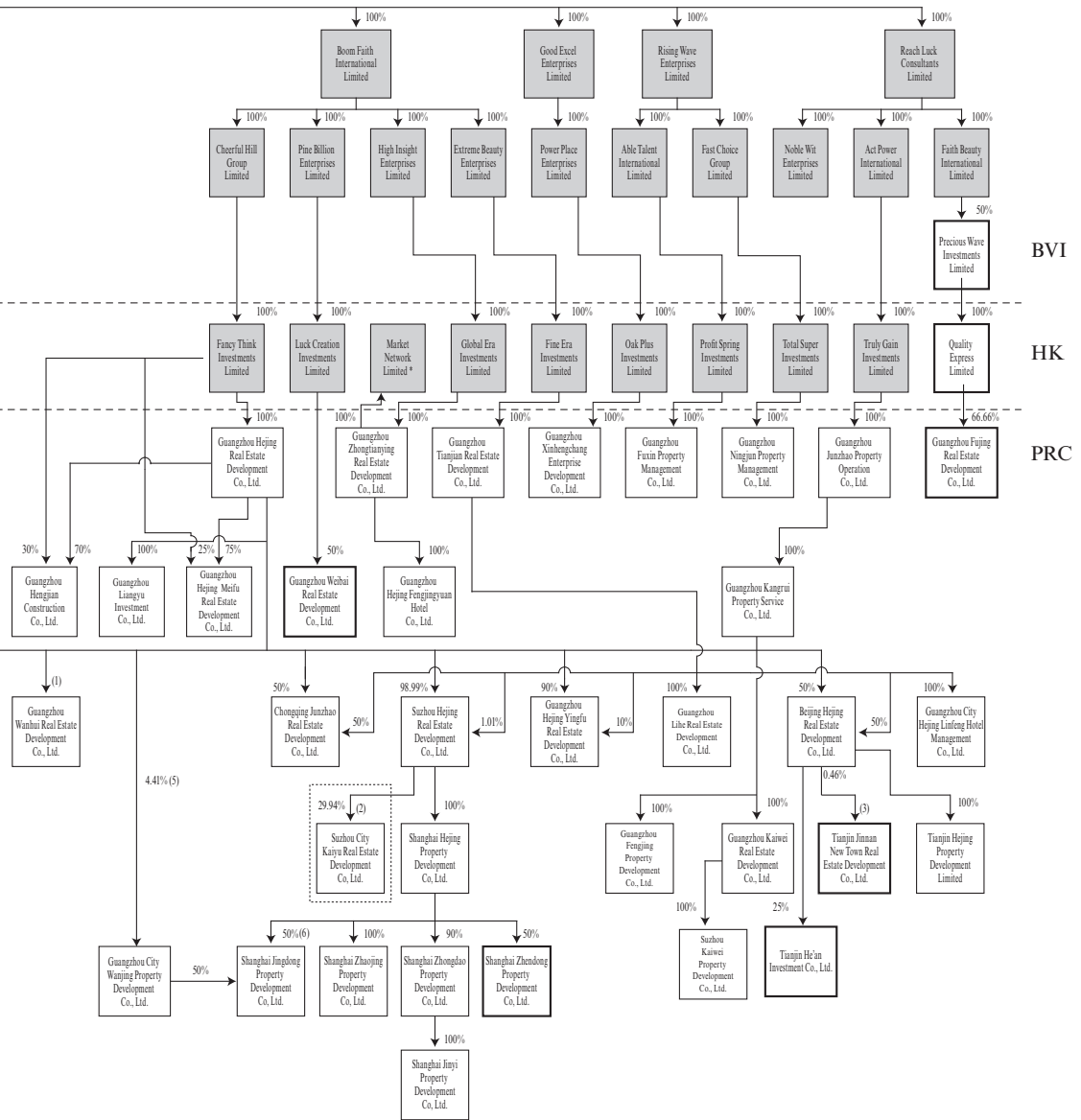
Subsidiary Guarantors
 Associate
 Jointly-controlled Entity

The capital stock of Market Network Limited will not be pledged.

* We designated Ally Fortune Limited, Guangzhou Gaoyu Commercial Co., Ltd. and Chengdu City Kaiyu Real Estate Development Co., Ltd. as Unrestricted Subsidiaries under the indenture governing the 2010 Notes. Such companies will also be designated as Unrestricted Subsidiaries under the Indenture governing the Notes.

Note:

- (1) Trust financing arrangement in place. The Group currently does not hold any equity interest in this entity. See "Description of Material Indebtedness and Other Obligations — Trust Financing Arrangements — Guangzhou Trust Financing"
- (2) Trust financing arrangement in place. See "Description of Material Indebtedness and Other Obligations — Trust Financing Arrangements — Suzhou Trust Financing"
- (3) Trust financing arrangement in place. See "Joint Venture Operations — Tianjin Joint Venture."
- (4) Each of these companies is in the process of applying for an extension of its business term.
- (5) Trust financing arrangement in place. See "Description of Material Indebtedness and Other Obligations — Trust Financing Arrangements — Shanghai Pudong Project Trust Financing."
- (6) The shares of Shanghai Hejing Property Development Co., Ltd. in Shanghai Jingdong Property Development Co., Ltd. are pledged to Xinhua Trust. See "Description of Material Indebtedness and Other Obligations — Trust Financing Arrangements — Shanghai Pudong Trust Financing."
- (7) On March 15, 2011, we acquired 100% of New Phoenix Holdings Limited, a company incorporated under the laws of Hong Kong, that does not own any significant assets as of the date of this offering memorandum. New Phoenix Holdings Limited is an Unrestricted Subsidiary under the Indenture governing the Notes.



Competitive Strengths

Premium product quality

We believe our high-quality products, continuous product upgrade, distinctive designs, and superior property management services have successfully distinguished us in the highly competitive property markets in Guangzhou and the other geographic locations where we operate. We believe that we have been able to consistently achieve a premium price for our products. We have also been able to enhance customer confidence in our products and retain customer loyalty as demonstrated by our high percentages of repeat customers and client referrals. For example, we estimate that for The Apex project, the percentages of repeat customers and client referrals are 30% and 40%, respectively. For our Sky Ville project, we estimate that the percentages of repeat customers and client referrals are 25% and 30%, respectively.

- *High-Quality First-of-its-Kind Products.* We believe that through our experience over the past 15 years, we have developed a good understanding and insight into the preferences and trends in the property markets where we operate, and are able to competitively position our products to maximize the attractiveness and unique characteristics of each parcel of land. Over the past 15 years, we have been able to continuously and consistently provide our customers with high-quality products, some of which are first-of-their-kind. For example, The Apex project in Guangzhou will include the first W Hotel in mainland China. Our Chengdu Cosmos project is the first high rise apartment building project with private swimming pool in each unit in China. The Zengcheng Summit project in Guangzhou is the first large scale comprehensive mixed-use luxury project in Zengcheng District, Guangzhou, and includes an international five-star Sheraton Hotel.
- *Continuous Product Upgrade and Distinctive Designs.* We strive to combine attractive living environments (such as park, river and lake views) with distinctive interior designs, as well as incorporating modern and creative comforts, such as intelligent security systems and hotel-style concierge services for certain projects. We make continuous efforts in product upgrade and innovation. For example, our Chengdu Cosmos, The Apex and Sky Ville projects have received various awards for innovative designs. We have collaborated with leading domestic and international design firms to work on critical aspects of property development such as architectural design, landscape & environmental design and interior design.
- *Superior Property Management Services.* We have established two lines of property management teams to provide after-sale property management services to our purchasers of high-end and mid-end projects respectively. To improve our management skills, we had retained leading property management consulting firms to provide property management advice on property management of high-end residential projects and office buildings. From time to time, we also organize community events for our residents to improve customer relationships. We believe our superior property management services help us to promote our brand name recognition and enhance customer confidence in our projects.

We have received various awards in recognition of our projects and our achievements as a property development company. See “— Overview.”

Strong execution capability

We believe we are equipped with strong execution capability, as evidenced by our leadership position in Guangzhou’s high-end residential market and our ability to replicate our success outside of Guangzhou.

- We are a market leader in Guangzhou’s high-end residential market. In our experience of 15 years as a property developer, we have been able to achieve a premium price for our products consistently in all the geographic locations where we operate. For example, our The Cosmos, The Apex and King Peak Garden projects are among the top 10 historically highest priced residential apartments in Guangzhou. According to Sina, we were ranked seventh and eighth in Guangzhou by GFA sold an sales proceeds, respectively, in 2010.

- We had successfully expanded our property development into Suzhou, Chengdu, Beijing and Hainan Province. Some of our projects in these locations achieved record selling price and take up on multiple launches. For example, The Sapphire, our luxury residential project in Suzhou, was the highest priced project in Xiangcheng District, Suzhou in June 2009. Our luxury high-rise apartment project, Chengdu Cosmos, achieved highest selling price in Chengdu in 2009. According to the real estate portal SouFun.com, we were ranked third by sales proceeds and accounted for 6% of market share by sales proceeds in Suzhou.

Our strong execution capability is further demonstrated by our ability to adjust our strategies to maintain a balance between stable development and prudent expansion during China's property market downturn in 2008 and the global financial crisis in 2009, preventing us from diluting our brand name and allowing us to preserve our capability for future land acquisitions. After the announcement of the 11 property tightening measures on April 15, 2010, we continued with our scheduled project launches and achieved satisfactory take up. We believe that this is due to our superior brand name, premium product quality and innovative product designs, as well as strong execution capability in difficult market conditions.

Prudent and disciplined land acquisition and expansion

We maintain a disciplined and prudent land acquisition and expansion strategy. Prior to acquiring land for a project, we perform a comprehensive feasibility study covering targeted selling price, total investment, gross profit margin and project return. If the land acquisition costs exceed our pre-set ratio of land acquisition costs to estimated revenue, we will typically not proceed with the land acquisition.

To date, we have expanded outside Guangzhou into other cities at a moderate pace. For each city we have expanded into, we have taken time to establish and strengthen our brand name, gradually increased our market share, focused our management and resources on operations to achieve economies of scale, built up our relationship with local government and sought opportunities to acquire more land at lower costs. We believe such an approach enables us to acquire land prudently and manage our cash flow requirements effectively. In the cities we have expanded into, our land reserves are well-located to cater for wide product range in order to capture different market segments. To date, most of our land reserves have been located in China's first and second tier cities, such as Guangzhou, Suzhou and Chengdu, which we believe to be more resilient during the periods of property market downturns due to the large organic demand present in those cities. We anticipate that these cities will suffer less price correction in potential property downturn. We believe our low risk business model will allow us to continue to achieve sustainable and stable growth.

Steady roll-out of high-quality investment properties and hotels

To date, we have been able to roll out high-quality investment property projects and hotels, including International Finance Place and Four Points by Sheraton Guangzhou, Dongpu. Such investment property projects and hotels enhance our brand recognition as well as development capability, which in turn provide us with an advantage in our land acquisitions. Our investment properties and hotels help reduce our exposures to fluctuations in property sales prices, provide us with a stable and recurring cash flow and diversify our revenue from sale of properties. In addition, our investment properties and hotels provide us with additional financing flexibility because we have been able to mortgage certain investment properties to secure some of our general banking facilities at both onshore and offshore level. We intend to continue to roll out high quality investment properties and premium hotels in the future. We expect that our portfolio of hotels, retail shop units, shopping malls and offices held on a long-term basis to account for approximately 20% of our asset base.

Strong cash flow and multiple financing channels

We have been able to maintain strong cash flows and obtain multiple channels of financing which provide us with additional financial flexibility. As of December 31, 2010, our cash and cash equivalents amounted to RMB5,275.6 million (US\$799.3 million). In August 2010, we issued US\$250.0 million 12.50% Senior Notes due 2017. In June 2009, we successfully raised HK\$1,530.0 million from a share placement. We also obtained bank loans in the aggregate amount of HK\$1,914.5 million from Industrial and Commercial Bank of China (Asia) Limited in 2006, 2008 and 2010, and bank loans in the aggregate amount

of HK\$495.0 million from Standard Chartered Bank in April 2009 and February 2011. Further, we have established cooperative relationships with, and received bank loans from, various PRC banks including China Construction Bank, Agricultural Bank of China and Industrial and Commercial Bank of China. We believe our strong cash flow and multiple financing channels will enable us to expand steadily into our target markets and sustain long-term growth.

Proven experience in joint venture projects and strong relationship with renowned domestic and international partners

Due to our premium product quality, recognized brand name and strong execution capability, many reputable property developers are willing to cultivate working relationships with us by setting up mutually beneficial joint ventures for project developments. Such joint venture operations enable us to obtain access to prime location land at reasonable costs, participate in and jointly develop very large scale and profitable projects with leading developers, leverage each other's strong brand names, and enter into new locations with developers with more experience in such markets, thus lowering our execution risks and costs. For example, in 2007, we jointly bid for Lie De project together with Guangzhou R&F Properties Co., Limited and Sun Hung Kai Properties Limited. In March 2010, we acquired minority interests in the Foshan Project with Sun Hung Kai Properties Limited, with whom we have further deepened our relationship in the joint development of such projects. In November 2010, we established a joint venture with Hongkong Land China Holdings Limited to develop a parcel of land in Chengdu. In addition, we have established strong relationships with leading architects and design firms, premier hotel operators, reputable office and retail tenants, and world-renowned financial institutions.

Seasoned management team and efficient risk control system

We believe our success and future prospects depend on the quality of our people. Our management team has extensive experience in the property development industry. Certain of our key executives, including our founder and Chairman, Kong Jian Min, have led the growth of our business since its inception in 1995. A number of our senior management members have been in the property development industry for more than 10 years. In recent years, while maintaining the stability of our core management team, we have recruited senior and mid-level executives with expertise in various fields through a selective recruitment process from mainland China, Hong Kong and overseas. We believe our recruitment effort has attracted significant new management talent. To retain and motivate our workforce, we offer our employees career advancement prospects and professional skills development, which in turn sets the foundation for our continuous growth and long-term success. Since our inception, we have sought to create and maintain a corporate culture that encourages creativity and commitment. We also motivate our employees with performance-based bonuses and other incentives and career development opportunities.

In addition, we have invested significantly in our Enterprise Resources Planning ("ERP") system which provides us with real time and efficient risk control over the entire property development value chain including land acquisition, construction and cost management, sale and cash management and after-sale customer service and property management.

Business Strategies

Maintain leadership position in Guangzhou, enhance presence in other cities where we operate and conduct measured expansion in key regions

Our strategy is to maintain our leadership position in Guangzhou's property market, while further enhancing our presence in Suzhou, Chengdu, Beijing, Tianjin, Shanghai and Hainan where we have established operations. We also intend to expand in a prudent manner into other selected cities with high growth potential leveraging our existing expertise in the regions where we operate, namely the Pearl River Delta, Yangtze River Delta, Western Region, and Bohai Rim.

Continue our focus on developing premium quality products

We intend to continue to focus on innovative product design and premium quality by developing property projects to cater to the needs of our target customers. We will continue to supplement our residential property developments with the roll-out of more attractive investment property projects and

premium hotels to reinforce the association between our brand name with prestige and quality. By cultivating our ability to develop integrated properties, we intend to seek opportunities to work with local governments in city-centre development projects in order to further enhance the recognition of our brand name.

Continue to seek mutually beneficial joint venture partnerships in project development

We intend to leverage our current joint venture partners' financial resources and expertise in developing large-scale integrated projects. In order to lower the execution risks and costs associated with existing operations and future expansion, we will continue to leverage our current experience in joint venture operations and seek mutually beneficial joint venture partnerships in project development.

Continue to adopt prudent financial policy and proactive approach to capital structure

We will continue to leverage our advanced ERP system to carefully manage costs and risk control. We will also continue to closely monitor our capital structure, cash flow and liquidity positions and carefully manage key financial measures such as our gearing ratios, interest coverage and working capital positions.

Recent Developments

SCB 2011 Facility

On February 9, 2011, we signed a loan agreement with SCB for a secured and guaranteed Hong Kong dollar denominated term loan facility with an aggregate principal amount of up to HK\$195 million. As of the date of this document, the principal amount of the loan facility in Hong Kong dollars drawn down and outstanding is equivalent to US\$25 million. See "Description of Material Indebtedness and Other Obligations — Recent Material Indebtedness."

Purchase of Shares in the Shanghai Project Co

On January 20, 2011, following an auction of 30% of the registered capital of the Shanghai Project Co, which was held by SCC, we entered into an equity transfer agreement with Shanghai R&F and SCC to acquire the 30% registered capital of the Shanghai Project Co. The Shanghai Project Co holds parcels of land under development located at New Jiang Wan, Yangpu District, Shanghai. See " — Properties Under Development — Shanghai New Jiang Wan Project, Shanghai." We are in the process of applying for relevant approvals and registration of this acquisition. Upon receipt of approvals and completion of registration, we expect to increase our ownership in the Shanghai New Jiang Wan Project from 35% to 50%. Pursuant to the equity transfer agreement, Shanghai R&F and we agreed to acquire the shares from SCC for a total consideration of approximately RMB1,014.3 million (US\$153.7 million).

New Projects Held for Future Development

In January 2011, we increased our projects held for future development by four to include the Shanghai Jiading D-07 Project, the Shanghai Jiading Chengbei Project, the Suzhou Yinshan Lake Project and the Hainan Moon Bay Project. The table below sets forth the GFA in sq.m. and other information of our four new projects held for future development as of January 31, 2011.

Project	Location	Site Area	Total GFA for		Property Interest Attributable to the Group	Total GFA Attributable to the Group ⁽²⁾	Total Saleable GFA Attributable to the Group ⁽³⁾			Expected Completion Date of the Project
			Future Development ⁽¹⁾	Total GFA			Total	Held for Sale	Investment ⁽⁴⁾	
Projects Held for Future Development										
Shanghai Jiading D-07 Project	Shanghai	53,829	161,488	161,488	90%	145,339	145,339	95,339	50,000	2014
Shanghai Jiading Chengbei Project ⁽⁵⁾	Shanghai	77,180	154,360	154,360	100%	154,360	154,360	154,360	—	2014
Suzhou Yinshan Lake Project ⁽⁵⁾	Suzhou	63,944	159,860	159,860	100%	159,860	159,860	159,860	—	2014
Hainan Moon Bay Project	Hainan	202,080	107,898	107,898	100%	107,898	107,898	41,152	66,746	2016

Notes:

- (1) "Total GFA for Future Development" is derived from our internal records and estimates.
- (2) Total GFA Attributable to the Group" is the total GFA that we are entitled to after apportionment of GFA in accordance with "Property Interest Attributable to the Group."

- (3) “Total Saleable GFA Attributable to the Group” for projects held for future development represents our attributable saleable GFA for the projects as of January 31, 2011.
- (4) For lease and hotel purposes, including, among others, office, hotel, serviced apartments, and shopping mall.
- (5) We entered into land grant confirmation letters for the land related to this project, but have not entered into land grant contracts or obtained land use right certificates.

The following paragraphs describe our four new projects held for future development as of January 31, 2011:

Shanghai Jiading D-07 Project (上海嘉定D-07項目), Shanghai

Shanghai Jiading D-07 Project is a commercial development located in Jiading District, Shanghai. It is close to Line 11 of the Shanghai Metro. The project occupies a total site area of approximately 53,829 sq.m. The project is expected to feature a hotel, serviced apartments and other commercial properties. As of January 31, 2011, total saleable GFA attributable to the Group was approximately 145,339 sq.m., of which 95,339 sq.m. was held for sale and 50,000 sq.m. was held for investment purposes. We have a 90% ownership interest in this project.

Shanghai Jiading Chengbei Project (上海嘉定城北項目), Shanghai

Shanghai Jiading Chengbei Project is a residential development located in Jiading District, Shanghai. It is close to Line 11 of the Shanghai Metro. The project occupies a total site area of approximately 77,180 sq.m. We entered into land grant confirmation letters for the land related to this project, but have not entered into land grant contracts or obtained the land use right certificates. As of January 31, 2011, total saleable GFA attributable to the Group was approximately 154,360 sq.m., all of which was held for sale. We have a 100% ownership interest in this project.

Suzhou Yinshan Lake Project (蘇州尹山湖項目), Suzhou

Suzhou Yinshan Lake Project is an integrated development located in Wuzhong District, Suzhou City. It is close to Line 4 of the Suzhou Subway. The project is expected to feature residential and commercial developments. The project occupies a total site area of approximately 63,944 sq.m. We entered into land grant confirmation letters for the land related to this project, but have not entered into land grant contracts or obtained the land use right certificates. As of January 31, 2011, total saleable GFA attributable to the Group was approximately 159,860 sq.m., all of which was held for sale. We have a 100% ownership interest in this project.

Hainan Moon Bay Project (海南月亮灣項目), Hainan

The Hainan Moon Bay Project is an integrated residential, commercial and hotel development with scenic views located in the Moon Bay Scenic Area within Longlou Town, Wenchang City, Hainan. The project occupies a total site area of approximately 202,080 sq.m. As of January 31, 2011, total saleable GFA attributable to the Group was approximately 107,898 sq.m., of which 41,152 sq.m. was held for sale and 66,746 sq.m. was held for investment purposes. We have a 100% ownership interest in this project.

Description of Our Property Developments

Overview

As of December 31, 2010, we had 25 projects at various stages of development (as listed below), which were located in Guangzhou, Suzhou, Chengdu, Beijing, Tianjin, Shanghai and Hainan. We divide our property developments, for which we have received the relevant land use rights certificates, into three categories:

- completed projects;
- projects under development; and
- projects held for future development.

A project is considered completed when we have received the Completed Construction Works Certified Report from the relevant government construction authorities. A project is considered to be under development immediately following the issuance of the required construction works commencement permits with respect to part or all of the project and before completion of the entire project, or immediately following the commencement of development of part or all of the project. A project is considered to be held for future development when we have signed the relevant land grant contracts or the land grant confirmation letter or received the relevant land use rights certificates but have not yet received the required construction works commencement permits.

As some of our projects comprise multiple-phase developments on a rolling basis, one project may include different phases at various stages of completion, under development or held for future development. A project comprising multiple phases is also considered to be a project under development if we have received the required construction works commencement permits with respect to at least one phase of the development.

As of December 31, 2010, we had 25 projects with a total site area of approximately 7,525,684 sq.m. and a total GFA of approximately 16,505,653 sq.m. The site area information for a project is based on the relevant land use rights certificates. The total GFA of a project is calculated by multiplying its site area by the maximum permissible plot ratio as specified in the relevant land grant contracts or other approval documents from the local governments relating to the project. The total GFA of a project comprises saleable GFA and non-saleable GFA. Saleable GFA refers to total GFA less non-saleable GFA, which refers to certain communal facilities, including, among others, club houses, schools and ancillary facilities. Saleable GFA may be held for sale or held for investments, depending on our development plans.

Saleable GFA refers to saleable GFA held for sale or held for investment. Saleable GFA held for sale refers to residential units and other properties that have been identified for sale. Saleable GFA held for investment refers to, among others, retail shop units, shopping malls, office buildings, hotels and serviced apartments, unless specifically identified for sale.

Property sales revenue is recognized after we have executed the purchase contract with a customer and have delivered the completed property to the customer. Property is pre-sold at the time when we have collected a deposit from customer and entered into a purchase subscription contract with them prior to the completion of the property but have not yet delivered the property to the customer. The property is delivered to the customer upon, among others, (i) full payment by the customer, and (ii) the property being completed, inspected and accepted as qualified. For further details, see “Regulations — The Land System of the PRC — Pre-sale and Sale” of this document.

Information regarding payment for land premium and development costs in this document is based solely on our internal records or estimates.

We include in this document the project names which we have used, or intend to use, to market our properties. Some of the names for property developments may be different from the names registered with the relevant authorities, are subject to approval by the relevant authorities and may be subject to change.

The table below sets forth the GFA in sq.m. and other information of our 25 projects as of December 31, 2010.

No.	Completed Projects	Project ⁽¹⁾	Location	Site Area	Total GFA Completed ⁽²⁾	Total GFA Under Development ⁽²⁾	Total GFA for Future Development ⁽³⁾	Total GFA	Property Interest Attributable to the Group	Total GFA Attributable to the Group ⁽⁴⁾⁽⁶⁾	Total Saleable GFA Attributable to the Group ⁽⁵⁾⁽⁸⁾		Completion Date or Expected Completion Date of the Project
											Held for Sale	Held for Investment ⁽⁶⁾	
1.	Waterfront Mansion	Guangzhou	228,229	289,475	—	—	289,475	100%	289,475	42,000	—	—	2010
2.	International Finance Place	Guangzhou	7,262	101,378	—	—	101,378	100%	101,378	61,000	—	61,000	2007
3.	Four Points by Sheraton	Guangzhou	6,000	35,000	—	—	35,000	100%	35,000	—	—	35,000	2009
4.	The City Island	Suzhou	196,064	285,739	—	—	285,739	100%	285,739	28,000	—	28,000	2010
	Residual Properties ⁽⁷⁾	Guangzhou	—	—	—	—	—	100%	—	—	—	27,000	—
	Projects Under Development												
5.	Sky Ville	Guangzhou	485,296	443,300	30,000	—	473,300	100%	473,300	163,000	—	163,000	2011
6.	The Apex	Guangzhou	22,626	194,143	74,000	—	268,143	100%	268,143	74,000	—	74,000	2011
7.	International Creative Valley	Guangzhou	150,082	197,428	196,385	—	393,813	100%	393,813	225,000	—	225,000	2011
8.	Zengcheng Summit	Guangzhou	1,971,126	5,000	269,607	2,392,739	2,712,346	100%	2,712,346	2,507,000	—	2,507,000	2011-2019
9.	D3-4	Guangzhou	5,162	40,848	—	—	40,848	100%	40,848	34,000	—	34,000	2012
10.	J2-2	Guangzhou	8,066	171,288	—	—	171,288	50%	85,644	72,000	—	72,000	2014
11.	Lie De ⁽¹²⁾	Guangzhou	114,176	—	155,000	310,000	465,000	33%	155,000	155,000	—	142,000	2012-2014
12.	The Up Blue Town	Suzhou	73,581	179,803	10,000	—	189,803	100%	189,803	52,000	—	52,000	2011
13.	The Sapphire ⁽¹³⁾	Suzhou	348,449	170,000	491,298	190,277	851,575	100%	851,575	647,000	—	552,000	2011-2014
14.	Suzhou Apex	Suzhou	170,323	—	150,000	316,400	466,400	100%	127,494	127,494	—	87,697	2011-2013
15.	The Vision of the World	Chengdu	117,518	140,000	374,372	123,483	637,855	100%	637,855	456,000	—	456,000	2011-2013
16.	Chengdu Cosmos	Chengdu	186,705	60,000	300,153	529,847	890,000	100%	890,000	825,000	—	695,000	2011-2015
17.	Chengdu Jinjiang Project ⁽¹⁷⁾	Chengdu	190,253	—	256,448	643,643	900,091	50%	450,046	450,000	—	385,000	2012-2019
18.	Fragrant Seasons (a.k.a. Sound of the Soul)	Beijing	376,150	30,000	349,766	215,248	595,014	100%	595,014	460,000	—	460,000	2011-2014
19.	Lingshui Project	Hainan	531,336	—	179,210	148,790	328,000	100%	328,000	293,000	—	253,000	2013
20.	Tianjin Jinman Project ⁽¹⁴⁾	Tianjin	1,289,227	—	583,700	2,427,300	3,011,000	25%	752,750	750,000	—	700,000	2012-2019
21.	Shanghai Pudong Project ⁽¹⁸⁾	Shanghai	26,053	—	78,160	—	78,160	100%	78,160	78,000	—	78,000	2014
22.	Shanghai Putuo Project	Shanghai	42,045	—	157,400	—	157,400	50%	78,700	78,700	—	57,000	2013-2014
23.	Shanghai Jiading E-06 Project ⁽¹⁹⁾	Shanghai	88,415	—	74,200	36,318	110,518	100%	110,518	110,500	—	74,200	2012-2014
24.	Shanghai New Jiang Wan Project	Shanghai	142,664	—	128,229	143,114	271,343	35% ⁽¹⁶⁾	94,970	94,500	—	86,500	2012-2014
25.	Foshan Project ⁽¹⁵⁾	Guangzhou	748,877	—	2,782,164	—	2,782,164	20%	560,000	560,000	—	560,000	2013-2016
	Total		7,525,684	2,176,266	4,070,064	10,259,323	16,505,653		10,585,571	8,421,194	7,558,397	862,797	

Notes:

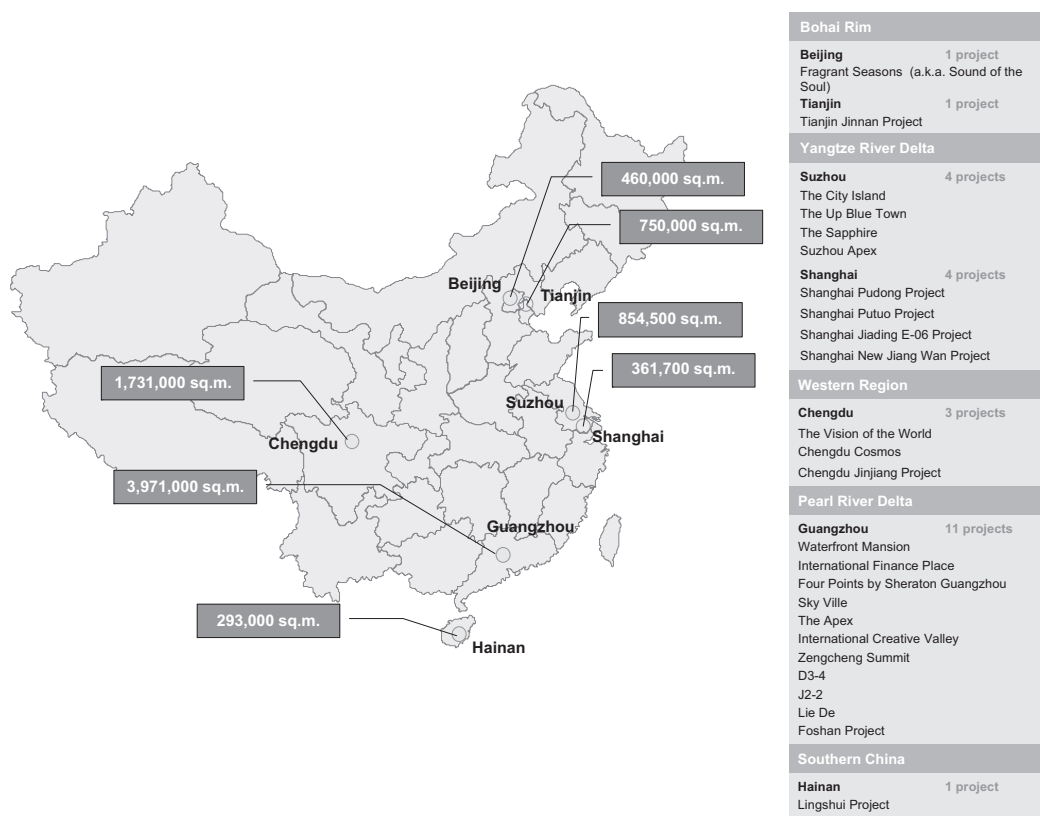
- (1) See "— Description of Our Property Developments."
- (2) "Total GFA Completed" and "Total GFA Under Development" for completed projects and projects under development, respectively, are derived from our internal records.
- (3) "Total GFA for Future Development" is derived from our internal records and estimates.
- (4) "Total GFA Attributable to the Group" is the total GFA that we are entitled to after apportionment of GFA in accordance with "Property Interest Attributable to the Group."
- (5) "Total Saleable GFA Attributable to the Group" for completed projects, projects under development and projects held for future development represents our attributable saleable GFA for the projects as of December 31, 2010.
- (6) For lease and hotel purposes, including, among others, office, hotel, serviced apartments, convention center and shopping mall.
- (7) Includes investment properties of Yuhui Garden, Yuhua Garden, Yuhua Garden, Ma'an Mountain No.1, Jinghu Garden and Yucui Garden, see "— Residual Properties."
- (8) Includes residual properties, see "— Residual Properties."
- (9) We entered into a trust financing arrangement to finance this project under which Citic Trust Limited Company holds 100% equity interest in the project company. See "Description of Material Indebtedness and Other Obligations — Trust Financing Arrangements — Guangzhou Trust Financing." We assume 100% property interest attributable to the Group.
- (10) We entered into a trust financing arrangement to finance this project under which Jiangxi International Trust Limited Company holds approximately 60.1% equity interest in the project company. See "Description of Material Indebtedness and Other Obligations — Trust Financing Arrangements — Suzhou Trust Financing."
- (11) A total of approximately 136,000 sq.m. of GFA is to be delivered to Dongling Holding Co. Ltd. upon completion as part of the consideration for the acquisition of this project.
- (12) We entered into a land grant contract for the land related to this project, but have not obtained the land use right certificate.
- (13) We have not paid up all the land premium and have not obtained the land use right certificate for certain parcels of land with a site area of approximately 86,777 sq.m.
- (14) We entered into land grant contracts for the land related to this project, but have not obtained the land use right certificates. We have commenced development activities, but have not commenced construction for this project. We entered into a trust financing arrangement to finance this project under which Ping An Trust Limited Company (平安信托有限责任公司) holds 98.16% equity interest in the project company. See "— Joint Venture Operations — Tianjin Joint Venture."
- (15) We have been issued or entered into land grant confirmation letters or a land grant contract, but have not paid up all the land premium and have not obtained the land use right certificates.
- (16) We are in the process of applying for relevant approvals and registration of this acquisition. Upon receipt of approvals and completion of registration, we expect to increase our ownership in the Shanghai New Jiang Wan Project from 35% to 50%. See "— Recent Developments" and "— Properties Under Development — Shanghai New Jiang Wan Project, Shanghai."
- (17) We entered into land grant confirmation letters for the land related to this project, but have not paid up all the land premium and have not obtained the land use right certificates. We have commenced development activities, but have not commenced construction for this project.
- (18) We entered into a trust financing arrangement to finance this project. See "Description of Material Indebtedness and Other Obligations — Trust Financing Arrangements — Shanghai Pudong Trust Financing." We entered into land grant contracts for the land related to this project, but have not obtained the land use right certificates.
- (19) We entered into land grant contracts for the land related to this project, but have not commenced construction for this project.

