



碧桂園控股有限公司
COUNTRY GARDEN HOLDINGS COMPANY LIMITED

(Incorporated in the Cayman Islands with limited liability)
(Stock Code : 2007)

2007
interim report







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Corporate Profile

Country Garden Holdings Company Limited (“Country Garden” or the “Company”) together with its subsidiaries, (collectively, the “Group”)(stock code: 2007.HK) is one of China’s leading integrated property developers. The Group runs a fully integrated business that comprises construction, fitting, project development, property management, as well as hotel development and management. Country Garden offers a broad range of products to cater for the different market demands. Its various products include large-scale residential projects such as villas, townhouses and apartment buildings, as well as car parks and retail shops. The Group also develops and manages hotels within some of its projects to enhance the potential for property value appreciation. The Company’s brand has been named by the People’s Republic of China (the “PRC”) State Administration for Industry and Commerce in 2006 as one of only two “China’s Well-Known Trademarks” in the property sector.

Country Garden was listed on the Main Board of the Hong Kong Stock Exchange on 20 April 2007. As of 30 June 2007, the Group’s total market capitalization reached approximately HK\$108 billion