As of December 31, 2010, there were also several parcels of land related to The Sapphire, Foshan Project, Chengdu Jinjiang Project, Shanghai Jiading E-06 Project, Shanghai Pudong Project, Tianjin Jinnan Project and Lie De project, for which we have been issued or entered into land grant confirmation letters or land grant contracts but have not obtained the land use rights certificates.

We cannot assure you that we will be able to obtain the land use rights certificates with respect to these parcels of land in a timely manner or at all, and we have not commenced any construction or preparation of construction relating to these parcels of land. Under the Law of the Administration of Urban Property of the PRC and relevant pre-sale regulations, we are not allowed to engage in any pre-sale activities prior to, among other things, obtaining land use rights certificates.

The following are detailed descriptions of our 25 projects as of December 31, 2010. The commencement date relating to each project or each phase of a project refers to the date on which construction commenced on the first building of the project or phase. The completion date set out in the descriptions of our completed property developments refers to the date on which the Completed Construction Works Certified Report was obtained for each project (or each phase of a multi-phase project). For projects or phases under development or held for future development, the completion date of a project or phase reflects our best estimate based on our current development plans.

The following map illustrates the locations of our 25 projects and the total saleable GFA attributable to the Group of these locations as of December 31, 2010.



Residual Properties

Historically, we have completed a number of residential projects in Guangzhou. These projects include Yuhui Garden, Yuhua Garden, La Bali, Color of United, City of Perfection, The Cosmos, King Peak Garden, Ma'an Mountain No. 1, Jinghu Garden and Yucui Garden. These projects included a small portion of commercial and retail properties which we held for long-term investment purposes. As of December 31, 2010, saleable units of these projects had been substantially sold out, and an aggregate total saleable GFA attributable to the Group of approximately 27,000 sq.m. from these projects was held for investment purposes.

Completed Projects

Waterfront Mansion (上城灣畔), Guangzhou

Waterfront Mansion is a mid to high-end residential development located in Conghua District in Guangzhou. The project enjoys river view and is surrounded by a wide range of ancillary facilities and a well-developed transportation network. It is close to the city bus terminal and the light rail system, enabling convenient access to other parts of Guangzhou. The project features a large residential community, including high-rise residential buildings and townhouses totaling approximately 2,200 housing units. The project occupies a total site area of approximately 228,229 sq.m. As of December 31, 2010, total saleable GFA attributable to the Group was approximately 42,000 sq.m., all of which was held for sale. We have 100% ownership in this project.

International Finance Place (國際金融廣場), Guangzhou

International Finance Place is a Grade A office building development located in the heart of Pearl River New Town in Tianhe District, Guangzhou. The project overlooks the Pearl River and the Haixinsha Plaza adjacent to the Pearl River. It is also conveniently located near the subway station on both Line No. 3 and Line No. 5 of Guangzhou. The project features premium office space which we lease to domestic and foreign banks, multi-national corporations, diplomatic institutions, and retail properties. The project occupies a total site area of approximately 7,262 sq.m. As of December 31, 2010, total saleable GFA attributable to the Group was approximately 61,000 sq.m., all of which was held for investment purposes (office). As of the same date, we retained approximately 5,600 sq.m. for self-use. We have 100% ownership in this project.

Four Points by Sheraton Guangzhou, Dongpu (東圃福朋喜來登酒店), Guangzhou

Four Points by Sheraton Guangzhou, Dongpu is a four-star hotel located to the south of Linkreit International Business Development Center in Tianhe Dongpu, Guangzhou. We engaged the Starwood Hotels Group for the management of this hotel to ensure quality of our hotel services. The hotel features approximately 300 guest rooms. The hotel occupies a total site area of approximately 6,000 sq.m. As of December 31, 2010, total saleable GFA attributable to the Group was approximately 35,000 sq.m., all of which was held for investment purposes (hotel). We have 100% ownership in this project.

The City Island (朗悅灣), Suzhou

The City Island is a mid to high-end residential development located in Xiangcheng District, Suzhou. Designed by renowned international designers, the project situates on two islands within Pearl Lake and is surrounded by natural garden and water views. The project is expected to feature mid to high-end residential buildings as well as waterfront townhouses and villas. The project occupies a total site area of approximately 196,064 sq.m. As of December 31, 2010, total saleable GFA attributable to the Group was approximately 28,000 sq.m., all of which was held for sale. We have 100% ownership in this project.

Projects Under Development

Sky Ville (天湖峰境), Guangzhou

Sky Ville is a large-scale residential development located in Beixing Town, Huadu District in Guangzhou. The project is located in close proximity to the Dragon Lake with convenient access to both the city center and Baiyun International Airport. The project is expected to feature residential units, including villas, townhouses and high-rise apartments, and a wide range of communal facilities for recreational, educational and commercial purposes. The project will also include the five-star Huadu Sheraton Resort to be managed by the Starwood Hotels Group with approximately 102 villa-styled guest rooms. The project occupies a total site area of approximately 485,296 sq.m. As of December 31, 2010, total saleable GFA attributable to the Group was approximately 179,000 sq.m., of which approximately 163,000 sq.m. was held for sale and 16,000 sq.m. was held for investment purposes (hotel). We have 100% ownership in this project.

The Apex (廣州領峰), Guangzhou

The Apex is a high-end integrated development located at the junction of Jinhui Road and Xingsheng Road, in Pearl River New Town in Tianhe District, Guangzhou. The project is expected to feature luxurious high-rise residential buildings, serviced apartments and garden landscapes designed by renowned international designers. The project will also include the five-star W Guangzhou Hotel with approximately 316 guest rooms and the Residences at the W Guangzhou with approximately 144 serviced apartment suites. The W Guangzhou Hotel and the Residences at the W Guangzhou will be managed by the Starwood Hotels Group. The project occupies a total site area of approximately 22,626 sq.m. As of December 31, 2010, total saleable GFA attributable to the Group was approximately 74,000 sq.m., all of which was held for investment purposes (hotel and serviced apartments). We have 100% ownership in this project.

International Creative Valley (科匯金谷), Guangzhou

International Creative Valley is an office building development located on Science Avenue, at the heart of the Science Town area in Luogang Development Zone, Guangzhou. It enjoys a well-developed transportation network, providing convenient access to Pearl River New Town. The project is expected to feature a multi-functional office complex designed with an environmental-friendly focus and state-of-the-art information system infrastructure, as well as serviced apartments. The project occupies a total site area of approximately 150,082 sq.m. As of December 31, 2010, total saleable GFA attributable to the Group was approximately 225,000 sq.m., all of which was held for sale. We have 100% ownership in this project.

Zengcheng Summit (譽山國際), Guangzhou

Zengcheng Summit is a large-scale integrated development located in Xin Tang Town, Zengcheng District in Guangzhou. The project employs designs by renowned international designers and is expected to feature a combination of high-rise residential buildings, villas and office buildings, together with a wide range of communal facilities for recreational, educational and commercial purposes. The project will also include a five-star Zengcheng Sheraton Hotel. The project occupies a total site area of approximately 1,971,126 sq.m. As of December 31, 2010, total saleable GFA attributable to the Group was approximately 2,507,000 sq.m., of which approximately 2,356,000 sq.m. was held for sale and 151,000 sq.m. was held for investment purposes (office, convention center, shopping mall and hotel). We have 100% ownership in this project. A total of approximately 136,000 sq.m. of GFA is to be payable to Dongling Holding Co., Ltd. upon completion as part of the consideration for the acquisition of this project.

D3-4 (D3-4項目), Guangzhou

D3-4 is a high-end serviced apartment development located in the northern end of Pearl River New Town in Tianhe District, Guangzhou. The project is surrounded by residential and commercial establishments and enjoys a well-developed transportation network. The project is expected to feature a high-rise serviced apartment building with integrated commercial floors. The project occupies a total site area of approximately 5,162 sq.m. As of December 31, 2010, total saleable GFA attributable to the Group was approximately 34,000 sq.m., all of which was held for sale. We have commenced development activities but have not commenced construction for this project. Ownership of this project is held under a trust arrangement, see “Description of Material Indebtedness and Other Obligations — Trust Financing Arrangements — Guangzhou Trust Financing.”

J2-2 (J2-2項目), Guangzhou

J2-2 is a high-end integrated development located in the heart of the central business district of Pearl River New Town in Tianhe District, Guangzhou. The project is expected to feature premium office spaces. The project occupies a total site area of approximately 8,066 sq.m. As of December 31, 2010, total saleable GFA attributable to the Group was approximately 72,000 sq.m., all of which was held for sale. We have commenced development activities but have not commenced construction for this project. We have 50% ownership in this project. See “—Property Development — Joint Venture Operations.”

Lie De (獵德項目), Guangzhou

Lie De is a high-end integrated development located at the center of Pearl River New Town, in the original Lie De Village site, in Guangzhou. The Project is expected to feature premium office buildings, shopping malls, serviced apartments and a five-star hotel. The project occupies a total site area of approximately 114,176 sq.m. We entered into a land grant contract but have not obtained the land use right certificate for the land related to this project. As of December 31, 2010, total saleable GFA attributable to the Group was approximately 155,000 sq.m., of which approximately 142,000 sq.m. was held for sale and 13,000 sq.m. was held for investment purposes (shopping mall and hotel). We have 33% ownership in this project. See “—Property Development — Joint Venture Operations.”

The Up Blue Town (晶藍上城), Suzhou

The Up Blue Town is a mid to high-end residential development located in Kunshan, Suzhou. It is 31 kilometers from Shanghai city center. The project is expected to feature high-rise residential buildings. The project occupies a total site area of approximately 73,581 sq.m. As of December 31, 2010, total saleable GFA attributable to the Group was approximately 52,000 sq.m., all of which was held for sale. We have 100% ownership in this project.

The Sapphire (峰匯國際), Suzhou

The Sapphire is a high-end integrated development located on Renmin Road, in Pingjiang New City, adjacent Huoli Island in Suzhou. The project is surrounded by a well-developed transportation network. It is expected to feature high-rise residential buildings, premium office buildings, hotel, retail shops and a shopping mall. The project occupies a total site area of approximately 348,449 sq.m. We have not obtained the land use right certificate for the land related to this project with a site area of approximately 86,777 sq.m. As of December 31, 2010, total saleable GFA attributable to the Group was approximately 647,000 sq.m., of which approximately 552,000 sq.m. was held for sale and approximately 95,000 sq.m. was held for investment purposes (shopping mall). We have 100% ownership in this project.

Suzhou Apex (蘇州領峰), Suzhou

Suzhou Apex is a high-end integrated project located in Mudu Town, Suzhou. The project enjoys direct access to Jinfeng Road station of the Suzhou Light Rail Line No. 1. The project is expected to feature residential, commercial and retail properties and will include a star-rated hotel. The project occupies a total site area of approximately 170,323 sq.m. As of December 31, 2010, total saleable GFA attributable to the Group was approximately 127,494 sq.m., of which approximately 87,697 sq.m. was held for sale and 39,797 sq.m. was held for investment purposes (shopping mall and hotel). We have 29.9% ownership in this project. Ownership of this project is also held under a trust arrangement, see “Description of Material Indebtedness and Other Obligations — Trust Financing Arrangements — Suzhou Trust Financing.”

The Vision of the World (萬景峰), Chengdu

The Vision of the World is a mid to high-end residential development located in the Gao Xin West District in Chengdu. The project benefits from a well-developed transportation network, providing convenient access to the city center, and the abundance of surrounding communal facilities such as schools, universities and hospitals. The project is expected to feature mid to high-end residential buildings. The project occupies a total site area of approximately 117,518 sq.m. As of December 31, 2010, total saleable GFA attributable to the Group was approximately 456,000 sq.m., all of which was held for sale. We have 100% ownership in this project.

Chengdu Cosmos (成都譽峰), Chengdu

Chengdu Cosmos is a high-end integrated development located in the central business district of Tian Fu New Town in southern Chengdu. The project is expected to feature luxurious high-rise residential buildings, premium office buildings, a five-star hotel and retail properties. The project occupies a total site area of approximately 186,705 sq.m. As of December 31, 2010, total saleable GFA attributable to the

Group was approximately 825,000 sq.m., of which approximately 695,000 sq.m. was held for sale and 130,000 sq.m. was held for investment purposes (shopping mall and hotel). We have 100% ownership in this project.

Chengdu Jinjiang Project (成都錦江項目), Chengdu

Chengdu Jinjiang Project is an integrated development located in Pan Cheng Gang Pian Qu in Jinjiang District, Chengdu, close to the intersection of Line 2 and Line 9 of the Chengdu Metro. The project is expected to feature residential and commercial developments. The project occupies a total site area of approximately 190,253 sq.m. We entered into land grant confirmation letters for the land related to this project, but have not paid up all the land premium and have not obtained the land use right certificates. We have commenced development activities but have not commenced construction for this project. As of December 31, 2010, total saleable GFA attributable to the Group was approximately 450,000 sq.m., of which approximately 385,000 sq.m. was held for sale and approximately 65,000 sq.m. was held for investment purposes (commercial). We have 50% ownership in this project. See “— Joint Venture Operations — Chengdu Joint Venture.”

Fragrant Seasons (a.k.a. Sound of the Soul) (香悅四季), Beijing

Fragrant Seasons is a mid to high-end residential development located in the Shunyi District, one of the four satellite towns of Beijing. The project lies on the north of Olympic Road and is adjacent to the Olympic Water Park, and is surrounded by the Beijing Country Golf Club and a wide range of recreational facilities and five-star hotels. The project also enjoys a well-developed transportation network and is designed by renowned international designers. The project is expected to feature a low density residential community comprising low-rise apartments and villas. The project occupies a total site area of approximately 376,150 sq.m. As of December 31, 2010, total saleable GFA attributable to the Group was approximately 460,000 sq.m., all of which was held for sale. We have 100% ownership in this project.

Lingshui Project (海南陵水項目), Hainan

Lingshui Project is an integrated development located in Lingshui, Hainan. The project is expected to feature residential apartments, villas and hotels. The project occupies a total site area of approximately 531,336 sq.m. As of December 31, 2010, total saleable GFA attributable to the Group was approximately 293,000 sq.m., of which approximately 253,000 sq.m. was held for sale and 40,000 sq.m. was held for investment purposes (hotel). We have commenced development activities but have not commenced construction for this project. We have 100% ownership in this project.

Tianjin Jinnan Project (天津津南項目), Tianjin

Tianjin Jinnan Project is a large integrated development located in Jinnan District, Tianjin, bounded by rivers on three sides (Hai River and Yue Ya River), with close access to Line 6 of Tianjin Metro. The project is expected to feature residential, commercial and hotel developments. The project occupies a total site area of approximately 1,289,227 sq.m. We entered into land grant contracts for the land related to this project, but have not obtained the land use right certificates. We have commenced development activities, but have not commenced construction for this project. As of December 31, 2010, total saleable GFA attributable to the Group was approximately 750,000 sq.m., of which approximately 700,000 sq.m. was held for sale and approximately 50,000 sq.m. was held for investment purposes (commercial and hotel). Ownership of this project is held under a trust arrangement, see “— Joint Venture Operations — Tianjin Joint Venture.”

Shanghai Pudong Project (上海浦東項目), Shanghai

Shanghai Pudong Project is a commercial development located in Pudong New Area, Shanghai, close to Houtan station on Line 7 of the Shanghai Metro, with a prime view of the Huangpu river. The project is expected to feature two office buildings. The project occupies a total site area of approximately 26,053 sq.m. We entered into land grant contracts for the land related to this project, but have not obtained the land use right certificates. We have commenced development activities, but have not commenced construction for this project. As of December 31, 2010, total saleable GFA attributable to the Group was approximately 78,000 sq.m., all of which was held for sale. We have 100% ownership in this project.

Shanghai Putuo Project (上海普陀項目), Shanghai

Shanghai Putuo Project is an integrated development located in the northwest of Zhenru Subcenter, Putuo District, Shanghai, close to Zhenru station on Line 11 of the Shanghai Metro. The project is expected to feature high-end residential apartments, serviced apartments and large shopping malls. The project occupies a total site area of approximately 42,045 sq.m. As of December 31, 2010, total saleable GFA attributable to the Group was approximately 78,700 sq.m., of which 57,000 sq.m. was held for sale and 21,700 sq.m. was held for investment purposes (shopping mall). We have 50% ownership in this project.

Shanghai Jiading E-06 Project (上海嘉定E-06項目), Shanghai

Shanghai Jiading E-06 Project is an integrated development located in Jiading New City, Jiading District, Shanghai, close to Jiading station on Line 11 of the Shanghai Metro. The project is expected to feature residential, office and commercial units. The project occupies a total site area of approximately 88,415 sq.m. We entered into land grant contracts for the land related to this project, but have not obtained the land use right certificates. We have commenced development activities, but have not commenced construction for this project. As of December 31, 2010, total saleable GFA attributable to the Group was approximately 110,500 sq.m., of which 74,200 sq.m. was held for sale and 36,300 sq.m. was held for investment purposes (office and commercial). We have 100% ownership in this project.

Shanghai New Jiang Wan Project (上海新江灣項目), Shanghai

Shanghai New Jian Wan Project is an integrated development located in New Jiang Wan, Yangpu District, Shanghai, close to New Jiang Wan station on Line 10 of the Shanghai Metro as well as access to Line 3 and Line 5. It is also close to Fudan University's new campus. The project is expected to feature high-end residential units, commercial and office buildings and hotels. The project occupies a total site area of approximately 142,664 sq.m. As of December 31, 2010, total saleable GFA attributable to the Group was approximately 94,500 sq.m., of which 86,500 sq.m. was held for sale and 8,000 sq.m. was held for investment purposes (office and hotel). See “— Joint Venture Operations — Shanghai Joint Venture.” As of December 31, 2010, we had 35% ownership in this project. We are in the process of applying for relevant approvals and registration of this acquisition. Upon receipt of approvals and completion of registration, we expect to increase our ownership in the Shanghai New Jiang Wan Project from 35% to 50%. See “— Recent Developments — Purchase of Shares in the Shanghai Project Co.”

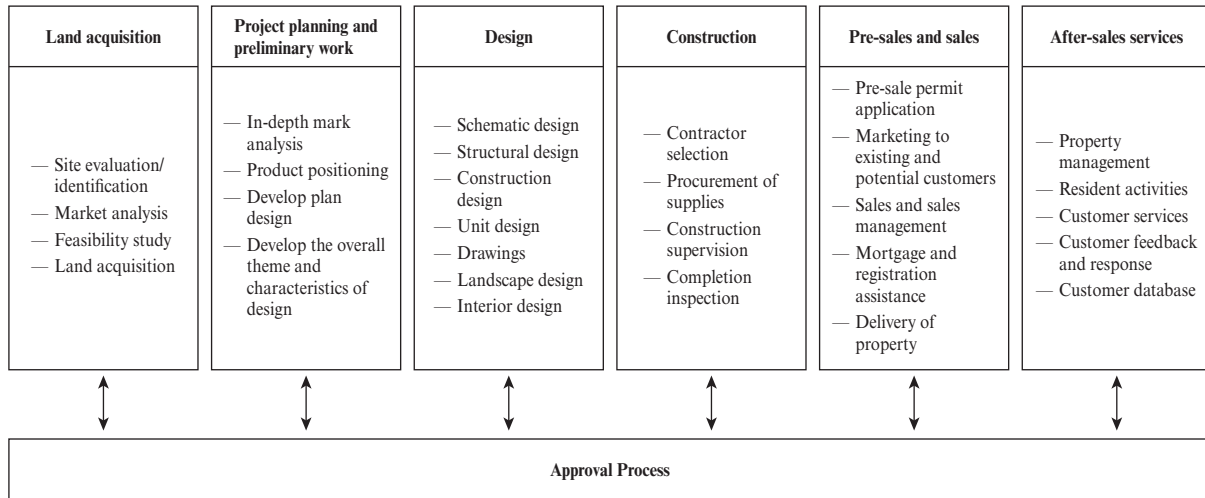
Projects held for Future Development

Foshan Project (佛山地塊項目), Guangzhou

Foshan Project is expected to be a high-end residential and commercial development located in Chancheng District in Foshan, Guangzhou. The project lies above the subway station and is 40 minutes away from Guangzhou city center by car. The project is expected to feature high-end residential buildings, office buildings and shopping malls. The project occupies a total site area of approximately 748,877 sq.m. We have been issued or entered into land grant confirmation letters or a land grant contract, but have not paid up all the land premium and have not obtained the land use right certificates. As of December 31, 2010, total saleable GFA attributable to the Group was approximately 560,000 sq.m., all of which was held for sale. We have 20% ownership in this project. See “— Property Development — Joint Venture Operations.”

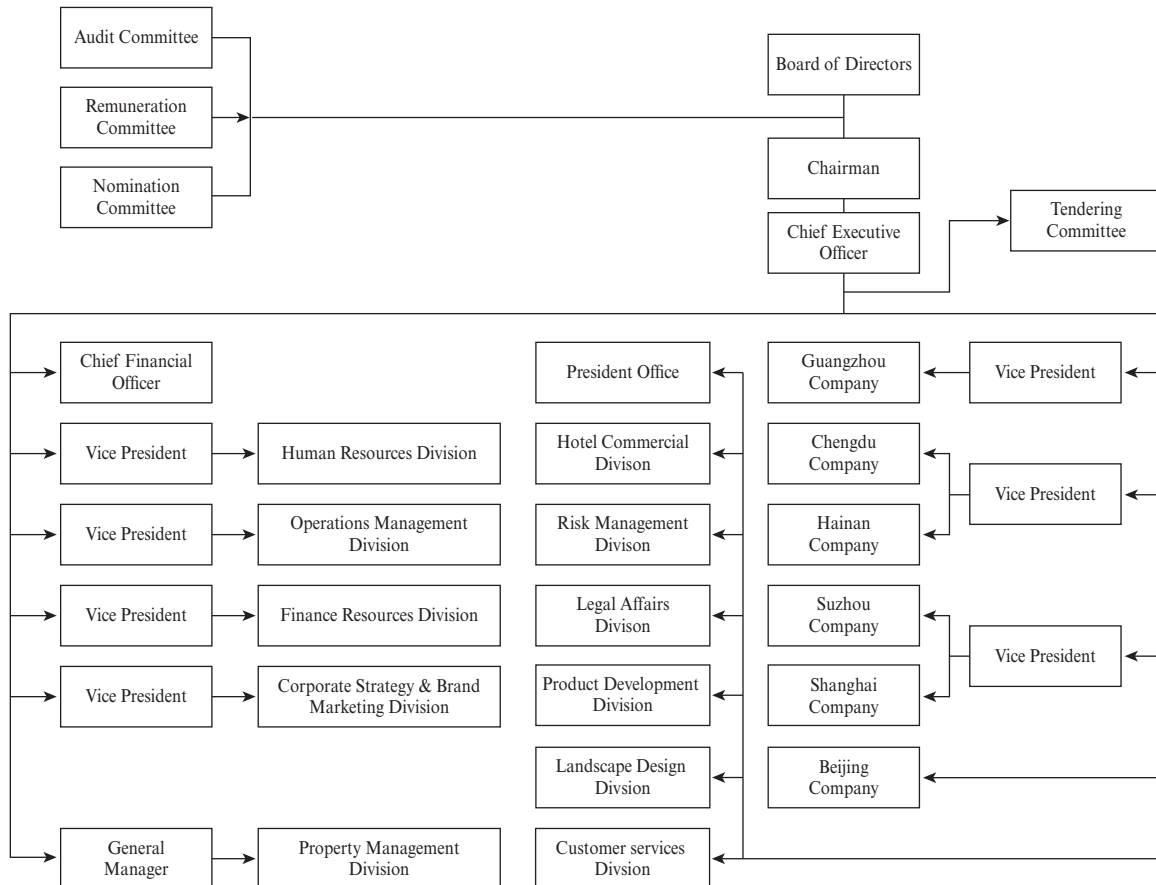
Property Development

We primarily engage in the development and sale of quality residential properties in Guangzhou, Suzhou, Chengdu, Beijing, Tianjin, Shanghai and Hainan Province. Although each project development is unique and is designed to cater to the preferences of specific target markets, the diagram below summarizes the major stages typically involved in the development of a property.



Project Management

We have established specialized divisions to supervise and manage the major stages of all our property developments. Our Chairman, Kong Jian Min, and our senior management team work closely with the head of each of our divisions to provide management guidance. The divisions at the Group level are human resources division, operations management division, finance resources division, corporate strategy & brand marketing division, customer services & property division, commerce operations division, hotel management division, risk management division and legal affairs division. The primary divisions of each of our regional companies include finance division, sales and marketing division, design division, construction division, operations management division, customer service division, and human resources and administration division. We seek to enhance our operating efficiency, optimise our capacities and resources, enhance our negotiating power with suppliers and contractors and facilitate the sharing of resources and expertise among various projects in such areas as design, construction, marketing and sales through this management system. The chart below sets forth the structure of our management.



Our operations management division plays a key role in managing and coordinating each stage of a development. It participates in all major steps of our project development, and is primarily responsible for timing, budget and cost control. The involvement of our operations management division in the entire process of a project development enables us to achieve management efficiency and establish development strategies that follow market preferences and trends closely. We also set up project companies to jointly manage project development with our joint venture partners.

Joint Venture Operations

We have developed and are developing projects jointly with other entities through cooperation agreements. See “— Projects Under Development — J2-2, Guangzhou,” “— Projects Under Development — Lie De, Guangzhou” “— Projects held for Future Development — Foshan Project, Guangzhou.” These cooperation arrangements, which involve the use of the assets and other reserves of the Group and our development partners, without the establishment of a separate entity, are referred to as jointly-controlled operations. Under such arrangements, assets remain under the separate ownership and control of each party. Certain of the construction costs and/or payment for land premium of the jointly-controlled operations are contributed by our development partners. Depending on the terms of the relevant agreements with our development partners, if it is specified that the land is contributed by the development partner and we are responsible for all construction costs of the relevant project, then we record on our financial statements all the construction costs incurred by us on that jointly-controlled operation. Should the agreements require the construction costs to be shared among us and our development partners in an agreed proportion, the construction costs related to the development projects are recorded in our books in the proportion established in the relevant cooperation agreement. Revenue and expenses incurred in common are shared by the parties according to the contractual arrangement. We recorded our payment for land premium and construction costs for our jointly-developed projects, J2-2, Lie De and Foshan Project, based on the proportions attributable to us in the relevant cooperation agreements. The following sets forth certain principal terms of our existing cooperation agreements for our jointly-developed projects, namely, J2-2, Lie De and Foshan Project.

Foshan Project I Agreement

On March 17, 2010, we and Lyntondale Holdings Limited, a BVI company of which we own 20%, and Rich Come Enterprises Limited, our wholly-owned subsidiary, entered into a joint-venture agreement (the “Foshan Project I Agreement”) with Sun Hung Kai Development (China) Limited for the acquisition of three parcels of land located in Foshan, Guangzhou with a total site area of approximately 459,281 sq.m. The total GFA for these three parcels of land was expected to be approximately 1,227,952 sq.m. The three parcels of land had been acquired through public listing-for-sale by Channel Win Investment Limited (“Channel”), a wholly-owned subsidiary of Lyntondale Holdings Limited. Three project companies were set up to develop these land parcels.

The total land premium for the three parcels of land amounted to RMB3.46 billion, of which RMB2.71 billion was still outstanding as of the date of the Foshan Project I Agreement. 80% of the outstanding amount was to be financed by interest-free shareholder’s loan from Sun Hung Kai Development (China) Limited, and 20% of the outstanding amount was to be financed by interest-free shareholder’s loan from Rich Come Enterprises Limited. Pursuant to the Foshan Project I Agreement, if by 2012 and 2013, the land premium can be settled in whole or in part with proceeds from pre-sales and sales, respectively, the financing obligations of Sun Hung Kai Development (China) Limited and Rich Come Enterprises Limited in connection with shareholder’s loan will be mitigated or released proportionately.

Pursuant to the Foshan Project I Agreement, the project companies shall obtain bank financing to meet their respective financial needs during the construction of the projects. When a guarantee is required, Sun Hung Kai Development (China) Limited and Rich Come Enterprises Limited shall only provide the same in proportion to their shareholding in Lyntondale Holdings Limited severally. If for any reason such bank financing is not available, Sun Hung Kai Development (China) Limited and Rich Come Enterprises Limited shall provide the financing in the form of shareholder’s loan in proportion to their shareholding in Lyntondale Holdings Limited or through capital injection.

According to the Foshan Project I Agreement, Sun Hung Kai Development (China) Limited shall have the right and power to manage the daily and general business operations of the project companies. In addition, Sun Hung Kai Development (China) Limited will provide sales consultancy services to the project companies.

Foshan Project II Agreement

On March 17, 2010, we and High Ascent Enterprises Limited (“High Ascent”), a wholly-owned subsidiary of KWG and Bonserry Investments Limited, a BVI company of which we own 20%, entered into a joint-venture agreement (the “Foshan Project II Agreement”) with Sun Hung Kai Development (China) Limited for the acquisition of four parcels of land located in Foshan, Guangzhou with a total site area of approximately 523,729 sq.m. The total GFA for these four parcels of land was expected to be approximately 1,554,212 sq.m. The four parcels of land had been acquired through public listing-for-sale by Garry Limited (“Garry”), a wholly-owned subsidiary of Bonserry Investments Limited. Four project companies were set up to develop these land parcels.

The total land premium for the four parcels of land amounted to RMB4.705 billion, of which RMB3.755 billion was still outstanding as of the date of the Foshan Project II Agreement. 80% of the outstanding amount was to be financed by interest-free shareholder’s loan from Sun Hung Kai Development (China) Limited, and the remaining 20% of the outstanding amount was to be financed by interest-free shareholder’s loan from High Ascent. Pursuant to the Foshan Project II Agreement, if by 2014 and 2017, the land premium can be settled in whole or in part with proceeds from pre-sales and sales, respectively, the financing obligations of Sun Hung Kai Development (China) Limited and High Ascent in connection with shareholder’s loan will be mitigated or released proportionately.

Pursuant to the Foshan Project II Agreement, the project companies shall obtain bank financing to meet their respective financial needs during the construction of the projects. When a guarantee is required, Sun Hung Kai Development (China) Limited and High Ascent shall only provide the same in proportion to their shareholding in Bonserry Investments Limited severally. If for any reason such bank financing is not available, Sun Hung Kai Development (China) Limited and High Ascent shall provide the financing in the form of shareholder’s loan in proportion to their shareholding in Bonserry Investments Limited or through capital injection.

According to the Foshan Project II Agreement, Sun Hung Kai Development (China) Limited shall have the right and power to manage the daily and general business operations of the project companies. In addition, Sun Hung Kai Development (China) Limited will provide sales consultancy services to the project companies.

Lie De Agreement

On October 8, 2007, we and Precious Wave Investments Limited, a BVI company of which we own 50%, and Quality Express Limited, a Hong Kong company wholly-owned by Precious Wave, entered into a joint-venture agreement (the “Lie De Agreement”) with Guangzhou R&F Properties Co., Ltd. and Sun Hung Kai Properties Limited for the acquisition of a parcel of land located in Pearl River New Town, Guangzhou with a total site area of approximately 114,176 sq.m. As of December 31, 2010, the total GFA for this parcel of land was approximately 465,000 sq.m. The parcel of land had been acquired by Guangzhou R&F Properties Co., Ltd. and Guangzhou Hejing Real Estate Development Limited. It is being developed by Guangzhou Fujing Real Estate Development Limited.

Pursuant to the Lie De Agreement, prior to the establishment of Guangzhou Hejing Real Estate Development Limited (the “JV Co”) as the developer of the land and prior to its conversion into a Sino-foreign equity joint venture, the total land premium for the parcel of land of RMB4.6 billion was to be paid in installments by each of Guangzhou R&F Properties Co., Ltd., Sun Hung Kai Properties Limited and us in the proportion of 33.34%, 33.33% and 33.33%, respectively.

Pursuant to the Lie De Agreement, after the establishment of JV Co, the outstanding land premium was to be paid by the funds held by the JV Co in the form of registered capital. To the extent that such funds are not sufficient, the outstanding land premium was to be paid by advances in RMB by each of Guangzhou R&F Properties Co., Ltd., Sun Hung Kai Properties Limited and us in the proportion of 33.34%, 33.33% and 33.33%, respectively, to the JV Co.

Pursuant to the Lie De Agreement, Sun Hung Kai Properties Limited, Guangzhou R&F Properties Co., Ltd. and us shall, through Precious Wave Investments Limited, Quality Express Limited and JV Co, jointly develop the land.

J2-2 Agreement

On May 15, 2007, Guangzhou Minghe Enterprise Co., Ltd., Daygain International Limited (together, as “Party A”) and our subsidiary Guangzhou Tianjian Real Estate Development Limited (as “Party B”) entered into a joint-venture agreement (the “J2-2 Agreement”) for the acquisition of a parcel of land located in Pearl River New Town, Guangzhou with a total site area of approximately 8,066 sq.m. The total GFA for this parcel of land was expected to be 145,188 sq.m. The parcel of land had been acquired by Party A and Party B. As of December 31, 2010, the total GFA for this parcel of land was 171,288 sq.m.

Pursuant to the J2-2 Agreement, the land premium for the parcel of land was to be paid for by Party A and Party B in equal shares. In addition, Party A was to be responsible for the demolition and rental compensation fee of up to RMB283.2 million and Party B was responsible for providing approximately 43,556 sq.m. of GFA for resettlement purposes. No joint-venture company was set up and each of Party A and Party B was to develop their respective parcels of land separately.

Tianjin Joint Venture

On August 25, 2010, we entered into a shareholders’ agreement with Agile Property Holdings Limited, Guangzhou R&F Properties Co., Ltd., and Shimao Property Holdings Limited through each of our indirect wholly-owned PRC subsidiaries, Beijing KWG Property Development Co., Ltd. (“Beijing KWG”), Foshan Agile Real Estate Development Co., Ltd., Beijing R&F Property Development Co., Ltd. and Shanghai Shimao Jianshe Co., Ltd., respectively (together with Beijing KWG, each a “Tianjin JV Party”), pursuant to the establishment of a PRC joint venture company, Tianjin Jinnan New Town Real Estate Development Co., Ltd. (the “Tianjin JV Co”), to acquire and develop a parcel of land located in Xian Shui Gu Town, Jinnan District, Tianjin with a total site area of approximately 1,289,227 sq.m. (the “Tianjin Land”). The total GFA for the Tianjin Land was expected to be approximately 3,011,000 sq.m. The Tianjin Land had been acquired through a public bidding process and is being developed by the Tianjin JV Co.

The registered capital of the Tianjin JV Co is RMB3,667.3 million and each Tianjin JV Party holds a 25% shareholding in the Tianjin JV Co, subject to a trust financing arrangement. The Tianjin JV Parties had contributed registered capital of RMB3,667.3 million to the Tianjin JV Co in equal shares. The consideration for the acquisition of the Tianjin Land is RMB7,050.0 million which will be funded by the Tianjin JV Parties by way of equity and/or shareholders’ loan or another form of financing to be agreed by the Tianjin JV Parties, and will be paid in stages and in such amounts as stipulated under the relevant land grant contract. The Tianjin JV Parties will share the profit and loss of the Tianjin JV Co in proportion to their respective capital contribution to the Tianjin JV Co. Ownership of the Tianjin JV Co is held under a trust arrangement.

In August 2010, Beijing KWG Property Development Co., Ltd, Foshan Agile Real Estate Development Co., Ltd., Beijing R&F Property Development Co., Ltd. and Shanghai Shimao Jianshe Co., Ltd. (each a “Tianjin JV Party”) entered into a trust agreement with Ping An Trust Limited Company (or “Ping An Trust”, as trustee) to set up a trust financing arrangement to provide financing to the Tianjin JV Co.

In September 2010, Beijing KWG entered into an equity transfer agreement with the Tianjin JV Parties and Ping An Trust pursuant to which Beijing KWG agreed to transfer its 24.54% equity interest in the Tianjin JV Co to Ping An Trust for a consideration of RMB900 million. The proceeds from the transfer of equity interest would be used to subscribe, indirectly, for junior units in the trust scheme known as

Pin'an Fortune • Jia Yuan No. 19 Collective Trust Plan (平安財富 • 佳園19號集合信託計劃) established by Ping An Trust in the PRC. The principal purpose for establishing the trust is to raise funds for the development of the Tianjin Jinnan Project. The term of the trust financing arrangement is 18 months. On expiry of the term of the trust, each holder of the senior units of the trust would be entitled to a fixed return less the fees and expenses of the trust attributable to such holder. After holders of the senior units are paid in full, the trust will distribute the equity interest of the Tianjin JV Co in kind to the holder of the junior units or its designated nominees.

Shanghai Joint Venture

On November 5, 2010, we and Guangzhou R&F Properties Co., Ltd., together as purchasers on a 50/50 basis, entered into a share purchase agreement, with HCC Interests LP and Hines International Real Estate Fund as sellers, to acquire the entire issued and paid up capital of Hines Shanghai New Jiang Wan Development Co., Ltd. (the "Shanghai JV Co"). The Shanghai JV Co is a Cayman investment holding company which holds a 70% interest in the Shanghai Project Co, a Sino-foreign joint venture company whose registered capital is RMB855.0 million, which in turn holds four parcels of land located in New Jiang Wan, Yangpu District, Shanghai (the "Shanghai Land"). The remaining 30% interest in the registered capital of the Shanghai Project Co is held by SCC. The sellers continued to manage the construction, delivery and handover of existing properties developed and was being developed on the Shanghai Land, excluding which, the Shanghai Land has a total site area of approximately 142,664 sq.m. for our development of residential and commercial properties with total GFA of approximately 271,343 sq.m.

The consideration for the purchase of the Shanghai JV Co is US\$353.5 million, which was paid by us and Guangzhou R&F Properties Co., Ltd. as to half each, from internal resources. On January 20, 2011, we entered into an equity transfer agreement with Shanghai R&F and SCC to acquire the 30% registered capital of the Shanghai Project Co. We are in the process of applying for relevant approvals and registration of this acquisition. Upon receipt of approvals and completion of registration, we expect to increase our ownership in the Shanghai New Jiang Wan Project from 35% to 50%. See "— Recent Developments — Purchase of Shares in the Shanghai Project Co."

Shanghai Putuo Joint Venture

On February 1, 2010, Shanghai Greenland (Group) Co., Ltd. ("Shanghai Greenland") and Shanghai Hejing Property Development Co., Ltd. ("Shanghai Hejing") entered into a registered capital increase agreement under which Shanghai Hejing will contribute a capital increase of approximately RMB10.0 million into the Shanghai Putuo project company, Shanghai Zhendong Property Development Co., Ltd., to increase the registered capital of the project company to RMB20.0 million. Shanghai Hejing and Shanghai Greenland each held 50% equity interest in the project company. In March 2010, Shanghai Hejing and Shanghai Greenland contributed further capital into the project company, increasing the registered capital of the project company to RMB1,060.0 million. After the capital increase, Shanghai Hejing and Shanghai Greenland each holds 50% equity interest in the project company.

According to the articles of association of the project company, Shanghai Hejing and Shanghai Greenland will share in the profit in accordance with their equity interests in the project company. If any one party fails to contribute capital into the Shanghai Putuo Project in accordance with its share of equity interests in the project company, profit sharing will only occur in proportion to the actual amount each party has contributed to the project.

Chengdu Joint Venture

On November 10, 2010, we and Hongkong Land China Holdings Limited ("HKL"), through our onshore and offshore subsidiaries, established a 50/50 joint venture, to jointly develop a parcel of land in Pan Cheng Gang Pian Qu in Jinjiang District, Chengdu, Sichuan Province (the "Chengdu Land") which has a site area of approximately 190,253 sq.m. for the development of residential and commercial properties with total GFA of approximately 900,091 sq.m. Chengdu Kaiyu Property Development Limited ("Chengdu Kaiyu"), our indirect wholly-owned PRC subsidiary, and Total Champ Limited ("Total Champ"), a Hong Kong company which is ultimately owned as to approximately 28.57% by us and as to approximately 71.43% by HKL, have successfully bid for the Chengdu Land at a price of RMB3,780.4

million. On November 10, 2010, an auction confirmation was signed by Chengdu Land Auction Center, Chengdu Kaiyu and Total Champ confirming the successful bid for the Chengdu Land. We and HKL have established a Sino-foreign joint venture enterprise in the PRC, Chengdu Premium Property Development Company Limited (the “Chengdu JV Co”) through Chengdu Kaiyu and Total Champ, owned as to 30% by Chengdu Kaiyu and as to 70% by Total Champ for the purpose of, among others, holding and developing the Chengdu Land. Through this structure, we and HKL each have an effective interest of 50% in the Chengdu JV Co.

The consideration for the acquisition of the Chengdu Land is to be paid in stages and in such amounts as stipulated in the relevant land grant contract which is yet to be entered into. The consideration will be funded by us and HKL to the Chengdu JV Co in proportion to our respective effective interests in the Chengdu JV Co by way of equity or other forms of financing to be agreed. We will fund our contribution through internal resources.

Site Selection and Product Positioning

Site selection is fundamental to the success of a property development. Therefore, we devote significant management resources to site selection. Prior to purchasing a parcel of land, our senior management will conduct market research on the potential demand for a property development on such site, determine the overall market positioning, establish a blueprint of the project design, and calculate a target average selling price and gross profit margin for the project. We believe that all these pre-purchase measures help us acquire land prudently and develop our projects with clear market positioning from the beginning.

Historically, our focus was on developments in Guangzhou. We typically select sites in districts or neighborhoods that have a well-established infrastructure or that present significant opportunities for growth. We have also expanded to Suzhou, Chengdu, Beijing, Tianjin, Shanghai and Hainan Province, all of which are PRC property markets which we consider to have high-growth potential. The key factors we consider in site selection include:

- government development plans for the relevant site;
- access to the site and availability of infrastructural support;
- purchaser demand for properties in the relevant area;
- existing and potential property developments in the area;
- the convenience of the site, such as proximity to the city centre, airport, subway and commercial facilities;
- the surrounding environment, such as natural parks, greenery, lakes and rivers;
- the status of the land use rights with respect to the property that we may have interest to acquire in the secondary market;
- the terms of potential leases, including the potential for rent increases; and
- cost, investment and financial return, including cash flow and capital appreciation, of the potential developments.

We intend to continue to seek suitable opportunities in property development as they arise, we are subject to PRC laws and regulations which, among other things, restrict the land that will be made available in the future for luxury residential property developments. See “Regulations — The Land System of the PRC — Real Estate Loans.”

Land Acquisition

Prior to the implementation by the PRC government on July 1, 2002 of regulations requiring that land use rights for property developments be granted by tender, auction or listing-for-sale, we obtained most of our land use rights through transfer arrangements or cooperative arrangements with local governments or original grantees of land use rights. We also obtained our land use rights by way of tender, auction or listing-for-sale.

The PRC Rules Regarding the Grant of State-Owned Land Use Rights by Way of Tender, Auction and Listing-for-sale (招標拍賣掛牌出讓國有土地使用權規定) issued by the PRC Ministry of Land and Resources provide that, from July 1, 2002, state-owned land use rights for the purposes of commercial use, tourism, entertainment and commodity residential property development in the PRC may be granted by the government only through public tender, auction or listing-for-sale. When land use rights are granted by way of a tender, an evaluation committee consisting of an odd number, being at least five, of members (including a representative of the grantor and other experts), evaluates and selects the tenders that have been submitted. When deciding whom to grant land use rights, the relevant authorities consider not only the tender price, but also the credit history and qualifications of the tenderer and its tender proposal. Where land use rights are granted by way of an auction, a public auction is held by the relevant local land bureau and the land use rights are granted to the highest bidder. When land use rights are granted by way of listing-for-sale, the relevant local land bureau will announce the conditions for granting the land use rights at designated land transaction centers and the bids submitted by the bidders. The land use rights are granted to the bidder submitting the highest bid by the end of the listing-for-sale period. If two or more parties request a competitive bidding, an on-site competitive bidding shall take place and the land use rights are granted to the highest bidder.

Starting November 1, 2007, a regulation issued by the Ministry of Land and Resources requires property developers to pay the land premium in full for the entire parcel under the land grant contract before they can receive a land use rights certificate. As a result, property developers are not allowed to bid for a large piece of land, make partial payment, and then apply for a land use rights certificate for the corresponding portion of land in order to commence development, which had been the practice in many Chinese cities. In March 2010, the Ministry of Land and Resources issued a circular imposing more stringent requirements on the payment of land premium by property developers. The circular stipulates that the minimum down-payment of land premium to 50% should be paid within one month after the signing of a land grant contract and the rest of the land premium should be fully paid within one year after the signing of a land grant contract. The implementation of the regulation will require property developers to maintain a higher level of working capital. Under this regulation, larger property developers generally are in a better position to compete for large pieces of land due to their stronger financial condition.

Under current regulations, original grantees of land use rights are typically allowed to sell, assign or transfer the land use rights granted to them in secondary markets, provided that (i) the assignment price has been fully paid in accordance with the assignment contract and a land use rights certificate has been obtained; and (ii) development has been carried out according to the assignment contract. If the land use rights are obtained by way of allocation, such land may be transferred through public tender, auction or listing-for-sale. In addition to acquiring land through government-organized tender, auction or listing-for-sale, we may also obtain land use rights through transfers from third parties or through cooperative arrangements with third parties in the secondary markets.

In both government bids and purchases in the secondary market, the purchase price typically includes all expenses required to deliver land use rights, such as resettlement expenses.

See “Regulations” in this document for further information on rules and regulations relating to land acquisitions.

During 2008, 2009 and 2010, we primarily used three methods of land acquisition: (1) acquiring land use rights through government-organized tender, auction and listing-for-sale; (2) signing land use rights transfer agreements with third parties; and (3) acquiring target companies which have acquired land-use rights themselves.

As of December 31, 2010, we had a land bank of approximately 8.4 million sq.m. of attributable saleable GFA. We expect that our land bank will support our property development in the next several years.

Financing of Property Developments

The main sources of funding for our property developments include: internal funds, borrowings from banks (including PRC banks and overseas banks), trust financing, capital contributions from shareholders, share issuances and proceeds from sales and pre-sales. Our financing methods vary from project to project and are subject to limitations imposed by PRC regulations and monetary policies.

Since June 2003, commercial banks in China have been prohibited under PBOC guidelines from granting loans to fund the payment of land premiums and for the development of luxury residential properties which are residential properties with floor area ratio less than 1.0. In addition, the Bureau of Land Resources and Housing Management of Guangzhou Municipality indicated in 2001 that it intended to abolish the installment payment method in connection with the transfer of state-owned land use rights after December 31, 2003. As a result, property developers may only use their own internal funds and not any borrowings from PRC banks specifically to pay for land premiums and property developers in Guangzhou may be required to make a lump sum payment for the land premiums within the period stipulated in the land grant contracts. Property developers are also prohibited from using project loans obtained from any local banks to fund property developments outside that local region.

Prior to June 2003, we financed our payments of land premiums through a combination of borrowings from banks and proceeds from the sales and pre-sales of properties. Since June 2003, all of our payments of land premiums have been funded by proceeds from the sales and pre-sales of properties and sources other than project loans from banks.

In addition to restrictions on land premium financing, the PRC government also encourages property developers to use internal funds to develop their property projects. According to the Guidelines for Risk Management on Property Loans of Commercial Banks promulgated by the China Banking Regulatory Commission on August 30, 2004, the internal capital ratio, calculated by dividing the internal funds available by the total project capital required for a project, of a property developer who intends to borrow from commercial banks shall be no less than 35%, an increase of five percentage points from 30%, as previously required. Under guidelines jointly issued by the PRC Ministry of Construction and other PRC government authorities in May 2006, commercial banks in China may not lend funds to property developers with an internal capital ratio of less than 35%. Such increase in internal capital ratio will increase the internally sourced capital requirement for property developers, including us.

Project Design Work

With a view to achieving distinctive designs and operating efficiency, we typically outsource our design work to outside design experts. Our regional design division is responsible for selecting third-party design firms, taking into consideration their reputation, proposed designs and their past relationship with us. Our regional design division consists of engineers who supervise our architectural design, landscape design, mechanical engineering, and structural engineering. It coordinates and works closely with the selected design firms in major aspects of the design process, from master planning, design specifications and adjustments, to raw material selection. Our regional design division also monitors the work progress of the selected design firms to ensure that the project designs meet our design specifications and are completed on time. In recent years, we have collaborated with leading domestic and international design firms to work on critical aspects of property development such as architectural design, landscape & environmental design and interior design.

We seek to distinguish our property developments by offering distinctive design features, and adding additional functions to our property developments. For example, in our Cosmos project, a constant temperature indoor swimming pool with underwater music system is expected to provide residents with enhanced enjoyment. Our Chengdu Cosmos project is the first residential project with private swimming pool in China.

Construction Work

We outsource our project construction work entirely to independent third parties. A tender process is usually required to select contractors for construction projects pursuant to national and local regulations, such as the Measures of the Implementation of the Tender Law of the PRC by Guangdong Province. Certain local governments in Guangdong Province may require that all construction projects go through a tender process. Without any long-term construction outsourcing contracts in place, our operations management division organizes a tender process to work with a number of qualified contractors to create a competitive environment. We consider their track record performance, work quality, proposed delivery schedules and costs in our selection process and seek to maintain our construction costs at a reasonable level without sacrificing quality.

The construction contracts we enter into with construction companies typically contain warranties with respect to quality and timely completion of the construction projects. We require construction companies to comply with PRC laws and regulations relating to the quality of construction as well as our own standards and specifications. Our operations management division monitors quality and cost control and construction progress closely during construction. In the event of a delay in construction or unsatisfactory quality of workmanship, we may require the construction companies to pay a penalty or provide other remedies. Our construction contracts typically provide for payments based on construction progress until a specified maximum percentage of the total contract sum is paid. Except for approximately 5% of the contract sum which we generally withhold for two years from completion to cover any potential expenses incurred as a result of any construction defects, the remaining balance is payable upon the issue of a certificate approving construction quality. Payments to contractors are determined primarily on the labor and material costs, fitting requirements and construction progress, and are adjustable under the construction contract.

Quality Control and Construction Supervision

We place a strong emphasis on quality control to ensure that our properties comply with relevant regulations and are of high quality. As part of our quality control procedures, we typically engage reputable design and construction companies to undertake our projects.

To ensure quality, we typically purchase certain fixture materials, such as bathroom taps, fittings, electrical appliances and stone fittings directly, while the general contractors procure the basic building materials, such as cement and steel. The general contractors procure most of the equipment necessary for each project in accordance with our specifications. Generally, we do not own any construction equipment and do not maintain any inventory of building materials. However, under certain circumstances, we may instruct the contractor to purchase raw materials from specific suppliers to ensure that the materials meet our particular requirements. When we procure supplies, including equipment and materials, to be used for our projects directly, we generally solicit price quotes from at least two prospective suppliers, negotiate the price and other terms with them and finalize the purchase arrangements with the winning supplier by signing price confirmations for regular supplies and executing purchase agreement for major equipment and construction. We initiate each transaction by a purchase order and require the suppliers to deliver the supplies to locations specified by the relevant project companies. We believe that our centralized procurement system gives us more bargaining power and better cost control, enabling us to benefit from economies of scale.

To maintain quality control, we employ strict procedures for selection, inspection and testing of equipment and materials. Our project management teams inspect equipment and materials to ensure compliance with the contractual specifications before accepting the materials on site and approving payment. We reject materials which are below our standards or that do not comply with our specifications and return them to the suppliers.

To ensure quality and monitor the progress and workmanship of construction, each of our projects has its own on-site project management team, which comprises qualified engineers led by our project manager. Our project management teams provide on-site supervision of the project. The contractors are also subject to our quality control procedures, including appointment of internal on-site quality control engineers, examination of materials and supplies and on-site inspection. In addition, we have a quality

control team which consists of qualified engineers and inspects the quality of the construction work on a selective basis. We also engage independent quality supervisory companies to conduct quality and safety control checks on all building materials and workmanship on site.

Our quality inspection team under the operations management division is responsible for the supervision of the construction of our properties and ensuring that our properties meet specified standards upon completion. In addition, prior to handing over a property to a purchaser, our sales and customer service personnel, together with our engineers and the relevant property management company inspect the property to ensure the quality of the completed property.

Pre-sale

We typically conduct pre-sales of our property units prior to the completion of a project or a project phase, subject to satisfaction of certain requirements set forth in laws and regulations governing pre-sales of properties. Under the Law of the Administration of Urban Property of the PRC (中華人民共和國城市房地產管理法) and the Administrative Measures Governing the Pre-sale of Urban Property (城市商品房預售管理辦法), as amended in 2001 and 2004, we must meet the following conditions prior to commencing any pre-sale of a particular property development:

- the land premium has been fully paid and the relevant land use rights certificates have been obtained;
- the required construction works planning permits and the construction project building permit have been obtained;
- the funds contributed to the property developments where property units are pre-sold may not be less than 25% of the total amount invested in a project and the progress and the expected completion date and delivery date of the construction work have been confirmed; and
- pre-sale permits have been obtained from the construction bureaus at local levels.

According to the Administration of Pre-sale of Commodity Premises Regulations of Guangdong Province (廣東省商品房預售管理條例) and a notice issued by the Guangdong Provincial Construction Bureau on January 2, 2001, we must meet the following conditions, in addition to the four conditions mentioned above, before obtaining a pre-sale permit for our projects in Guangdong Province:

- a business license and a real property development qualification certificate have been obtained;
- the construction quality and safety monitoring procedures have been performed;
- the main structural construction has been completed with respect to properties of not more than seven stories, and at least two-thirds of the main structural construction has been completed with respect to properties of more than seven stories;
- a special property pre-sale account has been set up at a commercial bank in the place where the project is located; and
- the land use rights with respect to the properties in the project and the project are free from third-party claims.

Other cities and regions in which we have property developments or to which we are expanding (such as Jiangsu Province, Sichuan Province, Beijing, Tianjin, Shanghai and Hainan Province) have imposed similar conditions to pre-sales of properties, which require the possession of certain certificates or government approvals, completion of certain structure or facilities, proof of required investment and the setup of a special presale proceeds accounts.

Sales and Marketing

Our corporate strategy and brand marketing division is responsible for marketing of our brand name at the Group level. Our regional sales and marketing division is responsible for managing sales and marketing for specific projects. As of December 31, 2010, our sales and marketing team (including personnel at the regional level) comprised 73 employees. We conduct training sessions for our staff from time to time and also conduct specific training on a particular project prior to the commencement of pre-sales of such project. We offer our sales and marketing staff performance-based remuneration packages and opportunities to visit renowned projects in other cities in the PRC and overseas to broaden their horizons and enrich their professional experience. Our sales managers and our marketing managers cooperate to conduct feasibility studies based on market analysis, design sales and pricing strategies, and determine appropriate advertising and sales plans for a particular property development and for a particular phase of the sales cycle. They also work with other divisions of the company to plan and organize efficient and orderly on-site sales processes, arrange promotional activities and collect purchaser data and comments.

We adopt various measures to reach potential purchasers, including advertising through television, radio, newspapers, internet, billboards, magazines and instant text messages. We also organize seminars and performances on our projects to attract purchasers.

Payment Arrangements

Purchasers of our residential properties, including those purchasing pre-sale properties, may arrange for mortgage loans with banks. We typically require our purchasers to pay a non-refundable deposit (typically ranging from RMB5,000 to RMB500,000) before entering into formal purchase contracts. If the purchasers later decide not to enter into a purchase contract, they will forfeit such deposits. Upon executing the purchase contracts, the purchasers are typically required to pay not less than 30% of the total purchase price of the property. If purchasers choose to make a lump-sum payment, the remaining purchase price balance is typically required to be paid no later than six months after the execution of the purchase contracts. If the purchasers choose to fund their purchases by mortgage loans provided by banks, under current PRC laws and regulations, they may obtain mortgage loans of up to a maximum of 80%, or 70% for units larger than 90 sq.m., of the purchase price with a repayment period of up to 30 years. These purchasers are typically required to pay the remaining balance of that portion of the purchase price that is not covered by the mortgage loans prior to the disbursement of the mortgage loans from mortgagee banks. The payment terms of sales and pre-sales of properties are substantially identical.

In accordance with industry practice, we provide guarantees to banks with respect to the mortgage loans offered to our purchasers. These guarantees are released upon the earlier of (i) the relevant property certificates being delivered to the purchasers, and (ii) the settlement of mortgage loans between the mortgagee banks and the purchasers of our projects. In line with industry practice, we do not conduct independent credit checks on our purchasers but rely on the credit checks conducted by the mortgagee banks. As of December 31, 2008, 2009 and 2010, our outstanding guarantees on the mortgage loans of our purchasers amounted to RMB1,624.9 million, RMB4,067.1 million and RMB6,160.6 million (US\$933.4 million), respectively. See “Risk Factors — Risks Relating to Our Business — We guarantee mortgage loans of our customers and may be liable to the mortgagee banks if our customers default on their mortgage payments.”

Property Management

We engage our own or third-party property management companies on behalf of our purchasers to manage the residential properties we developed. We have established two lines of property management team to provide after-sale property management services to our purchasers of high-end and mid-end projects respectively. Most of our projects are currently managed by Guangzhou Ningjun Property Management Co., Ltd. (廣州市寧駿物業管理有限公司) and Guangzhou Fuxin Property Management Co., Ltd. (廣州市富馨物業管理有限公司), which are our wholly-owned subsidiaries. Some of our projects are managed by a third-party management company. Historically, we also engaged Savills Guangzhou and Jones Lang LaSalle as property consultants to provide professional advice on property management. To date, our property management subsidiaries do not provide services to projects developed by third parties. The project management companies typically provide after-sales services to purchasers of our properties,

including security services, maintenance, operation of clubhouses, gardening and landscaping and other services. Under PRC laws and regulations, the owners' association of a residential community has the right to change property management companies pursuant to certain procedures. See "Risk Factors — Risks Relating to Our Business — Property owners may terminate our engagement as the provider of property management services."

Our property management companies typically enter into property management agreements with the property owners. The property management contract sets forth the scope and the quality requirements of the services provided by our property management companies. We are not allowed to assign the management responsibilities to a third party. We are responsible for establishing the property management procedures and preparing maintenance and renovation plans with respect to the properties and public facilities. The property management contract also sets forth the payment arrangements of management fees, which cannot be increased without the prior consent of the property owners.

Investment Properties

We develop investment properties, including office buildings, retail shop units, shopping malls, hotels and serviced apartments for leasing and/or for capital appreciation. As of December 31, 2010, these investment properties (which include investment properties under development) had a total saleable GFA attributable to the Group of approximately 862,797 sq.m. In addition, we also have 1,400 car parks with a total saleable GFA of approximately 16,800 sq.m. We believe these properties help reduce our exposure to fluctuations in property sales prices. One of our main office buildings is International Finance Place, which was completed in 2007. International Finance Place comprises office properties with a total saleable GFA of approximately 61,000 sq.m. held for lease. As of December 31, 2010, tenants who have signed up or agreed to sign up include about 13 domestic and foreign banks, the Guangzhou offices of various multi-national corporations and diplomatic institutions such as the Italian Consulate. Some of our retail shop units are, or are expected to be, located in large, multiple-use complexes. We may choose to sell the retail shop units we have developed when we believe that sales would generate a better return on investment than through rental or holding for capital appreciation.

We will continue to explore opportunities in diversified property investments with the objective to maintain a balanced product portfolio. We intend to continue to roll out high quality investment properties and premium hotels in the future. We expect our portfolio of office buildings, retail shop units, shopping malls, office buildings, hotels and serviced apartments held on a long-term basis to account for approximately 20% of our total assets.

Hotel Management

In September 2009, we opened our first hotel property, Four Points by Sheraton Guangzhou, Dongpu, located in Tianhe Dongpu, Guangzhou. In addition, we have two high-end star-rated hotels under construction in Guangzhou, namely, W Guangzhou Hotel and Sheraton Huadu Resort, and six other high-end star-rated hotels under planning, variously located in Guangzhou, Suzhou, Chengdu and Hainan. We have entered into three operating agreements with the Starwood Hotels Group. Under these agreements, the Starwood Hotels Group will operate our hotels and associated serviced apartments. Each operating agreement has a 10- or 15-year term commencing on the date of the opening of the respective hotel and ending on December 31 of its tenth or fifteenth full operating year. The Starwood Hotels Group have an option to extend the term for an additional five years upon a written notice of no more than one year and no less than 180 days prior to the expiration of the original term.

We believe that by having the Starwood Hotels Group operate our hotels and serviced apartments, we will be able to benefit from their global reputation, hotel operation experience as well as their integrated marketing services, global reservation systems and employee training programs. The Starwood Hotels Group will receive a monthly fee in consideration of their operation services. This fee is calculated based on a fixed percentage of the revenue from the operations of each of our hotels and serviced apartments operated by Starwood Hotels Group for each month and a progressive percentage of the amount by which such revenue exceeds all ordinary and necessary expenses incurred in the operations of such hotels and serviced apartments for each calendar year during the term of the relevant operating agreement. After the payment of this monthly fee and deduction of all necessary reserves, we are entitled to all of the profits and losses of our hotels and serviced apartments. As the owner of these properties, we will participate in

reviewing and approving the operating plans, subject to certain limitations stated in the hotel operating agreements, of the hotels proposed by the Starwood Hotels Group and participate in making material operating and financial management decisions of the relevant hotels.

The table below sets forth certain information relating to our hotels which had been completed, as of December 31, 2010:

	<u>Estimated Hotel GFA (sq.m.)</u>	<u>Number of Rooms</u>	<u>Ownership Interest</u>	<u>Management Partner</u>	<u>Date of Full Opening</u>	<u>Terms under the Operating Management Agreement</u>
Four Points by Sheraton . . .	35,000	300	100%	Sheraton	2009	15 years

The table below sets forth certain information relating to our hotels which were under development, as of December 31, 2010:

	<u>Project</u>	<u>Estimated Date of Completion</u>	<u>Estimated Hotel GFA (sq.m.)</u>	<u>Estimated Number of Rooms</u>	<u>Ownership Interest</u>	<u>Management Partner</u>
Huadu Sheraton Resort. . . .	Sky Ville	2011	16,000	102	100%	Sheraton
W Guangzhou Hotel.	The Apex	2011	50,000	316	100%	W Hotels

In addition, we are planning to develop six other high-end hotels in Guangzhou, Suzhou, Chengdu and Hainan, as part of six of our projects under development, namely, Lie De, Zengcheng Summit, The Sapphire, Suzhou Apex, Chengdu Cosmos and Lingshui Project.

Properties Used by Us

Our corporate headquarters are located at International Finance Place, Guangzhou, Guangdong Province. As of December 31, 2010, the properties that we leased had an aggregate GFA of approximately 7,518 sq.m., which are located in the PRC and 381 sq.m. in Hong Kong. As of December 31, 2010, we, as lessees, had signed four tenancy agreements with the relevant lessors in the PRC. We had not completed registration of these tenancy agreements as of December 31, 2010 and were in the process of applying for, and/or requesting the relevant lessors to assist in, the registration of the remaining tenancy agreements. As advised by our PRC legal counsel, Jingtian & Gongcheng, the failure of registering a tenancy agreement would not affect the validity and enforceability of such tenancy agreement under the applicable laws and regulations. In addition, for one of the properties for which the registrations have not been completed yet, we have not been provided with the relevant title certificates, and as a result, the validity of the tenancy agreements with respect to such properties is uncertain. We lease such properties primarily as offices of the regional offices and local branches of our subsidiaries and as staff housing. We believe that in the event there is any future dispute due to lessor's defective title to the leased property and/or in connection with the validity of the tenancy agreements, we will be able to find alternative premises within a short time frame and with minimal adverse impact on, or disruption to, our business operations.

Competition

Our existing and potential competitors include major domestic developers and, to a lesser extent, foreign developers primarily from Asia, including several leading developers from Hong Kong. Some of our competitors target different segments of the PRC property market; some engage in other activities in addition to property development; and some are focus regionally or nationally. Our competitors may have more experience and resources than us. For more information on competition, see "Risk Factors — Risks Relating to the Real Estate Industry in China — Increasing competition in the property industry in China, particularly in Guangzhou and other cities where we operate may adversely affect our business and financial condition."

Intellectual Property Rights

We have registered with the PRC Trademark Office our trademarks of “KWG”, “合景”, “合景泰富”, “KWG Property”, “合景泰富地產” and “IFP” under various categories, and have applied to register with the PRC Trademark Office our trademarks of “譽峰” and “領峰.” We have registered “合景泰富”, “KWG Property” and “合景泰富地產” trademarks in Hong Kong.

Employees

As of December 31, 2010, we had 2,869 full time employees. The following table provides a breakdown of our employees by responsibilities as of December 31, 2010:

Management	29
Corporate Affairs	3
Administration	108
Accounting	101
Human Resource	29
Engineering	206
Marketing and Sales	73
Design	88
Property Management	1,546
Cost Control (Construction)	118
Information Technology	14
Customer Service	43
Legal	14
Treasury	15
Hotel	293
Auditing	9
Investment Development	46
Operation Management	30
Hotel Management	4
Procurement	51
Others	49
Total	<u>2,869</u>

Insurance

Property developers in Guangzhou are not required under national or local laws or regulations to maintain insurance coverage in respect of their property development operations. We do not maintain insurance coverage on our properties developed for sale other than with respect to those developments over which our lending banks have security interests, or for which we are required to maintain insurance coverage under the relevant loan agreements. Neither do we require the construction companies we engage to maintain insurance coverage on properties under construction. In addition, we generally do not carry insurance against personal injuries that may occur during the construction of our properties. The construction companies, however, are responsible for quality and safety control during the course of the construction and are required to maintain accident insurance for their construction workers pursuant to PRC laws and regulations. To help ensure construction quality and safety, we have a set of standards and specifications for the construction workers to comply with during the construction process. We engage qualified supervision companies to oversee the construction process. Under PRC laws, the owner or manager of properties under construction bears civil liability for personal injuries arising out of construction work unless the owner or manager can prove that it is not at fault. Since we have taken the above steps to prevent construction accidents and personal injuries, we believe that we would generally be able to demonstrate that we were not at fault as the property owner if a personal injury claim is brought against us. In addition, according to our construction contracts, any liability that may arise from tortious acts committed on work sites will be borne by the construction companies. To date, we have not experienced any destruction of or damage to our property developments nor have any personal injury-related claims been brought against us.

We believe that our policies with respect to insurance are in line with the industry practice in the PRC. However, there are risks that we do not have sufficient insurance coverage for losses, damages and liabilities that may arise in our business operations. See “Risk Factors — Risks Relating to Our Business — We may suffer certain losses not covered by insurance.”

Environmental and Safety Matters

We are subject to PRC environmental laws and regulations as well as environmental regulations promulgated by local governments. See “Regulations — The Land System of The PRC — Environmental Protection.” As required by PRC laws and regulations, each project developed by a property developer is required to undergo an environmental assessment, and an environmental impact assessment report is required to be submitted to the relevant government authorities for approval before commencement of construction. When there is a material change in respect of the construction site, scale or nature of a given project, a new environmental impact assessment report must be submitted for approval. During the course of construction, the property developer and the construction companies must take measures to prevent air pollution, noise emissions and water and waste discharge.

Upon completion of a property development, the relevant environmental authorities will also inspect the property to ensure compliance with the applicable environmental standards and regulations before the property can be delivered to the purchasers. As of December 31, 2010, we were in the process of applying for the environmental completion inspection approval for certain of our projects.

In addition, PRC environmental laws and regulations provide that if a construction project includes environmental facilities (including engineering projects, devices, monitors and other facilities that were constructed or equipped in order to prevent pollution and protect the environment), such facilities will have to pass an inspection by the environmental authorities and an approval must be obtained before the environmental facilities can commence operations. If a construction project does not include any environmental facilities, no such approval is required. Our business is of such a nature that we are not required to construct environmental facilities and, therefore no approval in respect of environmental facilities from the environmental authorities is necessary.

We believe that our operations are in compliance with currently applicable national and local environmental and safety laws and regulations in all material respects. See “Risk Factors — Risks Relating to the Real Estate Industry in China — Potential liability for environmental damages could result in substantial cost increases.”

Legal Proceedings

From time to time we are involved in legal proceedings or disputes in the ordinary course of business including claims relating to our guarantees for mortgage loans provided to our purchasers and contract disputes with our purchasers and suppliers.

In April 2009, Guangzhou Hejing Meifu Real Estate Development Ltd. received tax penalties in the amount of RMB787,148 from Guangzhou Municipal taxation bureau due to failure to obtain tax invoices in accordance with relevant rules and regulations and the delay of tax payment. The tax penalty amount has been fully paid. In May 2009 and January 2010, Guangzhou Hejing Real Estate Development Ltd. received tax penalties in the amount of RMB18,000 from Guangzhou Municipal taxation bureau due to failure to obtain tax invoices in accordance with relevant rules and regulations. The tax penalty amount has been fully paid.

As of the date of this document, we are not aware of any material legal proceedings, claims or disputes currently existing or pending against us. However, we cannot assure you that material legal proceedings, claims or disputes will not arise in the future. See “Risk Factors — Risks Relating to Our Business — We may be involved from time to time in disputes, administrative, legal and other proceedings arising out of our operations and may face significant liabilities as a result.”

REGULATIONS

The Land System of The PRC

All land in the PRC is either State-owned or collectively-owned, depending on the location of the land. All land in the urban areas in a city or town is State-owned, and all land in the rural areas of a city or town and all rural land is, unless otherwise specified by law, collectively-owned. The State has the right to resume land in accordance with law if required for the benefit of the public.

Although all land in the PRC is owned by the State or by collectives, private individuals, enterprises and other organizations are permitted to hold, lease and develop land for which they are granted land use rights.

National Legislation

In April 1988, the Constitution of the PRC (the “Constitution”) was amended by the National People’s Congress (全國人民代表大會) to allow for the transfer of land use rights for value. In December 1988, the Land Administration Law (中華人民共和國土地管理法) of the PRC was amended to permit the transfer of land use rights for value.

Under the Provisional Regulations of the PRC Concerning the Grant and Assignment of the Right to Use State-owned Land in Urban Areas (中華人民共和國城鎮國有土地使用權出讓和轉讓暫行條例) (“Urban Land Regulations”) promulgated in May 1990, local governments at or above county level have the power to grant land use rights for specific purposes and for a definite period to a land user pursuant to a contract for the grant of land use rights upon payment of a grant premium.

Under the Urban Land Regulations, there are different maximum periods of grant for different uses of land. They are generally as follows:

<u>Maximum period use of land</u>	<u>In years</u>
Commercial, tourism, entertainment	40
Residential.	70
Industrial.	50
Public utilities	50
Others	50

Under the Urban Land Regulations, all local and foreign enterprises are permitted to acquire land use rights unless the law provides otherwise. The State may not resume possession of lawfully granted land use rights prior to expiration of the term of grant. If public interest requires the resumption of possession by the State under special circumstances during the term of grant, compensation must be paid by the State. A land user may lawfully assign, mortgage or lease its land use rights to a third party for the remainder of the term of grant.

Upon expiration of the term of grant, renewal is possible subject to the execution of a new contract for the grant of land use rights and payment of a premium. If the term of the grant is not renewed, the land use rights and ownership of any buildings thereon will revert to the State without compensation.

The National People’s Congress adopted the PRC Property Rights Law (中華人民共和國物權法) in March 2007, which became effective on October 1, 2007. According to the Property Rights Law, when the term of the right to use construction land for residential (but not other) property purposes expires, it will be renewed automatically.

In order to stop illegal occupation and abusive use of land, prevent overheating in investment in fixed assets in some areas, and implement strict protection of cultivated land, the General Office of the State Council (國務院辦公廳) issued the Urgent Notice on Further Governing and Rectifying Land Market and Strengthening Administration of Land (關於深入開展土地市場治理整頓嚴格土地管理的緊急通知) on April 29, 2004.

The notice addresses issues including, (i) continuing the rectification of the land market by cooperation between the PRC Ministry of Land and Resources (authorities on problems existing in the grant of State-owned land use right by way of tender, auction and invitation for bidding; (ii) strictly administering approvals of construction land; (iii) protecting basic agricultural land; (iv) strictly implementing the general strategy and annual plan for land use, and the balance system for occupying and compensating cultivated land; and (v) actively promoting the reform of the administration system of land and resources. Also, according to the notice, the rectification of the land market will take approximately half a year from the issuance of the notice. Approvals for converting agricultural land to non-agricultural construction land will be suspended throughout China during this period, except for certain major public infrastructure projects which shall be approved by the State Council.

On March 26, 2005, the General Office of the State Council promulgated a Notice on Effectively Stabilizing House Prices (關於切實穩定住房價格的通知) to restrain the excessive growth of house prices and promote the sound development of the property market. The notice provided that housing prices should be stabilized and the system governing housing supply should be vigorously adjusted and improved. In accordance with the notice, seven departments of the State Council including the Ministry of Construction issued an Opinion on the Work of Stabilizing Housing Prices (關於做好穩定住房價格工作的意見) on April 30, 2005. The opinion stated, amongst the others, that: (i) the local government should focus on increasing the supply of low to medium-end ordinary residential houses while controlling the construction of high-end residential houses; (ii) to curb any speculation in the property market, business taxes would be levied from June 1, 2005 on the total revenue arising from any transfer by individuals of houses within two years upon their purchase thereof or on the difference between the transfer price and the original price for any transfer of non-ordinary houses (非普通住宅) by individuals after two or more years upon their purchase thereof; and (iii) the real estate registration department will no longer register the transfer of apartment units which are pre-sold, where such units have not obtained the relevant Real Estate Ownership Certificates.

On May 24, 2006, the General Office of the State Council further issued a Notice on Adjusting the Housing Structure and Stabilizing Housing Prices (關於調整住房供應結構穩定住房價格意見的通知). The notice provided for six broad measures including but not limited to the following specific directives to (i) encourage mass-market residential developments and to curb the development of high-end residential properties; (ii) enforce the collection of business taxes on property sales (business taxes will be levied on the entire sale price of any property sold within five years, or on the profit arising from any property sold after five years subject to possible exemptions for ordinary residential properties); (iii) restrict housing mortgage loans to not more than 70% of the total property price (for houses purchased for self-residential purposes and with an area of less than 90 sq.m., the owners are still able to apply for housing mortgage up to an amount representing 80% of the total property price); (iv) halt land supply for villas projects and restrict land supply for high-end, low density residential projects; (v) moderate the progress and scale of demolition of old properties for redevelopment; (vi) local governments are also required to ensure that at least 70% of the total development and construction area also must consist of units of less than 90 sq. m. in size (with any exceptions requiring the approval of the Ministry of Construction); and (vii) banks are not permitted to provide loans to a property developer whose total capital fund is less than 35% of the total investment amount in an intended development project. On August 30, 2006, the State Council published the Notice by the State Council on Strengthening the Regulation and Control of the Land (關於加強土地調控有關問題的通知), which regulates the management of land in the PRC and also the protection of cultivated land. According to the notice, land designated for industrial purposes shall be granted by way of tender, auction and putting up for bidding, but in any event shall not be sold below the reserve price.

In May 2006, the Ministry of Land and Resources published an Urgent Notice to Tighten Up Land Administration (當前進一步從嚴土地管理的緊急通知). In this notice, the Ministry of Land and Resources stressed that local governments must adhere to their annual overall land use planning and land supply plans and tighten up the control on land supply for non-agricultural use. The notice requires local governments to suspend the supply of land for new villa projects to ensure adequate supply of land for more affordable housing. In this notice, the Ministry of Land and Resources also required the local governments to conduct thorough investigations of illegal land use and submit a report on such investigations to the Ministry by the end of October 2006.

In September 2007, the Ministry of Land and Resources issued the Notice on Implementation of the State Council's Certain Opinions on Resolving Difficulties and Further Strengthening Macro-control of Land Supply (關於認真貫徹國務院〈關於解決城市低收入家庭住房困難的若干意見〉進一步加強土地供應調控的通知), pursuant to which, at least 70% of the land supply arranged by the relevant land administration authority at city or county level for residential property development for any given year must be used for developing low- to medium-cost and small-to medium-size units, low-cost rental properties and affordable housing.

On January 3, 2008, the State Council issued the Notice on Promoting Economization of Land Use (關於促進節約集約用地的通知). This notice states, among other things, that (i) policies in relation to the forfeiture of land use rights without compensation for land which has remained idle for more than two years shall be strictly implemented; (ii) if any land remains idle for one year, an idle land fee of 20% of the relevant land premium shall be levied; (iii) the prohibition of land supply for villa projects shall continue; (iv) the Ministry of Land and Resources and other authorities are required to research and commence the drafting of implementation rules concerning the levy of LAT on idle land; (v) in relation to the supply of residential land, planning conditions such as plot ratio limits and the number and type of units that can be constructed shall be taken into account in land grant contracts and allocation decisions to ensure that at least 70% of the total land grant for residential development will consist of low rental housing, economy housing, limited pricing housing and units of less than 90 sq.m. in size; and (vi) financial institutions are required to exercise caution when approving financing for any property developer who, after one year from the commencement date stipulated in the land grant contract, fails to complete at least one-third of the development of their project or provide at least 25% of the total investment in the project.

In order to encourage the consumption of the ordinary residence and support the real estate developer to handle the market change, the General Office of the State Council issued the Several Opinions on Facilitating the Healthy Development of the Real Estate Market (關於促進房地產市場健康發展的若干意見) in December 2008. Pursuant to this opinion, in order to encourage the consumption of the ordinary residence, from January 1, 2009 to December 31, 2009, business tax is imposed on the full amount of the sale income upon the transfer a non-ordinary residence by an individual within two years from the purchase date. For the transfer of non-ordinary residence which is more than two years from the purchase date and ordinary residence which is within two years from the purchase date, the business tax is to be levied on the difference between the sale income and the purchase price. In the case of an ordinary residence, the business tax is exempted if that transfer occurs after two years from the purchase date. Furthermore, individuals with an existing ordinary residence that is smaller than the average size for their locality may buy a second ordinary residence under favorable loan terms similar to first-time buyers. In addition, support for real estate developers to deal with the changing market is to be provided by increasing credit financing services to "low-to-medium-level price" or "small-to-medium-sized" ordinary commercial housing projects, particularly those under construction, and providing financial support and other related services to real estate developers with good credit standing for merger and acquisition activities.

The Ministry of Finance and the State Administration of Taxation issued the Circular on Revising the Business Tax Policies on Individuals' House Transfer (關於調整個人住房轉讓營業稅政策的通知) on December 22, 2009, which revised the business tax policy for real property transfers. The Circular provided that from January 1, 2010, the transfer of non-ordinary housing purchased by individuals for less than five years remains subject to business tax based solely on the sale price from such transfer; any transfer of non-ordinary housing purchased by individuals for at least five years (included) and ordinary housing purchased for less than five years is subject to business tax based on the difference between the gain from such transfer and the original purchase price; and the business tax is exempted for any transfer of ordinary housing purchased and held by individuals for more than five years (included).

In January 2010, the General Office of the State Council issued a Circular on Facilitating the Stable and Healthy Development of Property Market (關於促進房地產市場平穩健康發展的通知), which adopted a series of measures to strengthen and improve the regulation of the property market, stabilize market expectation and facilitate the stable and healthy development of the property market. These include, among others, measures to increase the supply of affordable housing and ordinary commodity housing, provide guidance for the purchase of property, restrain speculation of properties, and strengthen risk prevention and market supervision. Additionally, it explicitly requires a family (including a borrower, his

or her spouse and children under 18), who have already purchased a residence through mortgage financing and have applied to purchase a second or more residences through mortgage financing, to pay a minimum down-payment of 40% of the purchase price.

On March 8, 2010, the Ministry of Land and Resources promulgated the Circular on Strengthening Real-estate Land Supply and Supervision (關於加強房地產用地供應和監管有關問題的通知, Circular) in order to strictly regulate the transfer of land for commercial buildings. According to this Circular, the area of a parcel of land granted for commodity residential project should be strictly restricted in accordance with the Catalogue of Restricted Use of Land (2006 Version Supplement) (限制用地專案目錄(2006年本增補本)) and the minimum price of the land transfer shall not be less than 70% of the benchmark price of the place where the land being transferred is located, and the bidding deposit shall not be less than 20% of the minimum transfer price. After land transfer deal is closed, land transfer contract shall be executed within 10 working days therefrom. The first installment of 50% of the land transfer price shall be paid within one month of the execution of the contract and the remaining payment shall be made in time in accordance with the contract, which shall not be later than one year. A system of declaration on commencement and finish of real estate project should be established since April 1, 2010. Property developer should make written declaration to the land resource authorities when the project commenced or finished.

On April 17, 2010, for the purpose of the State Council Issued Notice on Resolutely Containing the Excessive Hike of Property Price in Some Cities (堅決遏制部分城市房價過快上漲的通知) (the “April 17 Notice”), which provides that where the first home purchaser (including a borrower, his or her spouse and children under 18) buy a residence with a unit floor area of more than 90 sq.m. for self use, the minimum down payment shall not be less than 30%; where for the second home buyers that use mortgage financing, it is required that the minimum down payment shall be 50% of the purchase price with minimum mortgage lending interest rate at the rate of 110% of the benchmark rate; where a third or further buyers that use mortgage financing, the minimum down payment and interest rate thereof shall be further substantially raised. The April 17 Notice, further requires that in cities where property price is overly high with excessive price hike and strained house supply, commercial banks may in light of risk exposure suspend extending bank loans for a third or further buyers; also provision of housing loans shall be suspended to non-local residents who cannot present the local tax returns or social insurances certification of more than one (1) year.

Three authorities, including the MOHURD, PBOC and CBRC, jointly released the Circular on Regulating the Standards for recognizing the Second House in Commercial Housing Loans for Individuals (關於規範商業性個人住房貸款中第二套房認定標準的通知, Circular) on May 26, 2010, so as to regulate recognition of the second house of applicants for commercial housing loans (hereinafter referred to as the loan applicants). Under the Circular, number of houses owned by a family in the commercial housing loans for individuals shall be calculated according to number of sets of houses which are actually owned by members (including the loan applicant and his/her spouse and under-age children, hereinafter the same) of the family who plans to purchase a house. The Circular also stipulated that house purchasers shall check the house registration records of the family via the house registration system, and shall provide the results in written. The loan applicant shall provide the credit guarantee in written to prove the actual number of houses owned by his/her family.

On September 29, 2010, the PBOC and the CBRC jointly issued the Circular on Issues Concerning Improving Differentiated Housing Loan Policies (關於完善差別化住房信貸政策有關問題的通知), which stipulates that all commercial banks shall suspend issuing housing loans to home buyers whose family members already own two or more housing properties and to non-local residents who cannot provide evidence showing that they have paid taxes or social insurance contribution for more than one year. If a real estate developer has records of having idle land, changing the land use purpose and nature, delaying the project commencement or completion time, hoarding land, and other infractions, all commercial banks shall stop issuing loans or providing loan extension services to such real estate developer for its new projects.

On November 2, 2010, the Ministry of Finance, the MOHURD, the CBRC and the PBOC jointly issued the Circular on Issues Concerning Policies on Regulation of Personal Housing Provident Fund Loan (關於規範住房公積金個人住房貸款政策有關問題的通知), which provides that where personal housing provident fund loan is used to buy the first ordinary self-use house and the floor area of the house is no more than 90 sq.m., the down-payment proportion shall not be lower than 20%; where the floor area of the

house is more than 90 sq.m., the down-payment proportion shall not be lower than 30%. Only the housing provident fund-paying families whose floor area per capita is less than local average shall have access to personal housing provident fund loan which is used to buy the second house, and the loan shall be used to buy ordinary self-use house so as to improve dwelling conditions. Where the personal housing provident fund loan is used to buy the second house, the down-payment proportion shall not be lower than 50%, and the interest rate of such loan shall not be less than 1.1 times of the interest rate of the personal housing provident fund loan for the purchase of the first house. Personal housing provident fund loan for the purchase of a third or more houses by housing provident fund-paying families shall be suspended.

On November 4, 2010, the State Administration of Foreign Exchange and the MOHURD jointly issued the Circular on Further Regulating the Administration of Housing Purchases by Overseas Institutions and Individuals (關於進一步規範境外機構和個人購房管理的通知), which indicates that unless otherwise provided for in laws and regulations, an overseas individual may purchase only one self-use house within the territory of China; any overseas institution which sets up a branch or representative office within the territory of China may purchase a non-residence house required for business purposes only in the city where such branch or representative office is registered.

On January 26, 2011, the General Office of the State Council issued the Notice concerning Further Strengthening the Macroeconomic Control of the Real Property Market (進一步做好房地產市場調控工作有關問題的通知). This notice, among others, provides that: (i) people selling residential property within five years of their purchase of such residential property will be charged business taxes on the full amount of the sale price of such houses, whether ordinary or non-ordinary; (ii) the minimum down payment for second house purchases is raised from 50% to 60%; (iii) the PRC government will forfeit the land use rights if a developer fails to obtain the construction permit and commence development for more than two years from the commencement date stipulated in the land grant contract; and (iv) municipalities directly under the PRC central government, municipalities with independent planning status, provincial capitals and cities with high housing prices shall limit the number of houses that local residents can buy in a specified period. In principle, local resident families that own one house and non-local resident families who can provide local tax clearance certificates or local social insurance payment certificates for a required period are permitted to purchase only one additional house (including newly-built houses and second-hand houses). Sales of properties to (a) local resident families who own two or more houses, (b) non-local resident families who own one or more houses, and (c) non-local resident families who cannot provide local tax clearance certificates or local social insurance payment certificates for a required period, shall be suspended in local administrative regions.

In order to implement the Notice concerning Further Strengthening the Macroeconomic Control of Real Property Market. On February 23, 2011, the Guangzhou Municipal Government promulgated the Notice on Further Strengthening Control over the Guangzhou Property Market (廣州市人民政府辦公廳關於貫徹國務院辦公廳關於進一步做好房地產市場調控工作有關問題的通知的實施意見), which provided, among other things, that (i) the minimum down payment for second house purchases using bank loans or housing reserves is raised to 60% with a minimum lending interest rate of 110% of the benchmark rate; (ii) both local families who have one house only and non-local families who do not own a house in Guangzhou and have paid social insurance or individual income tax for an accumulative 12 months over the last two years in Guangzhou, are allowed to buy one more house; and (iii) (a) local families who already have two or more houses, (b) non-local families who have one house, and (c) non-local families who fail to provide evidence of payment of social insurance or individual income tax for an accumulative 12 months over the last two years in Guangzhou, are suspended from purchasing a new house in Guangzhou. On February 16, 2011, the Beijing Municipal Government promulgated the Notice on Further Strengthening Control over Beijing Property Market (北京市人民政府辦公廳關於貫徹落實國務院辦公廳文件精神進一步加強本市房地產市場調控工作的通知), which among other things, provides that (i) a local family that owns one house in Beijing (including a family that holds an effective Beijing Certificate for Work and Residence) and (ii) a non-local family with an effective Certificate for Temporary Residence that does not own a house in Beijing and has paid social insurance or individual income tax for five consecutive years, are permitted to purchase one additional house in Beijing (including newly-built and second-hand houses). Furthermore, (i) a local family that owns two or more houses in Beijing, and (ii) a non-local family that owns one house or more in Beijing, or fails to provide both an effective Certificate for Temporary Residence and evidence of payment of social insurance or individual income tax for consecutive five years, is suspended from purchasing a new house in Beijing. In addition to Beijing, other cities, including Tianjin, Shanghai,

Suzhou, Nanjing, Qingdao, Chengdu, Foshan and Harbin have also announced their new purchase limit policies which are almost the same as the requirements in the Notice concerning Further Strengthening the Macroeconomic Control of Real Property Market.

Grant

PRC law distinguishes between the ownership of land and the right to use land. Land use rights can be granted by the State to a person to entitle him to the exclusive use of a piece of land for a specified purpose within a specified term and on such other terms and conditions as may be prescribed. A premium is payable on the grant of land use rights. The maximum term that can be granted for the right to use a piece of land depends on the purpose for which the land is used. As described above, the maximum limits specified in the relevant regulations vary from 40 to 70 years depending on the purpose for which the land is used.

Under the Urban Land Regulations, there are three methods by which land use rights may be granted, namely by agreement, tender or auction.

On June 11, 2003, the Ministry of Land and Resources promulgated the Regulation on Grant of State-owned Land Use Rights by Agreement (協議出讓國有土地使用權規定). According to such regulation, if there is only one intended user on a piece of land, the land use rights (excluding land use rights used for business purposes, such as commercial, tourism, entertainment and commodity residential properties) may be granted by way of agreement. The local land bureau, together with other relevant government departments including the city planning authority, will formulate the plan concerning issues including the specific location, boundary, purpose of use, area, term of grant, conditions of use, conditions for planning and design as well as the proposed land premium, which shall not be lower than the minimum price regulated by the State, and submit such plan to the relevant government for approval. The local land bureau and the person who is interested will negotiate and enter into the grant contract based on such plan. If two or more entities are interested in the land use rights proposed to be granted, such land use rights shall be granted by way of tender, auction or putting up for bidding. Furthermore, according to the Rules Regarding the Grant of State-owned Land Use Rights by Way of Tender, Auction and Putting up for Bidding (招標拍賣掛牌出讓國有土地使用權規定) (the “Land Use Grant Rules”) which are effective from July 1, 2002, land use rights for properties for commercial use, tourism, entertainment and commodity residential purposes can only be granted through tender, auction or putting up for bidding.

Where land use rights are granted by way of tender, invitations to tender will be issued by the local land bureau. The invitation will set out the terms and conditions upon which the land use rights are proposed to be granted. A committee will be established by the relevant local land bureau to consider tenders which have been submitted. The successful bidder will then be asked to sign the grant contract with the local land bureau and pay the relevant land premium within a prescribed period. The land bureau will consider the following factors: the successful bidder shall be either the bidder who can satisfy the comprehensive evaluation criteria of the tender, or who can satisfy the substantial requirements of the tender and also offers the highest bid.

Where land use rights are granted by way of auction, a public auction will be held by the relevant local land bureau. The land use rights are granted to the bidder with the highest bid. The successful bidder will be asked to enter into a grant contract with the local land bureau.

Where land use rights are granted by way of bidding, a public notice will be issued by the local land bureau to specify the location, area and purpose of use of land and the initial bidding price, period for receiving bidding and terms and conditions upon which the land use rights are proposed to be granted. The land use rights are granted to the bidder with the highest bid and which satisfies the terms and conditions. The successful bidder will then enter into a grant contract with the local land bureau.

Upon signing of the contract for the grant of land use rights, the grantee is required to pay the land premium pursuant to the terms of the contract and the contract is then submitted to the relevant local land bureau for the issue of the land use right certificate. Upon expiration of the term of grant, the grantee may apply for renewal of the term. Upon approval by the relevant local land bureau, a new contract shall be entered into to renew the grant, and a grant premium shall be paid.

In September 2007, the Ministry of Land and Resources further promulgated the Regulations on the Grant of State-owned Construction Land Use Rights Through Public Tender, Auction and Listing for-sale (招標拍賣掛牌出讓國有建設用地使用權規定) to require that land for industrial use, except land for mining, must also be granted by public tender, auction and listing-for-sale. Only after the grantee has paid the land premium in full under the land grant contract, can the grantee apply for the land registration and obtain the land use right certificates. Furthermore, land use rights certificates may not be issued in proportion to the land premium paid under the land grant contract.

In November 2009, the Ministry of Finance, the Ministry of Land and Resources, PBOC, the PRC Ministry of Supervision and the PRC National Audit Office jointly promulgated the Notice on Further Enhancing the Revenue and Expenditure Control over Land Grant (關於進一步加強土地出讓收支管理的通知). The Notice raises the minimum down-payment for land premium to 50% and requires the land premium to be fully paid within one year after the signing of a land grant contract, subject to limited exceptions.

Ministry of State Land and Resources promulgated Notice on Problems Regarding Strengthening Control and Monitor of Real Estate Land Supply (關於加強房地產用地供應和監管有關問題的通知) (the "Notice") on March 8, 2010. According to the Notice, the land provision for affordable housing, redevelopment of shanty towns and small/medium residential units for occupier owner should be no less than 70% of total land supply, and the land supply for large residential units will be strictly controlled and land supply for villa projects will be banned. The Notice also requires that the lowest land grant price should not less than 70% of the basic land price in which the granted land is located and the real estate developers' bid deposit should not less than 20% of the lowest grant price. The land grant agreement must be executed within 10 working days after the land transaction is confirmed. The minimum down payment of the land premium should be 50% and must be paid within one month after the execution of the land grant agreement. The rest payment should be paid in accordance with the agreement, but not later than one year. If the land grant agreement is not executed in accordance with the requirement above, the land should not be handed over and the deposit will not be returned. If no grant premium is paid after the execution of the agreement, the land must be withdrawn.

On September 21, 2010, the Ministry of Land and Resources and the MOHURD issued the Circular of the Ministry of Land and Resources and the MOHURD on Further Strengthening the Administration and Control of the Lands for Real Estates and the Construction of Real Estates (國土資源部、住房和城鄉建設部關於進一步加強房地產用地和建設管理調控的通知), to tighten the examination of qualifications of land bidders. It specifies that when the bidders take part in the bidding or auction of the transferred land, the competent land department and resources shall, in addition to requiring proof of identity documents, payment of the bid security, require an undertaking letter stating that the bid security is not from any bank loan, shareholders' borrowing, on-lending or raised funds, and the credit certificate issued by commercial financial institutions. Where the bidders are found to have conducted any of the following illegal or irregular activities, then the competent department of land and resources shall forbid the bidders and their controlling shareholders from participating in land bidding activities: (1) committing crimes such as forgery of instruments with an aim to illegally sell the land; (2) conducting illegal activities such as illegal transfers of land use right; (3) where the land is idling for a period of more than one year due to the enterprises' reasons; or (4) where the development and construction enterprise develops and takes advantage of the land in contravention of the conditions as agreed in the transfer contract. The relevant departments of land and resources at all levels are required to strictly implement the regulations.

In order to control and facilitate the procedure of obtaining land use rights, several local governments have stipulated standard provisions for land grant contracts. Such provisions usually include terms such as use of land, land premium and manner of payment, building restrictions including site coverage, total gross floor area and height limitations, construction of public facilities, submission of building plans and approvals, deadlines for completion of construction, town planning requirements, restrictions against alienation before payment of premium and completion of prescribed development and liabilities for breach of contract. Any change requested by the land user in the specified use of land after the execution of a land grant contract will be subject to approvals from the relevant local land bureau and the relevant urban planning department, and a new land use contract may have to be signed and the land premium may have to be adjusted to reflect the added value of the new use. Registration procedures must then be carried out immediately.

Pursuant to the Circular on Further Strengthening the Administration and Control of Lands for Real Estates and the Construction of Real Estates (關於進一步加強房地產用地和建設管理調控的通知) jointly promulgated by the Ministry of Land and Resources and the MOHURD on September 21, 2010, the grant of two or more bundled parcels of lands or uncleared lands (毛地) is prohibited.

Withdrawal of Land

According to the Law of Administration of Urban Real Property (2007 revision) (中華人民共和國城市房地產管理法, 2007年修訂) (the “Urban Real Property Law”), where a real property development is carried out on land for which the land use rights are acquired by means of grant, the land must be developed in line with the specified use for the land and the deadline for commencement of development set out in the land grant contract. Where the development does not commence within one year from the specified date set out in the land grant contract, an idle land fee may be charged at a rate equivalent to not more than 20% of the relevant land premium. Where the development does not commence within two years from the specified date, the relevant land use rights may be withdrawn without compensation, except where the commencement of construction is delayed due to force majeure, an act of the government or relevant government departments, or delays in preliminary work necessary for the commencement of development.

According to the Measures on Disposal of Idle Land promulgated on April 28, 1999 (閒置土地處置辦法), “idle land” refers to land granted for use but laying idle because the land user fails to commence development and construction before the specified commencement date without the consent of government which approved the use of the land. Where the land is deemed “idle land”, relevant municipal or county land administrative departments (“Land Administrative Authorities”) shall inform the land user and prepare a plan for the disposal of the idle land. Where the land is mortgaged, the mortgagee shall be informed to participate in the preparation of the disposal plan. The Land Administrative Authorities are responsible for implementing the disposal plan after such plan has been approved by the government which originally approved the use of the land.

The methods of disposal of idle land include, among others, the following:

- (i) extending the development and construction period by no more than one year;
- (ii) changing the use of the land, and continuing development and construction afterwards; and
- (iii) arranging for temporary use of the land and re-approving the development after the original project satisfies the construction conditions, where the land has appreciated in value, the government will increase the land premium in accordance with the appreciated value.

Where the land is idle due to acts of government or relevant government departments and the land user has partly paid the compensation or requisition fee for the land, in addition to the methods provided above, the government may acknowledge the relevant land to the land user for the part of land which the land user has paid the compensation or requisition fee; while the remaining part of the land will be withdrawn by the government.

In January 2008, a Notice on Promoting Economization of Land Use (關於促進節約集約用地的通知) issued by the State Council urges the full and effective use of existing construction land and the preservation of farming land and emphasizes the enforcement of the current rules on idle land fee for any land left idle for over one year but less than two years, with such idle land fee charged at 20% of the land grant premium, as well as for land left idle for more than two years, with such idle land forfeited without compensation.

Transfer

After land use rights relating to a particular area of land have been granted by the State, unless any restriction is imposed, the party to whom such land use rights are granted may transfer, lease or mortgage such land use rights for a term not exceeding the term which has been granted by the State. The difference between a transfer and a lease is that a transfer involves the vesting of the land use rights by the transferor in the transferee during the term for which such land use rights are vested in the transferor. A lease, on the other hand, does not involve a transfer of such rights by the lessor to the lessee. Furthermore, a lease,

unlike a transfer, does not usually involve the payment of a premium. Instead, a rent is payable during the term of the lease. Land use rights cannot be transferred, leased or mortgaged if the provisions of the grant contract, with respect to the prescribed period and conditions of investment, development and use of the land, have not been complied with. In addition, different areas in the PRC have different conditions which must be fulfilled before the respective land use rights can be transferred, leased or mortgaged.

All transfers, mortgages and leases of land use rights must be evidenced by a written contract between the parties which must be registered with the relevant local land bureau at municipality or country level. Upon a transfer of land use rights, all rights and obligations contained in the contract pursuant to which the land use rights were originally granted by the State are deemed to be incorporated as part of the terms and conditions of such transfer, depending on the nature of the transaction.

Under the Urban Real Property Law, real property that has not been registered and of which a title certificate has not been obtained in accordance with the law may not be assigned. Also, under the Urban Real Property Law, if land use rights are acquired by means of grant, the real property shall not be assigned before the following conditions have been met: (i) the premium for the grant of land use rights must have been paid in full in accordance with the land grant contract and a land use right certificate must have been obtained; (ii) investment or development must have been made or carried out in accordance with terms of the land grant contract; (iii) more than 25% of the total amount of investment or development must have been made or completed; and (iv) where the investment or development involves a large tract of land, conditions for use of the land for industrial or other construction purposes have been satisfied.

Termination

A land use right terminates upon the expiration of the term of the grant specified in the land grant contract and the resumption of that right. Upon expiry, the land use right and ownership of the related buildings erected thereon and other attachments may be acquired by the State without compensation. The land user will take steps to surrender the land use right certificate and cancel the registration of the certificate in accordance with relevant regulations. A land user may apply for renewal of the land use rights and, if the application is granted, the land user is required to enter into a new land grant contract, pay a premium and effect appropriate registration for the renewed right.

The National People's Congress adopted the PRC Property Rights Law (中華人民共和國物權法) in March 2007, which became effective on October 1, 2007. According to the Property Rights Law, when the term of the right to use construction land for residential (but not other) property purposes expires, it will be renewed automatically.

The State generally will not withdraw a land use right before the expiration of its term of grant and for special reasons (such as in the public interests), it must offer proper compensation to the land user, having regard to the surrounding circumstances and the period for which the land use right has been enjoyed by the user.

Document of Title

In the PRC, there are two registers for property interests. Land registration is achieved by the issue of a land use right certificate by the relevant authority to the land user. It is evidence that the land user has obtained land use rights which can be assigned, mortgaged or leased. The building registration is the issue of a building ownership certificate (房屋所有權證) or a real estate ownership certificate (房地產權證) ("Real Estate Ownership Certificate") to the owner. It is evidence that the owner has obtained building ownership rights in respect of the building erected on a piece of land. According to the Land Registration Regulations (土地登記規則) ("Registration Regulations") promulgated by the State Land Administration Bureau (國家土地管理局) on December 18, 1995 and implemented on February 1, 1996, the Land Registration Measures (土地登記辦法) promulgated by the Ministry of Land and Resources on December 30, 2007 and effective on February 1, 2008, and the Building Registration Measures (房屋登記辦法) promulgated by the MOHURD on February 15, 2008 and effective on July 1, 2008, all land use rights and building ownership rights which are duly registered are protected by the law.

In connection with these registration systems, real estate and land registries have been established in the PRC. In most cities in the PRC, the above systems are separate systems. However, in Shenzhen, Shanghai, Guangzhou and some other major cities, the two systems have been consolidated and a single composite real estate ownership certificate (房地產權證) will be issued evidencing the ownerships of both land use rights and the building erected thereon.

Mortgage and Guarantee

The grant of mortgage in the PRC is governed by the Security Law of the PRC (中華人民共和國擔保法) (the “Security Law”) promulgated by the Standing Committee of the National People’s Congress in June 1995, the Measures for Administration of Mortgages of Urban Real Estate promulgated by the Ministry of Construction (城市房地產抵押管理辦法) in May 1997, as amended in August 2001, and Property Law (物權法) promulgated by the National People’s Congress in March 2007 and by relevant laws regulating real estate. Under the Security Law, any mortgage contract must be in writing and must contain specified provisions including (i) the type and amount of the indebtedness secured; (ii) the period of the obligation by the debtor; (iii) the name, quantity, and ownership of the land use rights of the mortgaged property; and (iv) the scope of the mortgage. For mortgages of urban real properties, new buildings on a piece of land after a mortgage has been entered into will not be subject to the mortgage.

The validity of a mortgage depends on the validity of the mortgage contract, possession of the real estate certificate and/or land use right certificate of the mortgagor and registration of the mortgage with authorities. If the loan in respect of which the mortgage was given is not duly repaid, the mortgagee may sell the property to settle the outstanding amount and return the balance of the proceeds from the sale or auction of the mortgaged property to the mortgagor. If the proceeds from the sale of such property are not sufficient to cover the outstanding amount, the mortgagee may bring proceedings before a competent court or arbitration tribunal (where there is an agreement to recover the amount still outstanding through arbitration) in the PRC.

The Security Law also contains comprehensive provisions dealing with guarantees. Under the Security Law, guarantees may be in two forms: (i) guarantees whereby the guarantor bear the liability when the debtor fails to perform the payment obligation; and (ii) guarantees with joint and several liability whereby the guarantor and debtor are jointly and severally liable for the payment obligation. A guarantee contract must be in writing and unless agreed otherwise, the term of a guarantee shall be six months after the expiration of the term for performance of the principal obligation.

The Security Law further provides that where indebtedness is secured by both a guarantee and by mortgaged property, the guarantor’s liability shall be limited to the extent of the indebtedness that is not secured by the mortgaged property.

Leasing

Both the Urban Land Regulations and the Urban Real Property Law permit leasing of granted land use rights and buildings thereon. However, leasing of land use rights obtained by allocation (劃撥) and of buildings on such allocated land is regulated by the Urban Land Regulations.

Leasing of urban real properties is also governed by the Measures for Administration of Leasing of Urban Buildings (城市房屋租賃管理辦法) (the “Measures”), which was promulgated in accordance with the Urban Real Property Law. Under the Measures, owners of buildings in the PRC are entitled to lease their buildings, and landlords and tenants are required to enter into a written lease contract which must contain certain specified provisions. The contract has to be registered with the relevant property administrative authority at municipality or country level within 30 days after its execution. A contract cannot be longer than the remainder of the term under the land grant contract. The tenant may, upon obtaining consent from the landlord, sublease the premises.

On December 1, 2010, the MOHURD issued the Administrative Measures for Commodity Housing Tenancy (商品房屋租賃管理辦法), according to which the parties to a housing tenancy shall go through the housing tenancy registration formalities with the competent construction (real estate) departments of the municipalities directly under the PRC central government, cities and counties where the housing is located within 30 days after the housing tenancy contract is signed. The relevant construction (real estate)

departments are authorized to impose a fine below RMB1,000 on individuals, and a fine between RMB1,000 and RMB10,000 on other violators who are not natural persons who fail to comply with the regulations within the specified time limit. The above measures came into effect as of February 1, 2011 in replacement of the Measures for Administration of Leasing of Urban Buildings.

According to the Urban Real Property Law, where the owner of a house built on state-owned land leases his/her property and that the land use rights were obtained through allocation for the purpose of profit making, any proceeds derived from the land in the form of rent must be paid to the State.

Resettlement

Pursuant to the Administration Rules of Demolition and Removal of Housing in Urban Areas (城市房屋拆遷管理條例) promulgated by the State Council on June 13, 2001, the party responsible for resettlement (the “Resettling Party”) should apply for a resettlement permit and provide monetary compensation or alternative residence for the residents to be resettled. The real estate administration authority will issue a resettlement notice after granting the resettlement permit, detailing the parties concerned, the properties affected and the period of the resettlement. The Resettling Party will then enter into written agreements with the relevant residents detailing, among other things, the compensation to be provided to the residents, which will be determined on the basis of, among other things, the property’s location, permitted use and GFA. If the Resettling Party and the residents fail to reach agreement, either party may apply to the relevant authority for a ruling. A ruling will be given within 30 days of the application, following which either party may initiate proceedings in the people’s court within three months from the ruling if they contest the ruling.

In order to prevent illegal demolition and removal, and overheating investment in some areas, the General Office of the State Council issued the Notice on Controlling the Scale of Demolition and Removal and Strengthening Administration of Demolition and Removal (關於控制城鎮房屋拆遷規模嚴格拆遷管理的通知) on June 6, 2004. The notice addresses issues including, but not limited to, the following: (i) strictly controlling the area of demolition and removal to ensure that the total area of demolition and removal is less than that of the previous year; (ii) strictly administering the procedures of demolition and removal, such procedures to be carried out in an open, fair and just manner; (iii) strengthening the supervision and administration of the compensation costs incurred for the demolition and removal, and ensuring the completion of the relocation; and (iv) strictly punishing certain illegal actions in relation to the demolition and removal.

On January 21, 2011, the State Council promulgated the Regulation on Expropriation and Compensation Related to Buildings on State-owned Land (國有土地上房屋徵收與補償條例) (the “Expropriation and Compensation Regulation”), which replaced the Administration Rules of Demolition and Removal of Housing in Urban Areas. The Expropriation and Compensation Regulation provides that, among other things:

- (i) buildings can be expropriated under certain circumstances for public interests, and only governmental authorities can be in charge of resettlement activities; real estate developers are prohibited from being involved in demolition and relocation procedures;
- (ii) compensation shall be paid before the resettlement;
- (iii) compensation to owners of properties to be demolished cannot be less than the market value of similar properties at the time of expropriation. The market value of properties shall be determined by qualified real estate appraisal institutions in accordance with appraisal rules related to property expropriation. Any owner who does not agree with the appraised market value of the property can apply to the real estate appraisal institution for re-appraisal; and
- (iv) neither violence nor coercion may be used to force homeowners to leave sites, nor can certain measures, such as illegally cutting water and power supplies, be used in relocation work.

Property Development

Property development projects in the PRC are generally divided into single projects and large tract development projects. A single project refers to the construction of buildings on a plot of land and the subsequent sale of units. A large tract development project consists of comprehensive development of an area to be suitable for industrial, leveling of the land and construction of necessary infrastructure such as water, electricity, road and communications facilities. The developer may either assign the land use rights of the developed area, or construct buildings on the land itself and sell or lease the buildings thereon.

Once the developer identifies a piece of land for development and obtains the land use rights certificate, it has to apply for a construction land use planning certificate (建築用地規劃許可證) from the relevant planning commission. Once this certificate is obtained, the developer will have to submit a detailed plan for the design of buildings and construction in order to obtain construction works planning permit (建設工程規劃許可證) and work commencement permit (建設工程施工許可證).

A property project developed by a property developer shall comply with the relevant laws and other statutes, requirements on construction quality, safety standards and technical guidance on survey, design and construction work, as well as provisions of the relevant contract. After completion of works for a project, the property developer shall organize an acceptance examination according to the “Regulations on the Administration of Quality of Construction Works” (建設工程質量管理條例) promulgated and implemented by State Council on January 30, 2000, and the Interim Provisions on Acceptance Examination Upon Completion of Buildings and Municipal Infrastructure (房屋建築工程和市政基礎設施工程竣工驗收暫行規定) promulgated by the Ministry of Construction in June 2000, and shall also report details of the acceptance examination according to the Administrative Measures for Reporting Details Regarding Acceptance Examination Upon Completion of Buildings and Municipal Infrastructure (房屋建築工程和市政基礎設施工程竣工驗收備案管理辦法) promulgated by the Ministry of Construction in April 2000 and as amended in October 2009. A property development project may only be delivered after passing the necessary acceptance examination, and may not be delivered before the necessary acceptance examination is conducted or without passing such an acceptance examination. For a housing estate or other building complex project, an acceptance examination shall be conducted upon completion of the whole project and where such a project is developed in phases, an acceptance examination may be carried out for each completed phase.

Qualifications of a Property Developer

Under the Provisions on Administration of Qualifications of Property Developers (房地產開發企業資質管理規定) (the “Provisions on Administration of Qualifications”) promulgated by the Ministry of Construction in March 2000, a property developer shall apply for registration of its qualifications according to the Provisions on Administration of Qualifications. An enterprise may not engage in development and sale of property without a qualification classification certificate for property development. The construction authority under the State Council oversees the qualifications of property developers throughout the country, and the property development authority under a local government on or above the county level shall oversee the qualifications of local property developers.

In accordance with the Provisions on Administration of Qualifications, property developers are classified into four classes. Different classes of qualification should be examined and approved by corresponding authorities. The class 1 qualifications shall be subject to preliminary examination by the construction authority under the government of the relevant province, autonomous region or municipality directly under the central government and then final approval of the construction authority under the State Council. Procedures for approval of developers of class 2 or lower qualifications shall be formulated by the construction authority under the government of the relevant province, autonomous region or municipality directly under the central government. A developer that passes the qualification examination will be issued a qualification certificate of the relevant class by the qualification examination authority.

Under the Regulations on Administration of Development of Urban Real Estate (城市房地產開發經營管理條例), the property development authorities shall examine applications for registration of qualifications of a property developer when it reports its establishment, by considering its assets, professional personnel and business results. A property developer shall only undertake property development projects in compliance with the approved qualification registration.

After a newly established property developer reports its establishment to the property development authority, the latter shall issue a Provisional Qualification Certificate to the eligible developer within 30 days of its receipt of the above report. The Provisional Qualification Certificate shall be effective one year from its issuance, while the property development authority may extend the validity to a period of no longer than two years considering the actual business situation of the enterprise. The property developer shall apply for qualification classification by the property development authority within one month before expiry of the Provisional Qualification Certificate.

A developer of any qualification classification may only engage in the development and sale of property within its approved scope of business and may not engage in business which is limited to another classification. A class 1 property developer is not restricted as to the scale of property project to be developed and may undertake a property development project anywhere in the country. A class 2 property developer or lower may undertake a project with a gross floor area of less than 250,000 sq.m. and the specific scope of business shall be as confirmed by the construction authority under the government of the relevant province, autonomous region or municipality. Pursuant to the Provisions on Administration of Qualifications, the qualification of a property developer shall be inspected annually. The construction authority under the State Council or its authorized institution is responsible for the annual inspection of a class 1 property developer's qualification. Procedures for annual qualification inspection with developers of class 2 or lower shall be formulated by the construction authority under the people's government of the relevant province, autonomous region or municipality.

Environmental Protection

The laws and regulations governing the environmental requirements for real estate development in the PRC include the Environmental Protection Law (中華人民共和國環境保護法), the Prevention and Control of Noise Pollution Law (中華人民共和國環境噪聲污染防治法), the Environmental Impact Assessment Law (中華人民共和國環境影響評價法) and the Administrative Regulations on Environmental Protection for Development Projects (建設項目環境保護管理條例). Pursuant to these laws and regulations, depending on the impact of the project on the environment, an environmental impact study report, an environmental impact analysis table or an environmental impact registration form must be submitted by a developer before the relevant authorities will grant approval for the commencement of construction of the property development. In addition, upon completion of the property development, the relevant environmental authorities will also inspect the property to ensure compliance with the applicable environmental standards and regulations before the property can be delivered to the purchasers.

Pre-sale and Sale

Pursuant to the Urban Real Property Law and the Administrative Measures Governing the Pre-sale of Urban Real Estate (城市商品房預售管理辦法) (the "Administrative Measures") amended on July 20, 2004, commodity houses which have not been completed may be sold when certain conditions and/or requirements are satisfied.

Pre-sale of commodity houses is regulated by an approval system. Developers who intend to pre-sell their commodity houses shall apply to the relevant Real Estate Administration Department of the People's Government at city or country level (市、縣人民政府房地產管理部門) and obtain a pre-sale permit.

When commodity houses are pre-sold, the following requirements shall be satisfied according to the Urban Real Property Law and the Administrative Measures:

- (i) the land premium in respect of the land use rights must be paid in full and the land use right certificate must have been obtained;
- (ii) the construction works planning permit and the work commencement permit must have been obtained;
- (iii) funds contributed to the development of the project shall amount to at least 25% of the total amount of the project investment, and project progress and the date of completion of the project for use must have been ascertained; and

(iv) the pre-sale permit must have been obtained through pre-sale registration.

The Ministry of Construction, National Development and Reform Commission jointly promulgated the Notice of Further Rectifying the Trade Order of Real Estate (關於進一步整頓規範房地產交易秩序的通知) on July 6, 2006. The purpose of this notice is to strengthen the regulation over the pre-selling of real estate. The notice provides that real estate development enterprises shall sell commodity residential properties within 10 days after obtaining the pre-sale permit.

On April 13, 2010, the MOHURD issued the “Circular on further strengthening on real estate market supervision and improvement of the commercial housing pre-sale system (關於進一步加強房地產市場監管完善商品住房預售制度有關問題的通知). It stipulates that:

- the property developer shall not charge the earnest or advance from the purchaser in forms of subscription, order or grant of VIP card in relation to the project that has not obtained the pre-sale permits;
- property developer shall disclose all the housing that are permitted to be sold in one time and the price of each housing within 10 days after obtaining the pre-sale permits;
- pre-sale permits can only be issued to entire buildings, in addition, pre-sale permit shall not be issued to individual floors or units;
- property developer shall produce commercial housing pre-sale program and sell the commercial housing in accordance with such program. The program shall include basic information of the project, such as construction schedule, number of pre-sale housing, predicted size, the areas of public space and public facilities, sale prices and the range of changes in sale prices and the monitoring system on pre-sale proceeds. The pre-sale program and all material changes to such program shall be reported to the relevant authorities for record and be published;
- all the pre-sale proceeds shall be deposited into accounts under monitoring to ensure the legitimate use for project construction; and
- the property developer shall take the primary responsibility for the quality of properties it has developed, while the enterprises of survey, design, construction and supervision shall also take the respective responsibility accordingly.

On March 16, 2011, NDRC promulgated the Regulation on Price of Commodity Property (商品房銷售明碼標價規定), which will take effect on May 1, 2011. According to the regulation, property developers are required to make public the sale price of each of apartment of the commodity properties for sale or pre-sale and the number of apartments available for sale or pre-sale within a certain time period. Property developers are also required to state factors that would affect housing prices and relative charges before the property transaction, such as commission fee and property management fee. No additional charge beyond what is stated in the price tag or made public by the property developers is permitted.

Commodity buildings may be put to post-completion sale after they have passed the clearance examination and otherwise satisfy the various preconditions for such sale. Before the post-completion sale of a commodity building, the developer must, among other things, submit the Real Estate Development Project Manual and other documents evidencing the satisfaction of preconditions for post-completion sale to the real estate development authority for its record.

Transfer of Real Estate

According to the Urban Real Estate Law and the Provisions on Administration of Transfer of Urban Real Estate promulgated by the Ministry of Construction (城市房地產轉讓管理規定) in August 1995, as amended in August 2001, a real estate owner may sell, bequeath or otherwise legally transfer real estate to another person or legal entity. When transferring a building, the ownership of the building and the land use rights to the site on which the building is situated are transferred together. The parties to transfer must

enter into a real estate transfer contract in writing and register the transfer with the real estate administration authority having jurisdiction over the location of the real estate within 90 days of the execution of the transfer contract.

Where the land use rights were originally obtained by grant, the real property may only be transferred on the condition that:

- the land premium has been paid in full for the grant of the land use rights as provided by the land grant contract and a land use rights certificate has been properly obtained;
- in the case of a project in which buildings are being developed, development representing more than 25% of the total investment has been completed;
- in case of a whole land lot development project, construction works have been carried out as planned, water supply, electricity supply, heat supply, access roads, telecommunications and other infrastructure or utilities have been made available, and the site has been leveled made ready for industrial or other construction purposes; and
- in case of where the real property has been completed in construction, the property ownership certificate shall be obtained.

If the land use rights were originally obtained by grant, the term of the land use rights after transfer of the real estate will be the remaining portion of the original term provided the land grant contract after deducting the time that has been used by the former land users. In the event that the assignee intends to change the use of the land provided in the original grant contract, consent must first be obtained from the original land use rights grantor and the planning administration authority at the relevant city or county and an agreement to amend the land grant contract or a new land grant contract must be signed in order to, among others, change the use of the land and adjust the land premium accordingly.

If the land use rights were originally obtained by allocation, such allocation may be changed to land use rights grant if approved by the government vested with the necessary approval power as required by the State Council. After the government authorities vested with the necessary approval power approve such change, the grantee must complete the formalities for the grant of the land use rights and pay the land premium according to the relevant statutes. Land for industry (including warehouse land, but excluding mining land), commercial use, tourism, entertainment and commodity housing development must be assigned by competitive bidding, public auction or listing-for-sale under the current PRC laws and regulations.

Real Estate Loans

According to the Notice of the People's Bank of China Regulating Home Financing Business (中國人民銀行關於規範住房金融業務的通知) promulgated by PBOC in June 2001, all banks must comply with the following requirements before granting residential development loans, individual home mortgage loans and individual commercial property mortgage loans:

- Housing development loans from banks may only be granted to real estate developers with development qualification and credit ratings in the higher categories. Such loans may be offered to residential projects with good market potential. While the borrowing enterprise's internal capital shall not be less than 30% of the total investment required for the project, the project itself must have been issued with a "State-Owned Land Use Rights Certificate," "Construction Land Planning Permit," "Construction Works Planning Permit" and "Construction Works Commencement Permit."
- In respect of the grant of individual home mortgage loans, the ratio between the loan amount and actual value of the collateral (the "Mortgage Ratio") may never exceed 80%. Where an individual applies for a home purchase loan to buy a pre-sale property, the property must have achieved the stage of "topping-out of the main structure completed" for multi-storey buildings and "two-thirds of the total investment completed" for high-rise apartment buildings.

- In respect of the grant of individual commercial use building mortgage loans, the Mortgage Ratio for commercial use building mortgage loans may not exceed 60% with a maximum loan period of 10 years and the subject commercial use building already completed.

On June 5, 2003, the PBOC promulgated the Notice on Further Strengthening the Administration of Real Estate Loans (關於進一步加強房地產信貸業務管理的通知). According to the notice, the commercial banks shall focus their business towards supporting real estate projects targeted at mid to lower-income households and appropriately restrict the granting of real estate loans to projects involving spacious apartments, luxurious apartments and villas. The notice strictly prohibits banks from advancing working capital loans to real estate developers. When applying for a real estate loan, the real estate developer's own capital in any proposed real estate project should not be less than 30% of the total investment of the project. The notice also prohibits loans advanced for the payment of land premium for land use rights.

On August 12, 2003, the State Council (國務院) published the Notice by the State Council on Facilitating Sustained and Healthy Development of Real Estate Market (國務院關於促進房地產市場持續健康發展的通知), which provides a series of measures to control the property market, including but not limited to increasing the supply of common residential houses, controlling the construction of high-end commodity houses, and strengthening the supervision of the real property administration. The purpose of the notice is to create a positive influence on the long-term development of the property market in China.

Pursuant to the Guidance on Risk Management of Property Loans Granted by Commercial Banks (商業銀行房地產貸款風險管理指引) issued by China Banking Regulatory Commission in August 2004, commercial banks may not provide any loan in any form for a project without the State-owned land Use Rights Certificate, Construction Land Use Planning Permit, Construction Works Planning Permit and Construction Works Commencement Permit. Any property developer applying for property development loans must have invested at least 35% of capital required for the development and a commercial bank should maintain a strict project approval mechanism for processing applications for property development loans.

On August 30, 2004, CBRC issued a Guideline for Commercial Banks of Risks of Real Estate Loans (商業銀行房地產貸款風險管理指引). According to the guideline, no loan shall be granted to projects which have not obtained the land use right certificate, construction land planning permit, construction works planning permit and work commencement permit. The guideline also stipulated that not less than 35% of the total investment in a property development project must come from the real estate developer's own capital for the project (項目資本金) in order for banks to extend loans to the real estate developer. In addition, the guideline requires commercial banks to set up strict approval systems for loan grants.

Under the "Notice of the People's Bank of China on Adjusting the Housing Credit Policies of Commercial Banks and Deposit Interest Rate of the Excess Part of the Reserve" (中國人民銀行關於調整商業銀行住房信貸政策和超額準備金存款利率的通知) issued by PBOC on March 16, 2005 and effective from March 17, 2005, the minimum amount of down payment for an individual residence shall be increased from 20% to 30% of the purchase price for properties in cities where the property market is considered to be overheating.

In May 2006, the General Office of the State Council issued an opinion developed by the Ministry of Construction (and relevant departments) on Adjustment of Housing Supply Structure and Stabilization of Property Prices (關於調整住房供應結構穩定住房價格的意見). According to the opinion, in order to curtail the rapid rise in property prices, from June 1, 2006, the minimum amount of down payment for individual housing shall not be less than 30%. However, considering the housing needs of low- and middle-income earners, the minimum down payment for self-occupied housing with a GFA of less than 90 square meters per unit remains unchanged, and shall not be less than 20%.

In September 2007, PBOC and CBRC promulgated a Circular on Strengthening the Management of Commercial Real-estate Credit Loans (關於加強商業性房地產信貸管理的通知), with a supplement issued in December 2007. The circular aims to tighten the control over real-estate loans from commercial banks to prevent granting excessive credit. The measures, among others, include: prohibiting commercial banks from providing loans to real-estate developers who have been found by relevant government authorities to be hoarding land and properties. In addition, commercial banks are also banned from providing loans to the projects that have less than 35% of capital funds (proprietary interests), or fail to obtain land use right

certificates, construction land planning permits, construction works planning permits or construction permits. Commercial banks are also prohibited from accepting commercial premises that have been vacant for more than three years as collateral for loans. In principle, real-estate development loans provided by commercial banks should only be used for the projects where the commercial banks are located. Commercial banks may not provide loans to property developers to finance the payment of land premium.

On December 5, 2007, the PBOC and CBRC jointly issued the Supplemental Circular on Strengthening the Management of Commercial Real-estate Credit Loans (關於加強商業性房地產信貸管理的補充通知), which clarifies that the times of property mortgage loans should be calculated on a family basis, including the borrower and his spouse and minor child.

In July 2008, PBOC and CBRC jointly issued the Notice on Financially Promoting the Saving and Intensification of Use of Land (關於金融促進節約集約用地的通知), requiring that relevant financial institutions to strengthen the administration of construction land project loans, including the administration of commercial real estate credit loan.

On October 22, 2008, PBOC promulgated the Notice on Several Issues Regarding the Expansion of Downward Floating Interest Rate for Commercial Individual Housing Loans (關於擴大商業性個人住房貸款利率下浮幅度等有關問題的通知), which provides that, effective October 27, 2008, the float-down range for interest rate for individual mortgage loans is expanded and the ratio of down payments is be adjusted. As a result, the minimum interest rate for individual mortgage loans is 70% of the benchmark loan interest rate and the minimum down payment ratio is adjusted to 20%.

In December 2008, the General Office of the State Council issued the Opinion on Promoting the Healthy Development of Real Estate Market (國務院辦公廳關於促進房地產市場健康發展的若干意見). The opinion provides that in order to expand domestic demand and encourage purchase of ordinary residential housing, residents who purchase ordinary self-occupied housing for the first-time by borrowing a mortgage loan shall enjoy preferential policies in relation to loan interest rates and down payment. For residents who have already borrowed a mortgage loan and purchased self-occupied housing for the first-time, if the GFA per person of that first housing is lower than the local average, such residents may still enjoy the preferential policies in relation to loan interest rates and down payment when they purchase a second self-occupied house. For any other application on mortgage loans for purchasing a second or subsequent housing unit, the interest rate shall be determined by the commercial banks based on the benchmark interest rate and their banks' risk assessments.

According to an opinion on Adjusting the Portion of Capital for Fixed Assets Investment (國務院關於調整固定資產投資項目資本金比例的通知) issued by the State Council in May 2009, the capital ratio for protected housing projects and ordinary commodity housing projects is adjusted from 35% to 20%, and the capital ratio for other property is adjusted from 35% to 30%. Financial institutions shall decide based on the capital ratio adjustments whether or not to issue loans to real estate companies.

The General Office of the State Council issued the Circular on Accelerating the Stable and Smooth Development of Real Estate Market (關於促進房地產市場平穩健康發展的通知) on January 7, 2010. The Circular reinforces the enforcement of differentiated credit policy. In addition to continuing to support the first-time purchase of common housing with loans, the government strengthens the administration for the second housing bought with loans. It provides that the down payment for the second housing bought with loans shall not be less than 40% of the total price. The interest rate will be adjusted based on risk pricings.

On April 17, 2010, the State Council issued the "Notice on Resolutely Curbing the Rapid Rising of the House Price in Certain Cities" (Guofa (2010) No. 10) (國務院關於堅決遏制部分城市房價過快上漲的通知) which stipulated that down payment for the first property that is larger than 90 sq. m. shall not be less than 30% of the purchase price; down payment for the second property bought with mortgage loans shall be not less than 50% of the purchase price and the loan interest rate shall be not less than 1.1 times the benchmark lending rate published by the PBOC. In addition, the down payment and interest rate shall significantly increase for the third or further properties bought with mortgage loans. In certain areas where commodity residential property is in short supply and prices rise too quickly, the banks may suspend granting mortgage loans for the third or further properties bought with mortgage loans or to non-local residents who cannot provide any proof of tax or social insurance payment more than one year.

Three authorities, including the MOHURD, PBOC and CBRC, jointly released the Circular on Regulating the Standards for recognizing the Second House in Commercial Housing Loans for Individuals (關於規範商業性個人住房貸款中第二套住房認定標準的通知Circular) on May 26, 2010, so as to regulate cognition of the second house of applicants for commercial housing loans (hereinafter referred to as the loan applicants). Under the Circular, number of houses owned by a family in the commercial housing loans for individuals shall be calculated according to number of sets of houses which are actually owned by members (including the loan applicant and his/her spouse and under-age children, hereinafter the same) of the family who plans to purchase a house. The Circular also stipulated that house purchasers shall check the house registration records of the family via the house registration system, and shall provide the results in written. The loan applicant shall provide the credit guarantee in written to prove the actual number of houses owned by his/her family.

On September 29, 2010, the PBOC and the CBRC jointly issued the Circular on Issues Concerning Improving Differentiated Housing Loan Policies (關於完善差別化住房信貸政策有關問題的通知), which stipulates that all commercial banks shall suspend issuing housing loans to home buyers whose family members already own two or more housing properties and to non-local residents who cannot provide evidence showing that they have paid taxes or social insurance contribution for more than one year.

On November 2, 2010, the Ministry of Finance, the MOHURD, the CBRC and the PBOC jointly issued the Circular on Issues Concerning Policies on Regulation of Personal Housing Provident Fund Loan (關於規範住房公積金個人住房貸款政策有關問題的通知), which provides that where personal housing provident fund loan is used to buy the first ordinary self-use house and the floor area of the house is no more than 90 sq.m., the down-payment proportion shall not be lower than 20%; where the floor area of the house is more than 90 sq.m., the down-payment proportion shall not be lower than 30%. On January 26, 2011, the State Council issued the Notice Concerning Further Strengthening the Macroeconomic Control of Real Property Market (關於進一步做好房地產市場調控工作有關問題的通知), according to which, the minimum down payment is raised to 60% for second-house purchases with the minimum lending interest rate at 110% of the benchmark rate. See “ — National Legislation.”

Property Management

According to the Catalog of Guidance on Industries for Foreign Investment (外商投資產業指導目錄), property management falls within the category of permitted foreign-invested industries. Before the State Administration for Industry & Commerce (“SAIC”) registers a foreign-invested enterprise as a foreign-invested real estate management enterprise, the foreign-invested real estate management enterprise should obtain an approval from the relevant department of commerce and receive a “foreign-invested enterprise approval certificate.”

According to the Regulation on Real Estate Management (物業管理條例) enacted by the State Council on June 8, 2003 and enforced on September 1, 2003, as amended on August 26, 2007 and effective on October 1, 2007, the state implements a qualification scheme system in monitoring the real estate management enterprises.

According to the Measures for Administration of Qualifications of Real Estate Management Enterprises (物業管理企業資質管理辦法) enacted by the Ministry of Construction on March 17, 2004 and enforced on May 1, 2004, a newly established real estate management enterprise shall, within 30 days of receiving its business license, apply to the applicable local authority for the grant of qualification certificate. The applicable local authority will assess the qualification of the applicant and issue a “real estate management qualification certificate” based on assessment. The Ministry of Construction amended the “Measures for Administration of Qualifications of Real Estate Management Enterprises” on November 26, 2007 and changed its title to Measures for Administration of Qualifications of Real Estate Service Enterprises (物業服務企業資質管理辦法). The amendment removed the requirement of annual inspection of real estate management enterprises and replaced the references to “real estate management enterprises” with references to “real estate service enterprises.”

According to the Measures for the Administration of Qualifications of Real Estate Service Enterprises (物業服務企業資質管理辦法), real estate service enterprise shall be accredited as class one, class two or class three qualification. The Department of Construction of the State Council is responsible for the issuance and administration of the qualification certificate for class one real estate service

enterprises. The competent construction departments of the relevant governments of provinces and autonomous regions are responsible for issuing and administering the qualification certificate for class two real estate service enterprises, and the competent realty departments of the relevant municipal governments directly under the central government are responsible for issuing and administering the qualification certificate for class two and three real estate service enterprises. The competent realty departments of the people's governments of the cities divided into districts shall be responsible for the issuance and administration of the qualification certificate of the class three real estate service enterprises.

The real estate service enterprises with class 1 qualification may undertake various property management projects. The real estate service enterprises with class 2 qualification may provide property management services to residential properties of less than 300,000 sq.m. of GFA and non-residential properties of less than 80,000 sq.m. of GFA. The real estate service enterprises with class 3 qualification may provide property management services to residential properties with less than 200,000 sq.m. of GFA and non-residential properties with less than 50,000 sq.m. of GFA.

According to the "Regulation on Real Estate Management" (物業管理條例), the general meeting of owners in a property can appoint or dismiss the property management service provider with affirmative votes of more than half of the owners who in the aggregate hold more than 50% of the total uncommunal area of the property. Before the formal appointment of a property service enterprise by the general meeting of the owners, a written temporary service contract should be signed by the construction institutions (for example, a developer) and a property service enterprise.

Hotel Development

According to the the Catalog of Guidance on Industries for Foreign Investment (外商投資產業指導目錄), construction and operation of high-end hotels falls within the category of "restricted foreign investment industry." Construction and operation of common and economic hotels other than high-end hotels fall within the category of "permitted foreign investment industry." A foreign-invested enterprise in the hotel business should apply for an approval with the relevant department of commerce, and obtain an approval certification for a foreign-invested enterprise before registering with the administration of industry and commerce.

Hotel developments in China are also subject to regulations governing property development generally, including those relating to land use, project planning and construction. Currently, no dedicated regulator has been designated for the hotel industry in the PRC. The governmental regulation of operation of hotel business is undertaken by different authorities in accordance with the respective business scopes of different hotels.

Supervision on Security and Fire Control

Pursuant to the Measures for the Control of Security in the Hotel Industry (旅館業治安管理办法) issued by the Ministry of Public Security of the PRC and enforced on November 10, 1987, a hotel can start operation only after obtaining an approval from the local public security bureau and being issued a business license. The hotel operators should make a filing with the local public security bureau and its branches in the county or city, if the hotel operators has any material change such as closing, transferring business or merging into other business, changing place of business and name.

Pursuant to the "Provisions on the Administration of Fire Control Safety of State Organs, Organizations, Enterprises and Institutions" (機關、團體、企業、事業單位消防安全管理規定) enacted by the Ministry of Public Security on November 14, 2001 and enforced on May 1, 2002, hotels (or motels) are subject to special regulation in terms of fire control and safety. When a hotel is under construction, renovation or re-construction, a fire control examination procedure is required and when the construction, renovation or re-construction project is completed, a hotel can only open for business after passing a fire control inspection.

Supervision on Public Health

According to relevant regulations and rules in relation to public health, hotels are subject to public health regulation. The operating enterprise should gain the sanitation license. The measures for granting and managing sanitation license are formulated by public health authority of province, autonomous region, and municipality directly under the central government. The sanitation license is signed by the relevant public health administration and the public health and epidemic prevention institutions grant the license. The sanitation license should be reviewed once every two years.

Supervision on Catering

According to the relevant regulations and rules in relation to catering services, hotels operating catering services should obtain catering service permits. Catering service permits are granted by food and drug administrative bodies above county level. The purchase, reserve and processing of food, tableware, and service should meet relevant requirements and standards for catering services.

Insurance

There is no mandatory provision under PRC laws and regulations requiring a property developer to obtain insurance policies for its property developments. Construction companies are required to pay for the insurance premium at their own costs and obtain insurance to cover their liabilities, such as third-party's liability risk, employer's liability risk, risk of non-performance of contract in the course of construction and risks associated with the construction and installation works during the construction period. The requirement for construction companies to obtain insurance coverage for all the aforementioned risks ceases immediately after the completion and acceptance upon inspection of construction.

Foreign Investment in Property Development

The Urban Land Regulations state that foreign entities may acquire land use rights in China unless the law otherwise provides. However, in order to develop the land acquired, foreign investment enterprises in the form of equity or co-operative joint ventures or wholly foreign-owned enterprises must be established.

According to the Interim Provisions on Approving Foreign Investment Project (外商投資項目核准暫行管理辦法) promulgated by NDRC in October 2004, approval of NDRC is required for foreign investment projects with total investment of US\$100 million or more within the category of encouraged or permitted foreign investments and those with total investment of US\$50 million or more within the category of foreign investments subject to restrictions. Other foreign investments in China will require only local approval. Specifically, the local authorities may examine and approve foreign investment projects with total investment less than US\$100 million within the category of encouraged or permitted foreign investments and those with total investment less than US\$50 million within the category of foreign investments subject to restrictions.

Under the Catalog of Guidance on Industries for Foreign Investment (外商投資產業指導目錄) promulgated by MOFCOM and NDRC in October 2007, the development of a whole land lot, namely primary preparation of a land site including infrastructure construction and utility installation, solely by foreign investors, falls within the category of industries in which foreign investment is prohibited, the joint development of a whole land lot with the PRC partners, as well as the construction and operation of high-end hotels, villas, premium office buildings and international conference centers fall within the category of industries in which foreign investment is subject to restrictions, and other real estate development falls within the category of industries in which foreign investment is permitted. Establishment of a foreign investment enterprise engaged in property development, commonly referred to as a "development company", is subject to approval by the relevant departments of China's government in accordance with relevant laws and regulations. To establish a foreign investment enterprise, the joint venture partners must submit a project application report to the central or local development and reform authority for project approval. At the same time, the parties typically proceed to negotiate and execute the joint venture contract and articles of association for the establishment of development company. The project application report, the joint venture contract and/or articles of association shall then be submitted to the central or

local foreign economic and trade authorities in their respective capacities for approval. Having obtained the approval certificate, the foreign investor and/or the domestic party can apply to the relevant industry and commerce authority for a foreign investment enterprise business license for the development company. In addition, all property development companies, including foreign investment enterprises, are also required to apply for a property development enterprise qualification certificate (房地產開發企業資質證書) from the central or local construction authority.

On July 11, 2006, the Ministry of Construction, the MOFCOM, the National Development and Reform Commission, PBOC, SAIC and SAFE jointly promulgated the Opinions on Foreign Investment in Real Estate (關於規範房地產市場外資准入和管理的意見), which states that: (i) an overseas entity or individual investing in real estate in China other than for self-use, shall apply for the establishment of a FIREEs in accordance with applicable PRC laws and shall only conduct operations within the authorized business scope after obtaining the relevant approvals from and registering with the relevant governmental authorities; (ii) the registered capital of a FIREEs with a total investment of US\$10 million or more shall not be less than 50% of its total investment amount, whereas for FIREEs with a total investment of less than US\$10 million, the current rules on registered capital shall apply; (iii) a newly established FIREEs can only obtain an approval certificate and business license which are valid for one year. The approval certificate and business license can be obtained by submitting the land use right certificate to the relevant government departments after the land grant premium for the land has been paid; (iv) an equity transfer of a FIREEs or the transfer of its projects, as well as the acquisition of a domestic real estate enterprise by foreign investors, must first be approved by the commerce authorities. The investor shall submit a letter to the commerce authorities confirming that it will abide with the land grant contract, the construction land planning permit (建設用地規劃許可證) and the construction works planning permit (建設工程規劃許可證). In addition, the investor shall also submit the land use right certificate, the registration of change of investor and evidence from the tax authorities confirming that tax relating to the transfer has been fully paid; (v) foreign investors acquiring a domestic real estate enterprise through an equity transfer, acquiring the Chinese investors' equity interest in an equity joint venture or through any other methods shall pay the purchase price in a lump sum and with its own capital and shall ensure that the enterprise's employees and bank loans are treated and dealt with in accordance with applicable PRC laws; (vi) if the registered capital of a FIREEs is not fully paid up, its land use right certificate has not been obtained or the paid-in capital is less than 35% of the total investment amount of the project, the FIREEs is prohibited from borrowing from any domestic or foreign lenders and SAFE shall not approve the settlement of any foreign loans; (vii) the investors in a FIREEs shall not in any manner stipulate a fixed return clause or equivalent clause in their joint venture contract or in any other documents; (viii) a branch or representative office established by a foreign investor in China (other than a FIREEs), or a foreign individual working or studying in the PRC for more than one year, is permitted to purchase commodity residential properties located in the PRC only for the purpose of self-residence. Residents of Hong Kong, Macau and Taiwan and overseas Chinese may purchase commodity residential properties of a stipulated floor area based on their living requirements in the PRC for self-residence purposes.

In August 2006, the General Office of MOFCOM issued a notice on the implementation of the "Opinion on Standardizing the Admittance and Administration of Foreign Capital in the Real Estate Market" (關於貫徹落實〈關於規範房地產市場外資准入和管理的意見〉有關問題的通知). The notice requires that, the registered capital of a FIREEs shall not be less than 50% of its total investment if its total investment exceeds US\$3.0 million, and the registered capital of a FIREEs shall not be less than 70% of its total investment if its total investment is US\$3.0 million or less.

In May 2007, MOFCOM and SAFE issued the Circular on Strengthening and Regulating the Examination and Approval and Supervision of Foreign Direct Investment in the Real Estate Sector (關於進一步加強、規範外商直接投資房地產業審批和監管的通知) ("Circular 50"). Under Circular 50, prior to applying for establishment of real estate companies, foreign investors must first obtain land use rights and building ownership, or must have entered into pre-sale or pre-grant agreements with respect to the land use rights or building ownership. If foreign-invested enterprises in China engage in real estate development or operations or if FIREEs in China engage in new real estate project developments, they must first apply to the relevant PRC governmental authorities to expand their scope of business or scale of operations in accordance with the PRC laws and regulations related to foreign investments. In addition, the local PRC governmental authorities must file with MOFCOM for record their approvals of establishment of FIREEs,

and must exercise due control over foreign investments in high-end properties. Foreign exchange authorities may not allow capital-account foreign exchange sales and settlements by FIREEs that have been established in contravention of these requirements.

In July 2007, SAFE issued a Notice on the Distribution of the List of the First Group of Foreign Invested Real Estate Projects Filed with MOFCOM (關於下發第一批通過商務部備案的外商投資房地產項目名單的通知) (“Notice 130”), together with a list of FIREEs that had effected their filings with MOFCOM. According to Notice 130, SAFE will no longer process foreign debt registrations or applications by FIREEs for permission to purchase foreign exchange to service their foreign debt if such FIREEs have not obtained their approval certificates from the government before June 1, 2007. As a result of Notice 130, unless the approval certificate of an FIREEs as of May 31, 2007 contained an aggregate investment amount, which includes its registered capital and foreign debt amount, sufficient to permit foreign currency to be injected into its operations in China, such FIREEs effectively will no longer be able to borrow foreign debt including shareholder loans and overseas commercial loans to finance their operations in China. It can only use its capital contributions instead. SAFE further provided in its Notice 130 that it will not process any foreign exchange registration (or change of such registration) or application for settlement of foreign currency under capital account by any FIREEs if it has obtained the relevant approval certificates from local government authorities on or after June 1, 2007 but has not completed its filing with MOFCOM.

In connection with the filing requirement, MOFCOM issued the Notice on the Proper Filings of Foreign Investment in the Real Estate Sector (關於做好外商投資房地產業備案工作的通知) in June 2008 to authorize the competent MOFCOM at the provincial level to verify and check the filing documents.

On April 6, 2010, the State Council issued the Opinions on Further Enhancing the Utilization of Foreign Investment (關於進一步做好利用外資工作的若干意見), which provides that, the projects with total investment (including capital increase) less than US\$300 million within the category of industries in which foreign investment is encouraged or permitted as listed in the Catalog of Guidance on Industries for Foreign Investment, may be approved by local governments, except for those required to be approved by relevant departments of the State Council under the Catalogue of Investment Projects Approved by the Government (政府核准的投資項目目錄).

On May 4, 2010, the National Development and Reform Commission (NDRC) issued the Circular on Doing a Good Job in Delegating the Power to Verify Foreign-invested Projects (關於做好外商投資項目下放核准權限工作的通知, Circular), specifying that the power to verify foreign-invested projects shall be delegated and project verification procedures shall be simplified.

Under the Circular, projects set out in the Guideline Catalogue of Foreign-invested Industries that are encouraged or permitted by the state with total investment (including additional capital) of US\$300,000,000 or less shall, other than those that should be verified by relevant departments under the State Council in accordance with the Catalogue of Investment Projects Approved by the Government, be verified by the development and reform commission at the provincial level.

The Circular specifies that, after the power to verify is delegated, project application reports, content, conditions and procedure of verification shall still be determined in accordance with the Tentative Administrative Measures for Verification of Foreign-invested Projects. The power to verify projects restricted by the state as set out in the Guideline Catalogue of Foreign-invested Industries is not to be delegated for the time being.

On June 10, 2010, MOFCOM released the Circular on Issues Concerning Delegating the Examination and Approval Authority for the Foreign Investment ((關於下放外商投資審批權限有關問題的通知) Circular). Under the Circular, local authorities shall examine and approve and administrate the establishment and replacement of foreign-invested enterprises which are subject to the encouraged and permitted catalogues of the Guiding Catalogues of Foreign-invested Industries and with a total investment volume valued at US\$300 million and those which are subject to the restricted catalogues and with a total investment volume valued at US\$50 million.

The Circular stipulated that establishment and replacement of foreign-invested enterprises whose registered capital is lower than 300 million US dollars and the foreign-invested venture capital enterprises and foreign-invested venture capital management enterprises whose total capital is lower than 300 million US dollars shall be examined and approved and administrated by local authorities.

On November 22, 2010, MOFCOM promulgated the Notice on Strengthening Administration of the Approval and Registration of Foreign Investment into Real Estate Industry (關於加強外商投資房地產業審批備案管理的通知), which provides that, among other things, in the case that a real estate enterprise is established in China with overseas capital, it is prohibited to purchase and/or sell real estate properties completed or under construction for arbitrage purposes. The local MOFCOM authorities are not permitted to approve investment companies to engage in the real estate development and management.

Foreign Exchange Controls

The lawful currency of the PRC is the Renminbi, which is subject to foreign exchange controls and is not freely convertible into foreign exchange at this time. SAFE, under the authority of the PBOC, is empowered with the functions of administering all matters relating to foreign exchange, including the enforcement of foreign exchange control regulations.

Prior to December 31, 1993, a quota system was used for the management of foreign currency. Any enterprise requiring foreign currency was required to obtain a quota from the local SAFE office before it could convert Renminbi into foreign currency through the Bank of China (中國銀行) or other designated banks. Such conversion had to be effected at the official rate prescribed by SAFE on a daily basis. Renminbi could also be converted into foreign currency at swap centers. The exchange rates used by swap centers were largely determined by the demand for, and supply of, the foreign currency and the Renminbi requirements of enterprises in the PRC. Any enterprise that wished to buy or sell foreign currency at a swap center had to obtain the prior approval of the SAFE (國家外匯管理局).

On December 28, 1993, PBOC, under the authority of the State Council (國務院), promulgated the Notice of the PBOC Concerning Further Reform of the Foreign Currency Control System (中國人民銀行關於進一步改革外匯管理體制的公告), effective from January 1, 1994. The notice announced the abolition of the foreign exchange quota system, the implementation of conditional convertibility of Renminbi in current account items, the establishment of the system of settlement and payment of foreign exchange by banks, and the unification of the official Renminbi exchange rate and the market rate for Renminbi established at swap centers. On March 26, 1994, the PBOC promulgated the Provisional Regulations for the Administration of Settlement, Sale and Payment of Foreign Exchange (結匯、售匯及付匯暫行管理規定) (the “Provisional Regulations”), which set out detailed provisions regulating the trading of foreign exchange by enterprises, economic organizations and social organizations in the PRC.

On January 1, 1994, the former dual exchange rate system for Renminbi was abolished and replaced by a controlled floating exchange rate system, which is determined by demand and supply of Renminbi. Pursuant to such systems, the PBOC sets and publishes the daily Renminbi-US dollar exchange rate. Such exchange rate is determined with reference to the transaction price for Renminbi-US dollar in the inter-bank foreign exchange market on the previous day. Also, the PBOC, with reference to exchange rates in the international foreign exchange market, announced the exchange rates of Renminbi against other major foreign currencies. In foreign exchange transactions, designated foreign exchange banks may, within a specified range, freely determine the applicable exchange rate in accordance with the rate announced by the PBOC.

On January 29, 1996, the State Council promulgated Regulations for the control of Foreign Exchange (中華人民共和國外匯管理條例) (“Control of Foreign Exchange Regulations”) which became effective from April 1, 1996. The Control of Foreign Exchange Regulations classify all international payments and transfers into current account items and capital account items. Current account items are no longer subject to SAFE approval while capital account items still are. The Control of Foreign Exchange Regulations were subsequently amended on January 14, 1997 and on August 5, 2008. Such amendment affirms that the State shall not restrict international current account payments and transfers.

On June 20, 1996, PBOC promulgated the Regulations for Administration of Settlement, Sale and Payment of Foreign Exchange (結匯、售匯及付匯管理規定) (the “Settlement Regulations”) which became effective on July 1, 1996. The Settlement Regulations superseded the Provisional Regulations and abolished the remaining restrictions on convertibility of foreign exchange in respect of current account items while retaining the existing restrictions on foreign exchange transactions in respect of capital account items. On the basis of the Settlement Regulations, the PBOC published the Announcement on the Implementation of Foreign Exchange Settlement and Sale Banks by Foreign-invested Enterprises (外商投資企業實行銀行結售匯工作實施方案). The announcement permits foreign-invested enterprises to open, on the basis of their needs, foreign exchange settlement accounts for current account receipts and payments of foreign exchange, and specialized accounts for capital account receipts and payments at designated foreign exchange banks.

On October 25, 1998, PBOC and SAFE promulgated the Notice Concerning the Discontinuance of Foreign Exchange Swapping Business (關於停辦外匯調劑業務的通知) pursuant to which and with effect from December 1, 1998, all foreign exchange swapping business in the PRC for foreign-invested enterprises shall be discontinued, while the trading of foreign exchange by foreign-invested enterprises shall be regulated under the system for the settlement and sale of foreign exchange applicable to banks.

On July 21, 2005, the PBOC announced that, beginning from July 21, 2005, China will implement a regulated and managed floating exchange rate system based on market supply and demand and by reference to a basket of currencies. The Renminbi exchange rate is no longer pegged to the US dollar. The PBOC will announce the closing price of a foreign currency such as the US dollar traded against the Renminbi in the inter-bank foreign exchange market after the closing of the market on each business day, setting the central parity for trading of the Renminbi on the following business day.

Save for foreign-invested enterprises or other enterprises which are specially exempted by relevant regulations, all entities in China (except for foreign trading companies and production enterprises having import and export rights, which are entitled to retain part of foreign exchange income generated from their current account transactions and to make payments using such retained foreign exchanges in their current account transactions or approved capital account transactions) must sell their foreign exchange income to designated foreign exchange banks. Foreign exchange income from loans issued by organizations outside the territory or from the issuance of bonds and shares is not required to be sold to designated banks, but may be deposited in foreign exchange accounts with designated banks.

Enterprises in China (including foreign-invested enterprises) which require foreign exchange for transactions relating to current account items, may, without the approval of SAFE, effect payment from their foreign exchange account or convert and pay at the designated foreign exchange banks, upon presentation of valid receipts and proof. Foreign-invested enterprises which need foreign currencies for the distribution of profits to their shareholders, and Chinese enterprises which, in accordance with regulations, are required to pay dividends to shareholders in foreign currencies, may with the approval of board resolutions on the distribution of profits, effect payment from their foreign exchange account or convert and pay at the designated foreign exchange banks.

Convertibility of foreign exchange in respect of capital account items, like direct investment and capital contribution, is still subject to restriction, and prior approval from SAFE or its competent branch.

In January and April 2005, SAFE issued two regulations that require PRC residents to register with and receive approvals from SAFE in connection with their offshore investment activities. SAFE also announced that the purpose of these regulations is to achieve the proper balance of foreign exchange and the standardization of all cross-border flows of funds.

The Control of Foreign Exchange Regulations was amended by the State Council on August 1, 2008 and came effective on August 5, 2008. Under the revised Control of Foreign Exchange Regulations, the compulsory settlement of foreign exchange is dropped. As long as the capital inflow and outflow under the current accounts are based upon real and legal transactions, individuals and entities may keep their income in foreign currencies inside or outside China according to the provisions and terms to be set forth by the SAFE. The foreign exchange income generated from current account transactions may be retained or sold to financial institutions engaged in foreign currency settlement and exchange. Whether to retain or sell the foreign exchange income generated from capital account transactions to financial institutions is subject to

approvals from the SAFE or its branches, except for otherwise stipulated by the State. Foreign exchange or settled Renminbi of capital account must be used in the way as approved by the SAFE or its branches, and the SAFE or its branches are empowered to supervise the utility of the foreign exchange or settled Renminbi of capital account and the alterations of the capital accounts. The Renminbi follows a managed floating exchange rate in line with the market demand and supply. A domestic individual or entity who conducts the overseas direct investment or overseas issue and transaction of negotiable securities and derivative financial products shall file with competent authorities of the PRC. Furthermore, such individual or entity shall apply for the approval on such investment, issue or transaction form relevant authorities prior to the filing if otherwise required by relevant PRC laws and regulations.

On August 29, 2008, the General Affairs Department of SAFE issued a Notice with Regard to the Issue of Administration of Settlement of Foreign Currency Capital of Foreign Investment Enterprises (國家外匯管理局綜合司關於完善外商投資企業外匯資本金支付結匯管理有關業務操作問題的通知). This notice further regulates the administration of settlement of foreign currency capital of foreign investment enterprises within the PRC.

According to the notice, prior to applying for settlement of foreign currency capital with designated banks, foreign investment enterprises must undergo capital verification by an accountancy firm. The designated banks should not engage in settlement of foreign currency capital for enterprises that have not completed the process of capital verification. Furthermore, the total amount of foreign exchange settled by a designated bank for a foreign investment enterprise should not exceed the total capital audited. The designated banks must comply with the SAFE administration rules of settlement based on actual payment when engaging in foreign currency capital settlement with foreign investment enterprises.

Funds in Renminbi obtained by foreign investment enterprises through foreign currency capital settlement may only be used within the business scope approved by the government authorities. Furthermore, such funds shall not be used for equity investments within the PRC unless otherwise stipulated. Except for foreign-invested real estate enterprises, foreign investment enterprises may not use funds in Renminbi obtained through foreign currency capital settlement to purchase real estate for any purposes other than its own occupancy. Should a foreign investment enterprise wish to use funds in Renminbi obtained through foreign currency capital settlement to purchase securities, it must act in compliance with the relevant PRC regulations. Any transfer of funds for the sake of equity investment in the PRC by foreign-invested investment enterprises approved by the MOFCOM must first undergo examination and approval by the SAFE, or its local branches. Any profits obtained by PRC entities or individuals through the sale of equities or interests in PRC enterprises to foreign investors must be conducted through an account reserved exclusively for foreign exchange. The opening of such account, and any related transferral of funds, must undergo examination and approval by the local branches of SAFE as provided by the relevant regulations.

On October 21, 2005, SAFE issued the Notice on Issues Relating to the Administration of Foreign Exchange in Fund-raising and Reverse Investment Activities of Domestic Residents Conducted via Offshore Special Purpose Companies (關於境內居民通過境外特殊目的公司融資及返程投資外匯管理有關問題的通知) which became effective as at November 1, 2005. The notice replaced the two regulations issued by SAFE in January and April 2005 mentioned above. According to the notice, “special purpose company” (特殊目的公司) refers to the offshore company established or indirectly controlled by the PRC residents for the special purpose of carrying out financing of their assets or equity interest in PRC domestic enterprise. Prior to the establishing or assuming control of such special purpose company, each PRC resident, whether a natural or legal person, must complete the overseas investment foreign exchange registration procedures with the relevant local SAFE branch. The notice applies retroactively. As a result, PRC residents who have established or acquired control of such offshore companies that have made onshore investments in the PRC in the past are required to complete the relevant overseas investment foreign exchange registration procedures by March 31, 2006. In addition, any PRC resident who is the shareholder of an offshore special purpose company is required to update its SAFE registration with the local SAFE branch with respect to that offshore special purpose company in connection with any increase or decrease of capital, transfer of shares, merger, division, equity investment or creation of any security interest over any assets located in the PRC.

On September 1, 2006, the Ministry of Construction and SAFE promulgated the Circular on the Issues Concerning the Regulation of Foreign Exchange Administration of the Real Estate Market (關於規範房地產市場外匯有關問題的通知). This circular states that: (i) where foreign exchange is remitted for a real estate purchase, the foreign purchaser shall be subject to examination by the designated foreign exchange bank. The remitted funds shall be directly remitted by the bank to the RMB account of the real estate development enterprise and no payment remitted from abroad by the purchasers shall be kept in the foreign exchange current account of the real estate development enterprises; (ii) where the real estate purchase fails to complete and the foreign purchaser intends to remit the purchase price in RMB back to foreign currencies, the foreign purchaser shall be subject to examination by the designated foreign exchange bank; (iii) when selling real estates in China and the purchase price received in RMB is remitted to foreign currencies, the foreign purchaser shall be subject to examination by the local branch of SAFE; and (iv) if the registered capital of a FIREEs is not fully paid up, its land use right certificate has not been obtained or the paid-in capital is less than 35% of the total investment amount of the project, the FIREEs is prohibited from borrowing from any domestic or foreign lenders and SAFE shall not approve the settlement of any foreign loans.

Taxation in China

Income Tax

Prior to the 2008 Tax Law (中華人民共和國企業所得稅法) and its implementation rules that became effective on January 1, 2008, our PRC subsidiaries and joint ventures were generally subject to a 33% corporate income tax. Under the new income tax law, effective from January 1, 2008, a unified enterprise income tax rate is set at 25% for both domestic enterprises and foreign-invested enterprises. The 2008 Tax Law and its implementation rules provide certain relieves to enterprises that were established prior to March 16, 2007, including (1) continuously enjoying the preferential income tax rate during a five-year transition period if such enterprises are entitled to preferential income tax rate before the effectiveness of new Enterprises Income Tax Law; (2) continuously enjoying the preferential income tax rate until its expiry if such enterprises are entitled to tax holidays for a fixed period under the relevant laws and regulations. However, where the preferential tax treatment has not commenced due to losses or accumulated loss not being fully offset, such preferential tax treatment shall be deemed to commence from January 1, 2008 and expire on December 31, 2013. In addition, dividends from PRC subsidiaries to their foreign shareholders will be subject to a withholding tax at a rate of 10% unless any lower treaty rate is applicable. However, under the new tax law and its implementation rules, enterprises established under the laws of foreign jurisdictions but whose “de facto management body” is located in China are treated as “resident enterprises” for PRC tax purposes, and will be subject to PRC income tax on their worldwide income. Under the implementation rules of the new Enterprise Income Law, “de facto management bodies” is defined as the bodies that have material and overall management control over the business, personnel, accounts and properties of an enterprise. Because this tax law is new and its implementation rules are newly issued, there is uncertainty as to how this new law and its implementation rules will be interpreted or implemented by relevant tax bureaus.

Business Tax

Business tax is payable in respect of certain business activities in China as set out in the Provisional Regulations Concerning Business Tax (中華人民共和國營業稅暫行條例), which was promulgated in 1994 and amended in 2008. The activities to which the business tax applies include construction, leases and sales of real estate properties in China. The tax is a turnover tax charged on gross revenue. No deduction of the tax incurred on purchased services or materials is allowed. However, deductions from gross revenue are allowed for subcontracting fees paid among the transportation, tourism and construction industries. The rate of business tax payable for property sale and leasing transactions is 5% of the proceeds from the sale or leasing of real estate/immovable properties in China.

In December 2009, the Ministry of Finance and the State Administration of Taxation jointly issued the Notice on Adjusting the Policy of Business Tax on Re-sale of Personal Residential Properties (關於調整個人住房轉讓營業稅政策的通知) to curtail speculations in the property market in response to the property price rises across the country. Pursuant to the Notice, effective from January 1, 2010, business tax will be imposed on the full amount of the sale income upon the transfer of non-ordinary residence by an individual within five years, from the purchase date. For the transfer of non-ordinary residence which is more than

five years from the purchase date and ordinary residence which is within five years of the purchase date, the business tax is to be levied on the difference between the sale income and the purchase prices. In the case of an ordinary residence, the business tax is exempted if that transfer occurs after five years from the purchase date.

In January 27, 2011, the Ministry of Finance and the State Administration of Taxation jointly issued the Notice on Adjusting the Policy of Business Tax on Re-sale of Personal Residential Properties (關於調整個人住房轉讓營業稅政策的通知), under which business tax is imposed on (i) the full amount of the transfer price upon the transfer of any residential property by an individual owner within five years from such individual owner's purchase and (ii) the difference between the transfer price and the original purchase price upon the transfer of any non-ordinary residential property by an individual owner more than five years from such individual owner's purchase. Business tax is exempted for ordinary residential properties if the transfer occurs after five years from the individual owner's purchase.

Land Appreciation Tax

Under the PRC Tentative Regulations on Land Appreciation Tax (中華人民共和國土地增值稅暫行條例) of 1994 and its implementation rules of 1995, LAT applies to both domestic and foreign investors in real properties in mainland China, irrespective of whether they are corporate entities or individuals. The tax is payable by a taxpayer on the appreciation value derived from the transfer of land use rights, buildings or other facilities on such land, after deducting the "deductible items" that include the following:

- Payment made to acquire land use rights;
- Costs and charges incurred in connection with land development;
- Construction costs and charges in the case of newly constructed buildings and facilities;
- Assessed value in the case of old buildings and facilities;
- Taxes paid or payable in connection with the transfer of land use rights, buildings or other facilities on such land; and
- Other items allowed by the Ministry of finance.

The tax rate is separated into four categories of progressive tax rates, ranging from 30% to 60% of the appreciation value as compared to the "deductible items" as follows:

<u>Appreciation value</u>	<u>LAT rate</u>
Portion not exceeding 50% of deductible items	30%
Portion over 50% but not more than 100% of deductible items	40%
Portion over 100% but not more than 200% of deductible items	50%
Portion over 200% of deductible items	60%

Exemption from LAT is available to the following cases:

- Taxpayers constructing ordinary residential properties for sale (i.e. the residences built in accordance with the local standard for general civilian used residential properties, excluding deluxe apartments, houses, resorts etc.), where the appreciation amount does not exceed 20% of the sum of deductible items;
- Real estate taken over and repossessed according to laws due to the construction requirements of the state;
- Due to redeployment of work or improvement of living standard, transfers by individuals of originally self-used residential properties, with five years or longer of self-used residence and with tax authorities' approval.

According to the requirements of the Land Appreciation Tax Provisional Regulations, the Land Appreciation Tax Detailed Implementation Rules and the Notice on the Levy and Exemption of Land Appreciation Tax for Development and Transfer Contracts Signed before January 1, 1994 (關於對1994年1月1日前簽訂開發及轉讓合同的房地產徵免土地增值稅的通知) issued by the Ministry of Finance in January 1995, the LAT regulation does not apply to the following transfers of land use rights:

- Real estate transfer contracts executed before January 1, 1994; and
- First time transfers of land use rights and/or premises and buildings during the five years commencing on January 1, 1994 if the real estate development contracts were executed or the development projects were approved before January 1, 1994 and the capital has been injected for the development in compliance with the relevant regulations.

On December 24, 1999, the Ministry of Finance and the State Administration of Taxation issued the Notice in Respect of the Extension of the Period for the Land Appreciation Tax Exemption Policy (關於土地增值稅優惠政策延期的通知) that extended the period for the Land Appreciation Tax exemption policy as mentioned above to the end of 2000.

After the enactment of the LAT regulations and the implementation rules in 1994 and 1995 respectively, due to the long period of time typically required for real estate developments and their transfers, many jurisdictions, while implementing these regulations and rules, did not require real estate development enterprises to declare and pay the LAT as they did other taxes. Therefore, in order to assist the local tax authorities in the collection of LAT, the Ministry of Finance, State Administration of Taxation, Ministry of Construction and State Land Administration Bureau (the predecessor of MLR) separately and jointly issued several notices to reiterate that, after the assignments are signed, the taxpayers should declare the tax to the local tax authorities where the real estate is located, and pay the LAT in accordance with the amount as calculated by the tax authority and within the time period as required. For those who fail to acquire proof as regards the tax paid or the tax exemption from the tax authorities, the real estate administration authority will not process the relevant title change procedures, and will not issue the property ownership title certificates.

The State Administration of Taxation issued a further notice, namely, the Notice on Careful Management Work of LAT Collection (關於認真做好土地增值稅徵收管理工作的通知) in July 2002 to require local tax authorities to require prepayment of LAT on basis of proceeds from pre-sale of real estate. This requirement is restated in the Notice of State on Further Strengthening of Administration Work in Relation to the Collection of Land Appreciation Tax and Land Use Tax in Cities and Towns (國家稅務總局關於進一步加強城鎮土地使用稅和土地增值稅徵收管理工作的通知) issued on August 5, 2004 by the State Administration of Taxation.

On December 28, 2006, the State Administration of Taxation promulgated the “Circular Concerning the Settlement of the LAT Imposed on Real Property Developers” (關於房地產開發企業土地增值稅清算管理有關問題的通知, the “Circular”), effective from February 1, 2007.

LAT must be paid if a project meets any of the following requirements:

- The property development project has been completed and sold out;
- The entire uncompleted and unsettled development project is transferred; or
- The land-use right of the relevant project is transferred.

In addition, the competent tax departments may require a property developer to settle the LAT in any of the following circumstances:

- For completed property development projects, the transferred GFA represents more than 85% of the total saleable GFA, or the proportion represented is less than 85%, the remaining saleable GFA has been leased out or used by the developer;
- The project has not been sold out for more than three years after obtaining the sale or pre-sale permits;

- The developer applies for cancellation of the tax registration without having settled the LAT; or
- Other conditions stipulated by the provincial tax departments.

The tax bureaus at the provincial level will, taking account of the local practical conditions, stipulate specific rules or measures on the management of the LAT settlement in accordance with the Circular.

The State Administration of Taxation issued the Administrative Rules for the Liquidation of Land Appreciation Tax (關於印發〈土地增值稅清算管理規程〉的通知) effective from June 1, 2009. The State Administration of Taxation reiterated the above requirements in the new rules.

On May 19, 2010, the State Administration of Taxation (SAT) has issued the Circular on Issues Concerning Settlement of Land Value-added Tax ((關於土地增值稅清算有關問題的通知) the Circular) which clarifies the revenue recognition in the settlement of land value-added tax and other relevant issues. According to the Circular, in the settlement of land value-added tax, if the sales invoices of commodity houses are issued in full, the revenue shall be recognized based on the amount indicated in the invoices; if the sales invoices of commodity houses are not issued or are issued in part, the revenue shall be recognized based on the purchase price indicated in the sales contract as well as other income. If the area of a commodity house specified in a sales contract is inconsistent with the result obtained by the relevant authorities after on-site survey and the purchase price is made up or returned before the settlement of land value-added tax, adjustments shall be made in the calculation of land value-added tax. The Circular provides that the deed tax paid by a real estate development enterprise for land use right shall be treated as the “relevant fees paid in accordance with the uniform regulations of the state” and be deducted from the “amount paid for land use right.”

On May 25, 2010, the State Administration of Taxation (SAT) published the Circular on Strengthening the Collection and Administration of Land Value Increment Tax (關於加強土地增值稅徵管工作的通知, “Circular”) to require all local government to scientifically formulate the tax ratio and strengthen the pre-tax of land value increment tax. According to the Circular, all local government shall made adjustments to the current pre-tax ratio. In addition to safeguarding housing, the pre-tax ratio of provinces in the eastern region shall not be lower than 2%, while the provinces in middle and northeastern region shall not be lower than 1.5% and the provinces in western region shall not be lower than 1%; and the local government shall determine the pre-tax ratio applicable to different types of real estate.

Urban Land Use Tax

Pursuant to the Tentative Regulations of the People’s Republic of China on Land Use Tax in respect of Urban Land (中華人民共和國城鎮土地使用稅暫行條例) promulgated by the State Council in September 1988, the land use tax in respect of urban land is levied according to the area of relevant land. The annual tax on urban land is between RMB0.2 and RMB10.0 per square meter. The Tentative Regulations of the People’s Republic of China on Land Use Tax (中華人民共和國城鎮土地使用稅暫行條例) were revised by the State Council on December 31, 2006. As of January 1, 2007, the annual tax on every square meter of urban land shall be between RMB0.6 and RMB30.0.

Stamp Duty

Under the Tentative Regulations of the People’s Republic of China on Stamp Duty (中華人民共和國印花稅暫行條例) promulgated by the State Council in August 1988, for building property transfer instruments, including those in respect of property ownership transfer, the duty rate is 0.05% of the amount stated therein; for permits and certificates relating to rights, including real estate title certificates and land use rights certificates, stamp duty is levied on an item-by-item basis of RMB5.0 per item.

Deed Tax

Under the PRC Tentative Regulations on Deed Tax (中華人民共和國契稅暫行條例), a deed tax is chargeable to transferees of land use rights and/or ownership in real properties within the territory of mainland China. These taxable transfers include:

- Grant of use right of state-owned land;

- Sale, gift and exchange of land use rights, other than transfer of right to manage rural collective land; and
- Sale, gift and exchange of real properties.

Deed tax rate is from 3% to 5% subject to determination by local governments at the provincial level in light of the local conditions.

On September 29, 2010, the State Administration of Taxation, the Ministry of Finance and the MOHURD issued the Circular on Adjustments to Policies on Preferential Deed Tax and Individual Income Tax on Real Estate Deals (關於調整房地產交易環節契稅個人所得稅優惠政策的通知), which provides that where an individual purchases a common house which is the sole house for his/her family (the family members include the purchaser, his/her spouse and minor child(children), same below) to live in, deed tax thereon shall be levied at a reduced half rate. Where an individual purchases a common house of 90 sq.m. or less, which is the sole house for his/her family to live in, the deed tax shall be reduced and levied at the rate of 1%. The tax authority shall inquire about the deed tax payment record of a taxpayer. In respect of individual purchase of common houses that fails to satisfy the above provisions, no preferential tax policies set out above may be enjoyed.

Property Tax

Under the Tentative Regulations of the People's Republic of China on Property Tax (中華人民共和國房產稅暫行條例) promulgated by the State Council in September 1986, property tax is 1.2% if it is calculated on the basis of the residual value of a building and 12% if it is calculated on the basis of the rental.

The State Council recently approved, on a trial basis, the launch of a new property tax scheme in selected cities. The detailed measures will be formulated by the governments of the pilot provinces, autonomous regions or municipalities directly under the central government. On January 27, 2011, the governments of Shanghai and Chongqing issued their respective measures for implementing pilot property tax schemes, which became effective on January 28, 2011. Under the Shanghai Interim Rules of the Trial in Levy of Property Tax on Certain Houses (上海市開展對部分個人住房徵收房產稅試點的暫行辦法), among other things, (i) starting on January 28, 2011, Shanghai shall, on a trial basis, levy property taxes on a newly bought second or succeeding house in Shanghai which is purchased by a local resident family and each newly bought house in Shanghai which is purchased by a non-local resident family; (ii) the applicable rate of the property tax is 0.4% or 0.6%, subject to specified circumstances; and (iii) the property tax shall be temporarily payable on the basis of 70% of the transaction value of the taxable house. Moreover, the Shanghai property tax rule provides several measures for tax deduction or exemption, including the rule that if a local resident family's GFA per capita, calculated on the basis of the consolidated living space (including the newly bought house) owned by such family, is not more than 60 sq.m., such family is temporarily exempted from property tax when purchasing a second house or more after January 28, 2011 in Shanghai. Under the measures issued by the Chongqing government, property tax will be imposed on (i) stand-alone residential properties (such as villas) owned by individuals, (ii) high-end residential properties purchased by individuals on or after January 28, 2011, the purchase prices per square meter of which are two or more times of the average price of new residential properties developed within the nine major districts of Chongqing in the last two years and (iii) the second or further ordinary residential properties purchased on or after January 28, 2011 by non-resident individuals who are not employed in and do not own an enterprise in Chongqing, at rates ranging from 0.5% to 1.2% of the purchase price of the property. These two governments may issue additional measures to tighten the levy of property tax. It is also expected that more local governments will follow Shanghai and Chongqing to impose property tax on commodity properties.

Municipal Maintenance Tax

Under the Tentative Regulations of the People's Republic of China on Municipal Maintenance Tax (中華人民共和國城市維護建設稅暫行條例) promulgated by the State Council in 1985, taxpayer, whether an individual or otherwise, of product tax, value-added tax or business tax are required to pay municipal maintenance tax. The tax rate is 7% for a taxpayer whose domicile is in an urban area, 5% for a taxpayer whose domicile is in a county or a town, and 1% for a taxpayer whose domicile is not in any urban area or

county or town. Under the Circular Concerning Temporary Exemption from Municipal Maintenance Tax and Education Surcharge for Enterprises with Foreign Investment and Foreign Enterprises (關於外商投資企業和外國企業暫不徵收城市維護建設稅和教育費附加的通知) issued by the State Administration of Taxation on February 25, 1994, the municipal maintenance tax is not applicable to enterprises with foreign investment for the time being, until further explicit stipulations are issued by the State Council.

On October 18, 2010, the State Council issued the Circular on Unifying the System of Urban Maintenance and Construction Tax and Education Surcharge Paid by Domestic and Foreign-invested Enterprises and Individuals (國務院關於統一內外資企業和個人城市維護建設稅和教育費附加制度的通知), which provides that from December 1, 2010, the regulations on urban maintenance and construction tax promulgated in 1985 shall be applicable to foreign-invested enterprises, foreign enterprises and individual foreigners. Laws, regulations, rules and policies on urban maintenance and construction tax promulgated by the State Council and the finance and tax competent authorities under the State Council since 1985 shall be also applicable to foreign-invested enterprises, foreign enterprises and individual foreigners.

Education Surcharge

Under the Tentative Provisions on Imposition of Education Surcharge (徵收教育費附加的暫行規定) promulgated by the State Council in April 1986 and revised by the State Council in June 1990 and August 2005, any taxpayer, whether an individual or otherwise, of value-added tax, business tax or consumption tax is liable for an education surcharge, unless such taxpayer is required to pay a rural area education surcharge as provided by the Notice of the State Council on Raising Funds for Schools in Rural Areas (國務院關於籌措農村學校辦學經費的通知). Under the Circular Concerning Temporary Exemption from Municipal Maintenance Tax and Education Surcharge For Enterprises with Foreign Investment and Foreign Enterprises (關於外商投資企業和外國企業暫不徵收城市維護建設稅和教育費附加的通知) issued by the State Administration of Taxation on February 25, 1994 and the Supplementary Circular Concerning Imposition Of Education Surcharge (國務院關於教育費附加徵收問題的補充通知) issued by the State Council on October 12, 1994, the education surcharge is not applicable to enterprises with foreign investment for the time being.

On October 18, 2010, the State Council issued the Circular on Unifying the System of Urban Maintenance and Construction Tax and Education Surcharge Paid by Domestic and Foreign-invested Enterprises and Individuals (國務院關於統一內外資企業和個人城市維護建設稅和教育費附加制度的通知), which provides that from December 1, 2010, the rules on education surcharge promulgated in 1986 shall be applicable to foreign-invested enterprises, foreign enterprises and individual foreigners. Laws, regulations, rules and policies on education surcharge promulgated by the State Council and the finance and tax competent authorities under the State Council since 1986 shall be also applicable to foreign-invested enterprises, foreign enterprises and individual foreigners.

MANAGEMENT

The following table sets forth certain information with respect to our directors and senior management as of December 31, 2010.

Name	Age	Position
Kong Jian Min	43	Chairman and Executive Director
Kong Jian Tao	40	Chief Executive Officer and Executive Director
Kong Jian Nan	45	Executive vice president and Executive Director
Li Jian Ming	44	Executive Director
Tsui Kam Tim	42	Executive Director, Chief Financial Officer and Company Secretary
He Wei Zhi	43	Executive Director
Yu Yao Sheng	49	Executive Director
Lee Ka Sze, Carmelo	50	Independent non-executive director and a member of audit committee
Dai Feng	69	Independent non-executive director, a member of audit committee and a member of remuneration committee
Tam Chun Fai	48	Independent non-executive director, chairman of audit committee and a member of remuneration committee

Executive Directors

Kong Jian Min, aged 43, is the founder of the Group, an executive director and the Chairman of the Company. Mr. Kong is primarily responsible for the formulation of our development strategies, as well as supervising our project planning, business operation and sales and marketing. Mr. Kong graduated from Jinan University majoring in computer science in 1989. Mr. Kong has over 16 years of experience in property development and investment. Prior to the founding of the Group, Mr. Kong served as a credit officer of the Baiyun Road Sub-Branch of the Guangzhou Branch of Industrial and Commercial Bank of China. Mr. Kong is a brother of Kong Jian Tao and Kong Jian Nan. Saved as disclosed above, Mr. Kong is also a director of all subsidiaries incorporated in the British Virgin Islands, various subsidiaries incorporated in the PRC and one subsidiary incorporated in Hong Kong.

Kong Jian Tao, aged 40, is an executive director and the Chief Executive Officer of the Company. Mr. Kong is responsible for the overall operation of the Group's projects. He has over 16 years of experience in property development and has been a director of the Group since 1995. Saved as disclosed above, Mr. Kong is also a director of all subsidiaries incorporated in the British Virgin Islands, various subsidiaries incorporated in the PRC and one subsidiary incorporated in Hong Kong.

Kong Jian Nan, aged 45, is an executive director and executive vice president of the Company. Mr. Kong is responsible for coordinating and managing human resources, administrative management, IT management and legal affairs of the Group. He is a graduate of China Central Radio and TV University and joined the Group in 1999. Saved as disclosed above, Mr. Kong is also a director of all subsidiaries incorporated in the British Virgin Islands and various subsidiaries incorporated in the PRC and are subsidiary incorporated in Hong Kong.

Li Jian Ming, aged 44, is an executive director of the Company, a vice president of the operations management division and a general manager of the Southern China Region of the Group. Mr. Li graduated from South China University of Technology, majoring in industrial and civil construction. Mr. Li joined the Group in 1994 and had held the position of vice president in the engineering management division. He was appointed as an executive director of the Company in June 2007. Currently, Mr. Li is responsible for the internal operations and management of the Group and the overall operations and management of the Southern China Region. Save as disclosed above, Mr. Li is also a director of one of the subsidiaries incorporated in the PRC.

Tsui Kam Tim, aged 42, is an executive director, the Chief Financial Officer and the Company Secretary of the Company. Mr. Tsui is primarily responsible for the financial management and supervision of financial reporting, corporate finance, treasury, tax and other related finance matters. Mr. Tsui graduated from Australia National University with a bachelor's degree in Commerce and he is a professional member of the Hong Kong Institute of Certified Public Accountants. Prior to joining the Group, he was a senior manager of an international firm of certified public accountants. Mr. Tsui joined the Group in January 2007 as the Chief Financial Officer and was appointed as an executive director of the Company in November 2007. Saved as disclosed above, Mr. Tsui is also a director of various subsidiaries incorporated in Hong Kong.

He Wei Zhi, aged 43, is an executive director of the Company, a vice president and a general manager of the South-western China Region of the Group. Mr. He graduated from Guangzhou University majoring in hotel management. He joined the Group in 1995 and had held the positions of manager and deputy general manager of the sales department. Since his joining of the Group, he has been responsible for project planning, design and sales planning work of the Group, gaining extensive experience in property market. Mr. He was appointed as an executive director of the Company in February 2009 and is mainly responsible for the overall operation and management of the South-western China Region. Saved as disclosed above, Mr. He is also a director of various subsidiaries incorporated in the PRC.

Yu Yao Sheng, aged 49, is an executive director of the Company, a vice president and a general manager of the Eastern China Region of the Group. Mr. Yu joined the Group in January 2009 and is responsible for the overall operations and management of the Eastern China Region. Mr. Yu was appointed as an executive director of the Company in March 2010. Mr. Yu is a senior engineer and a grade-one national registered structural engineer. He has extensive experience in architectural design, engineering management, project management, regional development, administration and human resources management. Mr. Yu graduated from Hefei University of Technology with a bachelor's degree in architecture, and also holds a master's degree from China University of Mining and Technology. Prior to joining the Group, Mr. Yu was the head of architectural design institute, deputy director of urban construction commission and executive deputy commander-in-chief of the construction command office of National Development Zones, PRC.

Independent Non-Executive Directors

Lee Ka Sze, Carmelo, aged 50, is an independent non-executive director and a member of audit committee of the Company. Mr. Lee received a bachelor's degree in Laws and the Postgraduate Certificate in Laws from The University of Hong Kong. He is qualified as a solicitor in Hong Kong, England and Wales, Singapore and Australian Capital Territory and has been a partner of Messrs. Woo, Kwan, Lee & Lo since 1989. Mr. Lee is an independent non-executive director of Ping An Insurance (Group) Company of China Limited and a non-executive director of Y.T. Realty Group Limited, The Cross-Harbour (Holdings) Limited, China Pharmaceutical Group Limited, Hopewell Holdings Limited, Safety Godown Company Limited, Termbray Industries International (Holdings) Limited and Yugang International Limited, all of which are listed on the Stock Exchange. Mr. Lee is a deputy chairman of the Listing Committee of the Stock Exchange. He is also an adjudicator of the Registration of Persons Tribunal and the chairman of the Transport Tribunal of the Hong Kong Government.

Dai Feng, aged 69, is an independent non-executive director, a member of audit committee and a member of remuneration committee of the Company. Mr. Dai is a member of the Expert Committee on Urban Planning of the Ministry of Construction (國家建設部城市規劃專家委員會), a member of the Expert Committee on Living Environment of the China Research Association on Property and Residence (中國房地產及住宅研究會人居環境委員會), and member of various other professional organizations on urban planning and research in the PRC. He is a part-time professor of Huazhong University of Science and Technology and Wuhan University of Technology and is also a fellow of the International Eurasian Academy of Sciences. Mr. Dai has over 41 years of experience in property development, specializing in urban planning, design and related information technology. Since 1985, he has won various prizes in urban planning and application of advanced technology. His achievements were highly recognized by the Ministry of Construction of China. Mr. Dai is an independent non-executive Director of Guangzhou R&F Properties Co. Ltd. which is listed on the Main Board of the Stock Exchange, and is also an independent non-executive Director of Poly Real Estate Group Co. Ltd. and Guangzhou Donghua Enterprises Co. Ltd., both of which are listed on the Shanghai Stock Exchange.

Tam Chun Fai, aged 48, is an independent non-executive director, chairman of audit committee and a member of remuneration committee of the Company. Mr. Tam graduated from The Hong Kong Polytechnic University with a bachelor's degree in accountancy. He is a member of the Hong Kong Institute of Certified Public Accountants and is also a member of Chartered Financial Analyst. Mr. Tam has over 21 years of experience in auditing and corporate advisory services as well as financial management and compliance work. He is an executive director, the chief financial officer and company secretary of Beijing Enterprises Holdings Limited, a company listed on the Main Board of the Stock Exchange and is an independent non-executive director of Hi Sun Technology (China) Limited, a company listed on the Main Board of the Stock Exchange.

Senior Management

Our senior management members are Kong Jian Min, Kong Jian Tao, Kong Jian Nan, Li Jian Ming, Tsui Kam Tim, He Wei Zhi and Yu Yao Sheng. See “— Executive Directors” for the description of their experience.

The table below sets forth certain information regarding our senior management members (excluding executive Directors):

Name	Age	Position
Luo Guo Qing	48	Vice president
Leung Kin, Kenneth	37	General Manager of business development
Law Siu Wo	48	Vice president of finance
Rao Jun	44	Vice president of human resources division
Chen Jie Ping	38	Director of the hotel and commerce division
Wu Yue Zhao	37	Director of the product research and development division
Luo Xiao Yun	43	Director of the legal affairs division and assistant to the Chairman
Lin Kai Ping	37	General Manager of Guangzhou Ningjun Property Management Limited under the Group

Luo Guo Qing, aged 48, is a vice president of the Group. He is responsible for the operations and management of the corporate strategy and brand marketing division of the Group. Mr. Luo holds a bachelor's degree in civil engineering from South China University of Technology, and a master's degree in business administration from Jinan University, and is a senior engineer in technical management. He has over 26 years of experience in the property industry and joined the Group in November 2008. Prior to joining the Group, Mr. Luo had held the positions of general manager and president at several large real estate development groups in the Southern China Region.

Leung Kin, Kenneth, aged 37, is a general manager of business development of the Group. Mr. Leung joined the Group in March 2009 and is responsible for strategy, corporate finance and business development of the Group. Mr. Leung graduated from the Wharton School of the University of Pennsylvania. Prior to joining the Group, Mr. Leung was an investment banker at Credit Suisse and Merrill Lynch.

Law Siu Wo, aged 48, is a vice president of finance of the Group. Mr. Law joined the Group in October 2008 and is responsible for the overall domestic and foreign financial budgets and analysis of the Group. He graduated from University of Wisconsin in the United States and holds a master's degree in business administration from University of California, Los Angeles. Mr. Law had worked for an international firm of certified public accountants for more than six years and another private equity fund for three years. He also had worked as financial controllers of several listed companies in Hong Kong and United States for more than 11 years. Mr. Law is a member of the American Institute of Certified Public Accountants and a member of Hong Kong Institute of Certified Public Accountants.

Rao Jun, aged 44, is a vice president of human resources division of the Group. Mr. Rao graduated from Zhongshan University majoring in philosophy. Mr. Rao joined the Group in June 2009 and is responsible for human resources and administration. Prior to joining to the Group, Mr. Rao worked in an internationally recognized U.S. enterprise. He has 21 years of extensive working experiences in human resources and management.

Chen Jie Ping, aged 38, is a director of the hotel and commerce division of the Group. Mr. Chen joined the Group in 2003 and had been responsible for the marketing and planning of the Group's projects. Currently, Mr. Chen is responsible for the planning and operations of hotel and commercial properties of the Group. Prior to joining the Group, Mr. Chen was a deputy general manager of a property agent and is experienced in the sale of properties in the PRC.

Wu Yue Zhao, aged 37, is a director of the product research and development division of the Group. He is responsible for the research, development and design of the products of the Group. Mr. Wu graduated from South China University of Technology with a master's degree in construction and is a registered planning professional. He joined the Group in 2006. Prior to joining the Group, Mr. Wu was the manager of the design department of several well-known property developers.

Luo Xiao Yun, aged 43, is a director of the legal affairs division of the Group and assistant to the Chairman. Ms. Luo joined the Group in November 2009 and is responsible for the overall operations and management of legal affairs. Ms. Luo graduated from Zhongshan University with a bachelor's degree in laws and subsequently was admitted to practise in the PRC as a qualified solicitor. Ms. Luo is a practising solicitor with extensive working experience in financial investment, corporate law and civil and commercial law. Prior to joining the Group, Ms. Luo began her legal career at the Foreign Economic and Trade Cooperation Committee and was a solicitor in other law firms.

Lin Kai Ping, aged 37, is a general manager of Guangzhou Ningjun Property Management Limited. Ms. Lin joined the Group in April 2004 and is responsible for the overall property management of the Southern China Region. Ms. Lin graduated from the University of International Business and Economics majoring in administration management. Prior to joining to the Group, Ms. Lin worked in a world's leading British property management company. She has 18 years of extensive working experiences in property management.

Company Secretary

Tsui Kam Tim. See “— Executive Directors” for the description of Mr. Tsui's experience.

Directors' Remuneration

The directors' emoluments are subject to the recommendations of the remuneration committee and the Board's approval. The emoluments are determined by the Board with reference to directors' duties, responsibilities and performance and the results of our Group.

During 2008, 2009 and 2010, the aggregate amount of remuneration paid by us to our directors was RMB6.8 million, RMB9.1 million and RMB19.0 million (US\$2.9 million), respectively.

Board Committees

Audit Committee

The audit committee comprises three members who are independent non-executive directors, namely Mr. Tam Chun Fai (the chairman), Mr. Lee Ka Sze Carmelo and Mr. Dai Feng. The audit committee reports to the Board and is delegated by the Board to assess matters related to the financial statements of accounts. Under its terms of reference, the audit committee is required to perform, amongst the others, the following duties:

- making recommendation to the Board on appointment, re-appointment and removal of external auditor of the Group and considering the remuneration and terms of engagement of that external auditor;
- reviewing and monitoring the external auditor's independence and effectiveness of the audit process in accordance with applicable standard;
- reviewing the Group's financial controls, internal control and risk management system;
- reviewing the Group's financial and accounting policies and practices;
- ensuring that management has fulfilled its duty to establish and maintain an effective internal control and risk management systems;
- ensuring compliance with applicable statutory accounting and reporting requirements, legal and regulatory requirements, internal rules and procedures approved by the Board;
- reviewing and monitoring the integrity of the Group's financial statements and annual reports and accounts and half-year report.

The audit committee held two meetings during the year and all minutes were kept by the company secretary. The audit committee has reviewed the accounting policies and practices adopted by the Group as well as assessed the effectiveness of the Group's internal control and risk management system. The audit committee reported that there was no material uncertainty that cast doubt on the Company's going concern ability.

Remuneration Committee

The principal responsibilities of the remuneration committee include formulation and making 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.

The Board expects the remuneration committee to exercise independent judgment and ensures that executive directors do not participate in the determination of their own remuneration.

Although the remuneration committee did not hold any committee meeting for the year ended December 31, 2010, members of the remuneration committee have reviewed the remuneration package of the directors and the remuneration policies of the Company, which are determined with reference to prevailing market practices.

Nomination Committee

The nomination committee was established on June 11, 2007. The nomination committee is responsible for reviewing the structure, size and composition of the Board, 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.

During the year ended December 31, 2010, although no meeting was held by the nomination committee, members of the nomination committee have reviewed the composition of the Board which is determined by directors' skills and experience appropriate to the Company's business.

Share Option Scheme

Our share option scheme (the "Scheme") was adopted pursuant to the shareholders' resolution passed on June 11, 2007. See note 33 to the financial statements starting on page F-1 of this document.

During the year ended December 31, 2010, we announced that we offered to grant 8,000,000 share options to certain of our employees on March 30, 2010. Details of the share options granted pursuant to the Scheme were as follows:

Name of grantee	Number of share options granted as at January 1, 2010	Number of share options granted during the year ended December 31, 2010 ⁽¹⁾	Number of options outstanding at the end of the year	Date of grant	Period during which share options are exercisable ⁽²⁾ (HK\$)	Exercise price per share
Li Jian Ming	619,000	—	619,000	December 18, 2009	December 18, 2010 – December 17, 2014	6.24
He Wei Zhi	619,000	—	619,000	December 18, 2009	December 18, 2010 – December 17, 2014	6.24
Tsui Kam Tim	619,000	—	619,000	December 18, 2009	December 18, 2010 – December 17, 2014	6.24
Yu Yao Sheng	619,000	—	619,000	December 18, 2009	December 18, 2010 – December 17, 2014	6.24
Tam Chung Fai	30,000	—	30,000	December 18, 2009	December 18, 2009 – December 17, 2014	6.24
Lee Ka Sze, Carmelo	30,000	—	30,000	December 18, 2009	December 18, 2009 – December 17, 2014	6.24
Dai Feng	30,000	—	30,000	December 18, 2009	December 18, 2009 – December 17, 2014	6.24
Other employees of the Group ⁽³⁾	5,891,000	—	5,891,000	December 18, 2009	December 18, 2010 – December 17, 2014	6.24
Other employees of the Group ⁽³⁾	—	8,000,000	8,000,000	March 30, 2010	March 30, 2010 – March 29, 2015	5.67

Note:

1. The vesting period of the share option is from the date of grant until the announcement of the exercise period.
2. Details of the exercise period of the share option are set out in note 33 to the financial statements starting on page F-1 of this document.
3. Presented separately based on different vesting periods of the share options.

During the year ended December 31, 2010, no share options were exercised, cancelled or lapsed.

SUBSTANTIAL SHAREHOLDERS

As of December 31, 2010, the following persons beneficially owned more than 5% of our outstanding shares and underlying shares, as recorded in the register maintained by us pursuant to Section 336 of the Securities and Futures Ordinance of the Laws of Hong Kong.

Name of shareholder	Capacity	Number of ordinary shares ⁽¹⁾	Percentage of issued share capital
Kong Jian Min ⁽²⁾⁽³⁾⁽⁴⁾	Interest of controlled corporations	1,714,441,500 ⁽⁵⁾	59.26%
	Beneficial owner	4,067,000	0.14%
Kong Jian Tao ⁽²⁾⁽³⁾	Interest of controlled corporations	1,687,500,000 ⁽⁶⁾	58.33%
	Beneficial owner	1,000,000	0.035%
Kong Jian Nan ⁽²⁾⁽³⁾	Interest of controlled corporations	1,687,500,000 ⁽⁷⁾	58.33%
Plus Earn Consultants Limited ⁽²⁾	Beneficial owner	1,612,500,000	55.74%
JPMorgan Chase & Co.	Interest of controlled corporations	172,867,981	5.98%
		122,222,981 ⁽⁸⁾	4.22%

Notes:

- (1) Share(s) of HK\$0.10 each in the capital of the Company.
- (2) Plus Earn Consultants Limited (“Plus Earn”) held 1,612,500,000 shares as of December 31, 2010 and was legally and beneficially owned as to 76.5% by Kong Jian Min, as to 15.0% by Kong Jian Tao and as to 8.5% by Kong Jian Nan, each being an executive director of the Company.
- (3) Right Rich Consultants Limited (“Right Rich”) held 75,000,000 shares as of December 31, 2010 and was legally and beneficially owned as to 76.5% by Kong Jian Min, as to 15.0% by Kong Jian Tao and as to 8.5% by Kong Jian Nan.
- (4) Hero Fine Group Limited (“Hero Fine”) held 26,941,500 shares as of December 31, 2010 and was legally and beneficially owned as to 100.0% by Kong Jian Min.
- (5) Of the 1,714,441,500 shares held, 1,612,500,000 shares were held by Plus Earn, 75,000,000 shares were held by Rich Right and 26,941,500 shares were held by Hero Fine.
- (6) Of the 1,687,500,000 shares held, 1,612,500,000 shares were held by Plus Earn and 75,000,000 shares were held by Rich Right.
- (7) Of the 1,687,500,000 shares held, 1,612,500,000 shares were held by Plus Earn and 75,000,000 shares were held by Rich Right.
- (8) The shares are held in the position of lending pool.

RELATED PARTY TRANSACTIONS

The following discussion describes certain material related party transactions between our consolidated subsidiaries and our directors, executive officers and principal shareholders and, in each case, the companies with whom they are affiliated. Each of our related party transactions was entered into in the ordinary course of business, on fair and reasonable commercial terms, in our interests and the interests of our shareholders.

As a listed company on The Stock Exchange of Hong Kong Limited, we are subject to the requirements of Chapter 14A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) which require certain “connected transactions” with “connected persons” be approved by a company’s independent shareholders. Each of our related party transactions disclosed hereunder that constitutes a connected transaction within the meaning of the Listing Rules requiring shareholder approval has been so approved, or otherwise exempted from compliance under Chapter 14A of the Listing Rules.

Major Related Party Transactions

The table below sets forth our related party transactions for the periods indicated.

	For year ended December 31,			
	2008	2009	2010	
	RMB	RMB	RMB	(US\$)
	(in thousands)			
Compensation paid to key management personnel				
Short term employee benefits	12,305	16,581	26,201	3,970
Equity-settled share option expenses	—	685	6,569	995
Post-employment benefits	483	406	850	129
Total	12,788	17,672	33,620	5,094

Guarantee Granted to a Related Party

As of December 31, 2010, the Group had provided guarantees in respect of a bank loan to the extent of RMB460.0 million (US\$69.7 million) for an associate and a jointly-controlled entity. As of December 31, 2010, we had also provided guarantees of RMB900.0 million (US\$136.4 million) in respect of a trust financing arrangement for a jointly-controlled entity.

DESCRIPTION OF MATERIAL INDEBTEDNESS AND OTHER OBLIGATIONS

To fund our existing property projects and to finance our working capital requirements, we have borrowed money or incurred indebtedness from various banks or trust companies. As of December 31, 2010, our total bank loans amounted to RMB10,713.3 million (US\$1,623.2 million). As of December 31, 2010, we had a total amount of the equivalent of RMB1,618.3 million (US\$245.2 million) of senior notes outstanding from the issuance of our 2010 Notes. We set forth below a summary of the material terms and conditions of these loans, indebtedness and other obligations.

Project Loan Agreements

Certain of our PRC subsidiaries have entered into loan agreements with various PRC banks, including primarily Bank of China, Guangzhou Rural Commercial Bank, China Construction Bank, Agricultural Bank of China, Industrial and Commercial Bank of China, Chinese Mercantile Bank, Standard Chartered Bank, China Minsheng Banking Corp., Ltd., Guangdong Development Bank and Shanghai Pudong Development Bank. These loans typically are project loans to finance the construction or the operation of investment properties of our projects (the “project loans”) and terms ranging from one to 10 years, which generally correspond to the construction periods or the operation of investment properties of the particular projects. Certain of our PRC project loans require prepayment of the loan if a certain percentage of GFA of the relevant project has been sold.

Interest

The principal amounts outstanding under the project loans generally bear interest at floating rates calculated by reference to the relevant bank’s benchmark interest rate *per annum*. Floating interest rates generally are subject to review by the banks annually. Interest payments generally are payable either monthly or quarterly and must be made on each payment date as provided in the particular loan agreement.

Covenants

Under these project loans, many of our subsidiary borrowers have agreed, among other things, not to take the following actions without first notifying the lender and/or obtaining the lenders’ prior consent:

- create encumbrances on any part of their properties or assets or deal with their assets in a way that may adversely affect their ability to repay their loans;
- grant guarantees to any third parties that may adversely affect their ability to repay their loans;
- grant guarantees to any third parties with the assets funded by the loans;
- make any major changes to their corporate structures, such as entering into joint ventures, mergers and acquisitions and reorganizations or change the company’s status, such as liquidation and dissolution;
- alter the nature or scope of their business operations in any material respect;
- incur additional debts;
- reduce their registered capital;
- transfer part or all of the liabilities under the loans to a third party; and
- prepay the loan.

Dividend Restriction

Pursuant to the project loans with Bank of China, Industrial and Commercial Bank of China and Guangdong Development Bank, some of our PRC subsidiaries also agreed not to distribute any dividends:

- if the borrowers' after-tax net profit is nil or negative or insufficient to cover losses from the previous accounting periods; or
- if the borrower's profit before tax in the relevant accounting period has not been used to pay off the principal, interest or other related expenses due in that accounting period or is insufficient to cover the principal, interest or other related expenses due in next period.

Guarantee and Security

Certain of our PRC subsidiaries and associates have entered into guarantee or security agreements with the PRC banks in connection with some of the project loans pursuant to which these subsidiaries and associates have guaranteed or provided security including property mortgage and share pledge for all liabilities of the subsidiary borrowers under these project loans. We also act as a guarantor in relation to certain of these project loans.

Acquisition Financing

CCB Dongshan 2010 Loan

On March 18, 2010, our PRC subsidiary, Guangzhou Tianjian Real Estate Development Co., Ltd. ("Guangzhou Tianjian") signed a loan agreement with China Construction Bank, Guangzhou Dongshan Branch ("CCB Dongshan") to finance the acquisition of Guangzhou Lihe, which holds the Zengcheng Summit project. The loan is a RMB denominated term loan facility with an aggregate principal amount of up to RMB1.16 billion (the "CCB Dongshan 2010 Loan"). The term of the loan is five years. As of December 31, 2010, RMB1.16 billion (US\$175.7 million) in principal amount was outstanding under this facility.

Interest

The CCB Dongshan 2010 Loan bears interest at the PBOC benchmark lending interest rate *per annum* payable on the 12th of each month for an interest period. In the event that the CCB Dongshan 2010 Loan is not used for the designated purpose of the loan, the penalty interest is calculated at an upward floating rate of 100% from the PBOC benchmark lending interest rate *per annum*. Any interest on the overdue amount under the CCB Dongshan 2010 Loan is calculated at an upward floating rate of 50% from the PBOC benchmark lending interest rate *per annum*.

Covenants

Pursuant to the CCB 2010 Loan, Guangzhou Tianjian agreed, among other things:

- to not create encumbrances on any part of their properties or assets or deal with their assets in a way that may adversely affect their ability to repay their loans;
- to not grant guarantees to any third parties that may adversely affect their ability to repay their loans;
- to not alter the nature or scope of their business operations in any material respect;
- to not transfer part or all of the liabilities under the loans to a third party; and
- to use the CCB Dongshan 2010 Loan is solely for the purpose of acquiring the entire equity interest in the target project company including its business operations and financial and cash positions.

Events of default

The CCB Dongshan 2010 Loan contains certain customary events of default, including nonpayment of principal or interest, insolvency and breaches of the terms of the CCB Dongshan 2010 Loan. If an event of default has occurred, CCB Dongshan may, without prior notice to the Company demand immediate payment or repayment of all amounts outstanding including all interest accrued thereon. In addition, if, for any reason, the CCB Dongshan is of the view that certain conditions exist that may endanger CCB Dongshan's claims under the contract such as substantial change in the nature of the invested project and/or the target acquisition company's business, the dividend policy of the target acquisition company, CCB Dongshan may, with five business days of written notice, immediately take the necessary relief measures such as demand immediate payment or repayment of all amounts outstanding.

Term loans

ICBC 2006 Loan

On December 20, 2006, we signed a loan agreement with the Industrial and Commercial Bank of China (Asia) Limited ("ICBC") as supplemented by the supplemental loan agreement, the second supplemental loan agreement and the third supplemental loan agreement dated December 28, 2006, January 12, 2007 and May 6, 2008, respectively. The loan facility is a Hong Kong dollar denominated term loan facility with an aggregate principal amount of up to HK\$500 million for Guangzhou Xinhengchang Enterprise Development Co., Ltd. ("Guangzhou Xinhengchang") and an aggregate principal amount of up to HK\$500 million for Guangzhou Hejing Real Estate Development Co., Ltd. ("Guangzhou Hejing") (the "ICBC 2006 Loan") both of which are wholly-owned subsidiaries incorporated in the PRC. As of December 31, 2010, HK\$562.3 million (US\$72.1 million) in principal amount was outstanding under this facility.

The ICBC 2006 Loan has a final maturity date of March 31, 2014. We may prepay on any interest payment date under the loan agreement for the ICBC 2006 Loan on the amount prepaid subject to five business days' prior written notice of prepayment to ICBC, specifying the amount to be prepaid and the date of such prepayment.

Guarantee and Security

We have agreed to guarantee the ICBC 2006 Loan.

The ICBC 2006 Loan is secured by the proceeds of certain all-risks insurance and construction contract of International Finance Place, approximately half of International Finance Place (the "Mortgaged Property") and the dividend accounts of Kong Jian Min, Kong Jian Tao and Kong Jian Nan, our executive directors.

Interest

The ICBC 2006 Loan bears interest at the rate of 1.25% *per annum* over HIBOR on the first day of each interest period for an interest period, which shall be one month. Any overdue amount under the ICBC 2006 Loan will be subject to a penalty interest accruing from the due date up to the date of actual payment at a rate of 2.0% *per annum* over the applicable interest rates on the ICBC 2006 Loan.

Covenants

We have agreed to maintain the ratio of the loan outstanding under this loan agreement to the valuation of the Mortgaged Property to be below 50% at all times.

We have further agreed that, if the Mortgaged Property is encumbered by third party interests, we will not, subject to certain exceptions:

- create security or dispose of any assets;
- borrow moneys, make loans or give any guarantee;
- enter into any contract relating to the sale, license and/or management of the Mortgaged Property; and
- make any non-ordinary course investments.

Events of Default

The ICBC 2006 Loan contains certain customary events of default, including nonpayment of principal or interest, cross default, insolvency and breaches of the terms of the ICBC 2006 Loan. If an event of default has occurred, ICBC may, without prior notice to the Company demand immediate payment or repayment of all amounts outstanding including all interest accrued thereon.

Consent

On July 29, 2010, we obtained a letter from ICBC that consents to the offering of the 2010 Notes and related aspects of it.

ICBC 2008 Loan

On July 30, 2008, we signed a term loan agreement with ICBC. The loan facility is a Hong Kong dollar denominated term loan facility with an aggregate principal amount of up to HK\$250 million (the "ICBC 2008 Loan"). As of December 31, 2010, HK\$112.5 million (US\$14.5 million) in principal amount was outstanding under this facility.

The ICBC 2008 Loan will mature on July 30, 2011. We cannot prepay the ICBC 2008 Loan without prior consent of ICBC and 10 business days' prior written notice of prepayment to ICBC.

Guarantee and Security

We have agreed to guarantee the ICBC 2008 Loan.

The ICBC 2008 Loan is secured by the capital stock of, and all assets owned by, Champ Joyment Limited, one of our wholly-owned subsidiaries incorporated in Hong Kong, and secured by the capital stock of our PRC subsidiary Guangzhou Conghua Hejing Real Estate Development Limited. Champ Joyment Limited is a Non-Subsidiary Guarantor.

Interest

The ICBC 2008 Loan bears interest at the rate of 3.5% *per annum* over HIBOR payable on the last business day of each interest period for an interest period, which is a period of three months, commencing from the date of the first advance made. Any interest on overdue amount under the ICBC 2008 Loan is calculated at a rate of 2.0% *per annum* on the basis of the actual number of days elapsed and a 365-day year compounded monthly.

Covenants

Pursuant to the ICBC 2008 Loan, we agreed to the following financial covenants:

- our net worth¹ will not be less than RMB8.5 billion; and
- our net gearing ratio² will not be more than 60%, as confirmed by ICBC in writing on July 22, 2010.

We have further agreed, among other things that all pre-sale and sale proceeds of the Conghua Project will be deposited into an ICBC Guangzhou controlled account.

Events of Default

The ICBC 2008 Loan contains certain customary events of default, including nonpayment of principal or interest, cross default, insolvency and breaches of the terms of the ICBC 2008 Loan. If an event of default has occurred, ICBC may, without prior notice to the Company demand immediate payment or repayment of all amounts outstanding including all interest accrued thereon.

Consent

On July 29, 2010, we obtained a letter from ICBC that consents to the offering and all related aspects of it.

SCB 2009 Facility

On April 27, 2009, we signed a loan agreement with SCB. The loan facility is an unsecured Hong Kong dollar denominated term loan facility with an aggregate principal amount of up to HK\$300 million (the “SCB 2009 Facility”). The SCB 2009 Facility is also guaranteed by Fancy Think Investments Limited (“Fancy Think”) and Oak Plus Investments Limited (“Oak Plus”). As of December 31, 2010, HK\$300 million (US\$38.6 million) in principal amount was outstanding under this facility.

The SCB 2009 Facility will mature on April 27, 2012. We cannot prepay the SCB 2009 Facility without giving 14 days’ prior written notice of prepayment to SCB, specifying the amount to be prepaid and the date of such prepayment.

Interest

The SCB 2009 Facility bears interest at the rate of 3.0% *per annum* over HIBOR on the first day of each interest period for an interest period, which may be one, two or three months as selected by us. Any overdue amount under the SCB 2009 Facility will be subject to default interest at the rate of 2.0% *per annum*.

¹ “Net worth” under the ICBC 2008 Loan represents the amount paid up or credited as paid up on the issued share capital and the amounts standing to the credit of the consolidated capital and revenue reserves as shown in our latest audited consolidated balance sheet, net any declared dividend or other distributions to our shareholders to the extent that such dividend or other distribution is not provided for in such audited consolidated balance sheet and any debits balance on profit and loss account.

² “Net gearing ratio” under the ICBC 2008 Loan represents the total interest bearing borrowings net of cash and cash equivalent and restricted cash over our net worth.

Covenants

Pursuant to the SCB 2009 Facility, we agreed to the following financial covenants:

- our consolidated tangible net worth¹ will not be less than HK\$8.3 billion;
- our ratio of consolidated net borrowings² to consolidated tangible net worth (deducting amount attributable to minority interests) will not exceed 0.75:1; and
- our ratio of consolidated EBITDA³ to consolidated interest expense⁴ will not be less than 6.0:1.

We have further agreed, among other things that:

- if the aggregate net worth of Fancy Think and Oak Plus is less than 75% of the consolidated tangible net worth of the Group minus the net worth of Issuer, an additional offshore subsidiary will be required to guarantee the SCB 2009 Facility; and
- no encumbrance will be created over any asset of the Group, subject to certain exceptions.

Events of Default

The SCB 2009 Facility contains certain customary events of default, including nonpayment of principal or interest, cross default, insolvency and breaches of the terms of the SCB 2009 Facility. If an event of default has occurred, SCB may, without prior notice to the Company demand immediate payment or repayment of all amounts outstanding including all interest accrued thereon.

Consent

On July 29, 2010, we obtained a letter from SCB that consents to the offering of the 2010 Notes and related aspects of it.

ICBC 2010 Loan

On July 29, 2010, we signed a term loan agreement with ICBC. The loan facility is a Hong Kong dollar denominated term loan facility with an aggregate principal amount of up to HK\$500 million (the “ICBC 2010 Loan”). The ICBC 2010 Loan has a one lump sum drawdown within 30 days from July 29, 2010. As of the date of this document, the ICBC 2010 Loan had been drawn down in full.

¹ Consolidated tangible net worth, as defined in the SCB 2009 Facility, means, the aggregate of the paid up or credited as paid up issued share capital of the Group and the amounts standing to the credit of our consolidated distributable and non-distributable reserves as shown on our consolidated financial statements after deducting any amounts attributable to intangible assets, a sum equal to the amounts by which the book value of any of its assets are written up, any amount distributed or proposed to be distributed to persons out of profits accrued on or before date of financial statements and any adjustments reflecting any variation in the amount of paid-up capital, amounts standing to the credit of such reserves or adjustments considered appropriate by external auditors.

² Consolidated net borrowings, as defined in the SCB 2009 Facility, means the aggregate of all the liabilities in respect of our indebtedness from any bank or other financial institution determined on a consolidated basis deducting the aggregate amount of cash at hand held by the members of the Group except any such cash subject to security.

³ “Consolidated EBITDA”, as defined in the SCB 2009 Facility, means our consolidated operating profits of the Group for the relevant period before taxation: (a) before deducting any consolidated interest expenses; (b) before taking into account any items treated as exception or extraordinary items; (c) before deducting any amount attributable to amortization of goodwill or depreciation of tangible assets; and (d) after deducting the amount of any profit of any member of the Group which is attributable to minority interest.

⁴ “Consolidated interest expense”, as defined in the SCB 2009 Facility, means the aggregate amount of interest, commission, fees, discounts, prepayment penalties or premiums and other finance payments in respect of consolidated total borrowings whether accrued, paid or payable (but excluding those interest capitalized) by any member of our Group in respect of the twelve months ending on the last day of the Borrower’s financial year and each period of six months ending on the last day of the first half of the Borrower’s financial year excluding any such obligation owed to any other members of our Group, including the interest element of leasing and hire purchase payments, including any amounts paid, payable or accrued by any member of our Group to counterparties under any interest rate hedging instrument and deducting any amounts paid, payable or accrued by counterparties to any member of our Group under any interest rate hedging instrument.

The ICBC 2010 Loan will mature on July 29, 2013. We cannot prepay the ICBC 2010 Loan without prior consent of ICBC and 10 business days' prior written notice of prepayment to ICBC, specifying the amount to be prepaid and the date of such prepayment.

Guarantee and Security

We, Oak Plus and Rich Come Enterprises Limited ("Rich Come"), our wholly-owned subsidiaries, have agreed to guarantee the ICBC 2010 Loan.

The ICBC 2010 Loan is secured by the capital stock of, and all assets owned by, Beauty Sight Investments Limited ("Beauty Sight") and Rich Come, the capital stock of our PRC subsidiary Hainan New World Property Development (HK) Limited, certain properties located in Hainan and the receivables of a loan owed by Rich Come to Beauty Sight. Beauty Sight and Rich Come are Non-Subsidiary Guarantors.

Interest

The ICBC 2010 Loan bears interest at the rate of 4% *per annum* over HIBOR payable on the last business day of each interest period for an interest period, which is a period of one, or two or three months, commencing from the date of the first advance made. Any interest on overdue amount under the ICBC 2010 Loan is calculated at a rate of 2.0% *per annum* on the basis of the actual number of days elapsed and a 365-day year compounded monthly.

Covenants

Pursuant to the ICBC 2010 Loan, we agreed to the following financial covenants:

- our net worth¹ will not be less than RMB8,500 million; and
- our net gearing ratio² will not be more than 60%.

We have further agreed, among other things that all pre-sale and sale proceeds of any part of the Hainan Lingshui Project shall be deposited into an ICBC designated and controlled account and no amount can be withdrawn without the prior consent of ICBC.

Events of Default

The ICBC 2010 Loan contains certain customary events of default, including nonpayment of principal or interest, cross default, insolvency and breaches of the terms of the ICBC 2010 Loan. If an event of default has occurred, ICBC may, without prior notice to the Company demand immediate payment or repayment of all amounts outstanding including all interest accrued thereon.

Consent

On July 29, 2010, we obtained a letter from ICBC that consents to the offering of the 2010 Notes and all related aspects of it. On January 18, 2011, we obtained a letter from ICBC that consents to the offering of the Notes and related aspects of it.

¹ "Net worth" under the ICBC 2010 Loan represents the amount paid up or credited as paid up on the issued share capital and the amounts standing to the credit of the consolidated capital and revenue reserves as shown in our latest audited consolidated balance sheet. Net any declared dividend or other distributions to our Shareholders to the extent that such dividend or other distribution is not provided for in such audited consolidated balance sheet and any debits balance on profit and loss account.

² "Net gearing ratio" under the ICBC 2010 Loan represents our total borrowings (whether interest bearing or not) net of cash and cash equivalent and restricted cash over our net worth.

Trust Financing Arrangements

Suzhou Trust Financing

In December 2009, China Construction Bank Corporation — Suzhou Branch (“CCB Suzhou”), as settler and beneficiary, and Jiangxi International Trust Co., Ltd. (“Jiangxi International”) entered into a trust agreement to set up a trust in the amount of RMB901 million, comprising 900 million senior trust units (“Senior Units”) and 1 million junior trust units (“Junior Units”). The Senior Units were open for subscription by the public and the Junior Units were subscribed by Suzhou Hejing Real Estate Development Co., Ltd. (“Suzhou Hejing”), one of our wholly-owned subsidiaries in the PRC.

The fund raised under the trust was for the purpose of increasing the registered capital of Suzhou Kaiyu Real Estate Development Company Limited (“Suzhou Kaiyu”), which is engaged in the development of Suzhou Apex project, from RMB400 million to RMB1,500 million. Subsequent to such capital increase, Suzhou Kaiyu is owned 60.06% by Jiangxi International, 29.94% by Suzhou Hejing and 10% by Suzhou Jinzhu Property Development Co., Ltd., an independent third party. The term of the trust is 18 months, subject to early termination by Jiangxi International upon the occurrence of certain events. Early redemption of the Senior Units or Junior Units is not allowed.

In connection with the trust financing, Suzhou Hejing and CCB Suzhou also entered into an option agreement, according to which Suzhou Hejing may acquire all Senior Units from CCB Suzhou at a consideration equivalent to an amount equal to the number of Senior Units X (1 + 11.5%) X number of investment days in the Senior Units divided by 360 (the “Consideration”) on December 24, 2010, unless a material adverse event occurs, in which case such acquisition will be made at the request of CCB Suzhou (the “Put Option”).

The Put Option is secured by Suzhou Hejing’s equity interests in Suzhou Kaiyu Guangzhou Hejing, and we also agreed to guarantee the obligations under the option agreement.

All the proceeds of the trust were deposited to the custodian bank account maintained with and managed by CCB Suzhou.

Guangzhou Trust Financing

In January 2010, Guangzhou Hejing entered into a series of agreements with Citic Trust Limited Company (“Citic Trustee”) to set up a trust financing arrangement for the purpose of increasing the registered capital of Guangzhou Wanhui Real Estate Development Limited (“Wanhui”), which is engaged in the development of the D3-4 project in Guangzhou. The term of the trust financing arrangement is 18 months.

The trust consists of three series: 300 million of senior units that were open to the public for subscription (“Senior Units”), 30 million of series 1 junior units (“S1 Units”) and 135 million of series 2 junior units (“S2 Units”), each at RMB1 per unit.

The Senior Units were fully subscribed by the public. Citic Trustee used the proceeds of RMB300 million to invest in Wanhui. At the same time, Guangzhou Hejing agreed to entrust its 100% equity interest in Wanhui to Citic Trustee in exchange for the S1 Units. As a result, Citic Trustee owns 100% of Wanhui. Guangzhou Hejing also agreed to entrust its creditor’s rights to a RMB135 million shareholder loan owing from Wanhui to Citic Trustee in exchange for S2 Units.

The target annual yield of the Senior Units is 6.5% for investors who subscribed for 3 million units or more and 5.8% for investors who subscribed for less than 3 million units. The target earning for the Senior Units is equal to the principal amount of Senior Units X target annual yield X actual days accumulated divided by 365. In addition, Guangzhou Hejing is required to compensate Citic Trustee on an annual basis in an amount equivalent to the result of the principal amount of the Senior Units X 1.1% X actual days accumulated divided by 365.

In connection with the trust financing, we have granted Citic Trustee a) a put option to require us to purchase from it 100% of the equity interest in Wanhui; and b) a right to transfer its equity interest in Wanhui to a third party; we also have a call option to require Citic Trustee to sell to us its 100% equity interest in Wanhui.

Guangzhou Hejing's obligations under the trust financing are guaranteed by us and secured by 94.5% of the equity interest in Guangzhou Liangyu Investment Co., Ltd., one of our subsidiaries.

Shanghai Pudong Trust Financing

On September 29, 2010, Guangzhou City Wanjing Property Development Co., Ltd. ("Guangzhou City Wanjing"), Shanghai Hejing, New China Trust Co., Ltd. ("Xinhua Trust") and Guangzhou Hejing Real Estate Development Co., Ltd. ("Guangzhou Hejing") entered into a trust financing agreement ("trust agreement"). According to the trust agreement, Xinhua Trust shall gather public funding of RMB650.0 million and the term of the trust will be for 1.5 years. The fund will be used as capital contribution for Guangzhou City Wanjing, after which, Xinhua Trust will hold 95.59% equity interest in Guangzhou City Wanjing and Guangzhou Hejing will own the remaining 4.41% equity interest. Without the consent of Xinhua Trust, Guangzhou Hejing may not transfer its interest in the project company to third parties. Guangzhou City Wanjing will use the RMB650.0 million contribution from Xinhua Trust to contribute further into the project company which is developing the Shanghai Pudong Project, namely Shanghai Jingdong Property Development Co., Ltd. At the same time, Shanghai Hejing will contribute an equal amount to the registered capital of the project company, the registered capital of which will reach RMB1,350.0 million. Guangzhou City Wanjing and Shanghai Hejing will each hold 50% equity interest in the project company. Shanghai Hejing will pledge its 50% equity interest in the project company to Xinhua Trust. Xinhua Trust will assign a director to each of Guangzhou City Wanjing and the project company, who will have one veto vote on certain material matters, such as business plans and disposal of material fixed assets.

According to the trust agreement, before the expiry or upon early termination of the trust arrangement, Guangzhou Hejing, Shanghai Hejing or Guangzhou City Wanjing has the right to demand Xinhua Trust to withdraw trust finances by the following means: (1) through obtaining dividends from Guangzhou City Wanjing or through capital reduction methods; (2) transfer the beneficial interest in the trust to Guangzhou Hejing or its designated third party; or (3) transfer equity interest in Guangzhou City Wanjing to Guangzhou Hejing or its designated third party. Xinhua Trust will distribute principal and interests from the proceeds received. If Xinhua Trust obtains principal and interests via the first two methods, Xinhua Trust shall transfer the remaining trust assets to Guangzhou Hejing or its designated third party at no cost (including the shareholding of Guangzhou City Wanjing).

On September 29, 2010, Shanghai Hejing, Guangzhou City Wanjing and the project company entered into a capital increase agreement, under which Guangzhou City Wanjing and Shanghai Hejing will each contribute RMB650.0 million to the project company. Each of Guangzhou City Wanjing and Shanghai Hejing owns 50% equity interest in the project company.

On September 29, 2010, Guangzhou Hejing, Xinhua Trust and Guangzhou City Wanjing entered into a capital increase agreement, under which Xinhua Trust will contribute RMB650.0 million into Guangzhou City Wanjing. As a result, Xinhua Trust owns 95.59% of the equity interest in Guangzhou City Wanjing and Guangzhou Hejing owns the remaining 4.41% equity interest.

On September 29, 2010, Shanghai Hejing and Xinhua Trust entered into two share pledge agreements according to which, Shanghai Hejing's 50% equity interest in the project company are pledged to Xinhua Trust to guarantee the obligations of Guangzhou City Wanjing, Shanghai Hejing and Guangzhou Hejing under the trust agreement. Without the consent of Xinhua Trust, the project company cannot issue cash dividends to Shanghai Hejing.

2010 Notes

On August 18, 2010, we entered into an indenture pursuant to which we issued an aggregate principal amount of US\$250,000,000 12.50% senior notes due 2017. The 2010 Notes are listed on the SGX-ST.

As of December 31, 2010, we had a total amount of the equivalent of RMB1,618.3 million (US\$245.2 million) of senior notes outstanding from the issuance of our 2010 Notes.

Guarantee

The obligations pursuant to the 2010 Notes are guaranteed by our existing subsidiaries (the “2010 Subsidiary Guarantors”) other than those organized under the laws of the PRC and certain other subsidiaries specified in the indenture governing the 2010 Notes. We refer to these guarantees as the 2010 Subsidiary Guarantees. Under certain circumstances and subject to certain conditions, a 2010 Subsidiary Guarantee required to be provided by one of our subsidiaries may be replaced by a limited-recourse guarantee (a “2010 JV Subsidiary Guarantee”). We refer to the subsidiaries providing a 2010 JV Subsidiary Guarantee as 2010 JV Subsidiary Guarantors.

Each of the 2010 Subsidiary Guarantors, jointly and severally, guarantee the due and punctual payment of the principal, any premium, and interest on, and all other amounts payable under the 2010 Notes.

Collateral

In order to secure the obligations under the 2010 Notes, the Company agreed to pledge, or cause the initial 2010 Subsidiary Guarantor Pledgors to pledge, as the case may be, the capital stock of each initial 2010 Subsidiary Guarantor, other than Market Network Limited (collectively, the “2010 Collateral”) in order to secure the obligations of the Company under each initial 2010 Subsidiary Guarantor Pledgor under its Subsidiary Guarantee. The 2010 Collateral may be released or reduced in the event of certain asset sales and certain other circumstances. In addition, the 2010 Collateral will be shared on a *pari passu* basis by the holders of the 2010 Notes and the holders of other secured indebtedness, including the lender under the SCB 2009 Facility, and any other creditors with respect to Permitted *Pari Passu* Secured Indebtedness.

Interest

The 2010 Notes bear an interest rate of 12.50% *per annum*. Interest is payable semi-annually in arrears.

Covenants

Subject to certain conditions and exceptions, the 2010 Indenture and each of the related 2010 Subsidiary Guarantees contain certain covenants, restricting us and each of the related restricted subsidiaries from, among other things:

- incurring or guaranteeing additional indebtedness and issuing disqualified or preferred shares;
- declaring dividends on capital stock or purchasing or redeeming capital stock;
- making investments or other specified restricted payments;
- issuing or selling capital stock of the related restricted subsidiaries;
- guaranteeing indebtedness of the related restricted subsidiaries;
- selling assets;
- creating liens;
- entering into sale and leaseback transactions;
- engaging in any business other than permitted business;
- entering into agreements that restrict the related restricted subsidiaries’ ability to pay;

- dividends, transfer assets or make intercompany loans;
- entering into transactions with shareholders or affiliates; and
- effecting a consolidation or merger.

Events of Default

The indenture governing the 2010 Notes contains certain customary events of default, including default in the payment of principal or of any premium on the 2010 Notes when such payments become due and payable, default in payment of interest which continues for 30 consecutive days, and other events of default substantially similar to the events of default under the Indenture. If an event of default occurs and is continuing, the trustee under the indenture governing the 2010 Notes or the holders of at least 25% of the outstanding 2010 Notes may declare the principal of the 2010 Notes plus a premium (if any), and any accrued and unpaid interest to be immediately due and payable. Upon the occurrence of certain specified events of default, the principal of, premium (if any), and accrued and unpaid interest on the outstanding 2010 Notes will automatically become and be immediately due and payable without any declaration or other act on the part of the trustee or any holder.

Change of Control

Upon the occurrence of certain events of change of control and a rating decline, we will make an offer to repurchase all outstanding 2010 Notes at a purchase price equal to 101% of their principal amount plus accrued and unpaid interest, if any, to the date of repurchase.

Maturity and Redemption

The maturity of the 2010 Notes is August 18, 2017. At any time and from time to time, we may, with the proceeds from sales of certain types of the Company's shares, redeem up to 35% of the aggregate principal amount of the 2010 Notes at a redemption price equal to 112.50% of the principal amount of the 2010 Notes, plus accrued and unpaid interest, if any, to the redemption date, provided that at least 65% of the aggregate principal amount of the 2010 Notes originally issued remains outstanding after each such redemption and any such redemption takes place within 60 days after the closing of the related equity offering.

Additionally, if we or an initial 2010 Subsidiary Guarantor under the indenture governing the 2010 Notes would become obligated to pay certain additional amounts as a result of certain changes in, or amendment to, specified tax law, we may redeem the 2010 Notes at a redemption price equal to 100% of the principal amount of the 2010 Notes, plus any accrued and unpaid interest, subject to certain exceptions.

Recent Material Indebtedness

SCB 2011 Facility

On February 9, 2011, we signed a loan agreement with SCB. The loan facility is a secured and guaranteed Hong Kong dollar denominated term loan facility with an aggregate principal amount of up to HK\$195 million (the "SCB 2011 Facility"). The loan facility is secured by security created pursuant to the 2010 Collateral, with the exception of the capital stock of Power Place Enterprises Limited, and any other security document that may at any time be given as security for any of the liabilities pursuant to or in connection with the indenture governing the 2010 Notes. The SCB 2011 Facility is guaranteed by our subsidiaries Act Power International Limited, Able Talent International Limited, Boom Faith International Limited, Cheerful Hill Group Limited, Extreme Beauty Enterprises Limited, Faith Beauty International Limited, Fame Rich Group Limited, Fast Choice Group Limited, Good Excel Enterprises Limited, Happy Clear Consultants Limited, High Insight Enterprises Limited, High Ascent, Hugeluck Investments Limited, Noble Wit Enterprises Limited, Now Rich Holdings Limited, Pine Billion Enterprises Limited, Reach Luck Consultants Limited, Rising Wave Enterprises Limited, Win Talent Enterprises Limited, Bondie Investments Limited, Fancy Think, Fine Era Investments Limited, Global Era Investments Limited, Jumbo Yield Investments Limited, Luck Creation Investments Limited, Market Network Limited, Profit Spring Investments Limited, Sammax Investments Limited, Total Super

Investments Limited, Trimming Star Group Limited and Truly Gain Investments Limited. As of the date of this document, the principal amount of the loan facility in Hong Kong dollars drawn down and outstanding is equivalent to US\$25 million.

The SCB 2011 Facility will mature on February 9, 2014. We cannot voluntarily prepay, in whole or any part of, the SCB 2011 Facility without giving 14 days' prior written notice of prepayment to SCB.

Interest

The SCB 2011 Facility bears interest at the rate of 4.60% *per annum* over HIBOR on the last day of each interest period for an interest period, which may be one, two or three months or any other period agreed between us and SCB as selected by us. Any overdue amount under the SCB 2011 Facility will be subject to default interest at the rate of 2.00% *per annum*.

Covenants

Pursuant to the SCB 2011 Facility, we agreed to the following financial covenants:

- our consolidated tangible net worth¹ will not be less than RMB10.0 billion;
- the ratio of consolidated net borrowings² to consolidated tangible net worth will not at any time exceed 0.75:1;
- the ratio of consolidated EBITDA³ to interest expense⁴ for any relevant period⁵ will not be less than 2:00 to 1;

¹ "Consolidated tangible net worth," as defined in the SCB 2011 Facility, means, the aggregate of the paid up or credited as paid up issued share capital of the Group and the amounts standing to the credit of our consolidated distributable and non-distributable reserves as shown on our consolidated financial statements after (a) deducting any amount attributable to goodwill or any other intangible assets; (b) deducting any minority interests; (c) including any amounts which would under generally accepted accounting principles, standard and practices ("GAAP") be included in a calculation of the consolidated tangible net worth of the relevant guarantor and its subsidiaries and; (d) eliminating inconsistencies between the accounting principles applied in connection with the latest published audited consolidated balance sheet of the Company and its subsidiaries and those applied in connection with the Company's audited consolidated financial statements for the financial year ended December 31, 2008.

² "Consolidated net borrowings," as defined in the SCB 2011 Facility, means at any time the aggregate (without double counting) of (a) (i) the amount of "Short-term loans" in the latest published audited consolidated balance sheet of the Group (the "Balance Sheet"); and (ii) the current borrowings of members of the Group howsoever described, as calculated in accordance with GAAP; (b) (i) the amount of "Long-term loans" in the Balance Sheet; and (ii) the long term borrowings of members of the Group howsoever described, as calculated in accordance with GAAP, less year-end positive "cash" balance, "restricted cash" balance and bank balance as shown in the Balance Sheet (regardless of whether or not such cash can be remitted to the Company or a guarantor under the SCB 2011 Facility to be applied immediately for the purpose of repaying the SCB 2011 Facility facility.

³ "Consolidated EBITDA," as defined in the SCB 2011 Facility, means, in relation to any relevant period, the total consolidated operating profit of the Group for that relevant period before taking into account (a) (i) interest expense; (ii) tax; and (iii) extraordinary and exceptional items; (b) excluding amounts attributable to minority interests in the subsidiaries; (c) excluding, to the extent included, selling, marketing costs, administrative expenses and other operating expenses; and (d) after adding back all amounts provided for depreciation and amortization for that relevant period, as determined from the financial statements of the Group and the evidence delivered under certain clauses relating to financial statements and compliance with financial covenants.

⁴ "Interest expense," as defined in the SCB 2011 Facility, means, in relation to any relevant period, the aggregate amount of interest and any other finance charges (whether or not paid, payable or capitalized) accrued by the Group in that relevant period in respect of borrowings adjusted (but without double counting) by any unrealized gains or losses in respect of any interest rate hedging derivative transaction.

⁵ "Relevant period," as defined in the SCB 2011 Facility, means (a) each financial year of the Company; and (b) each period beginning on the first day of the second half of a financial year of the Company and ending on the last day of the first half of its next financial year.

- the ratio of consolidated PRC borrowings⁶ to consolidated total assets⁷ will not at any time exceed 0.50 to 1; and
- the Company shall ensure that in any financial year, any distribution, dividend or other payment to its shareholders shall not exceed 50% of the Group's consolidated net profit attributable to that financial year.

We have further agreed, among other things that:

- on the first utilization date, the loan to value ratio ("LTV Ratio") of all loans used to finance and refinance the acquisition or development of the investment properties owned by the Group (the "Investment Property Loans") shall not exceed 55% (excluding for this purpose, the ICBC 2006 Loan); and
- if at any time after the first utilization date, the LTV Ratio of all Investment Property Loans exceeds 65%, the Company shall ensure that the Investment Property Loans are prepaid in such an amount as to restore the LTV Ratio to not more than 55% by not later than three months (or such other later date as may be agreed between the Company and SCB) from the date on which the LTV Ratio exceeds such percentage.

Events of Default

The SCB 2011 Facility contains certain customary events of default, including nonpayment of principal or interest, cross default, insolvency and breaches of the terms of the SCB 2011 Facility. If an event of default has occurred, SCB may, by notice to the Company demand immediate payment or repayment of all amounts outstanding including all interest accrued thereon.

⁶ "Consolidated PRC borrowings," as defined in the SCB 2011 Facility, means at any time the aggregate (without double counting) of (a) (i) the amount of "Short-term loans" in the Balance Sheet; and (ii) the current borrowings of members of the Group howsoever described, as calculated in accordance with GAAP; (b) (i) the amount of "Long-term loans" in the Balance Sheet; and (ii) the long term borrowings of members of the Group howsoever described, as calculated in accordance with GAAP, in each case, in relation to short-term loans, long-term loans and borrowings incurred by members of the Group incorporated in the PRC from (x) financial institutions in the PRC or (y) other members of the Group incorporated in the PRC.

⁷ "Consolidated total assets," as defined in the SCB 2011 Facility, means the sum of the current assets and non-current assets of the Group calculated on a consolidated basis by reference to the latest audited financial statements of the Company.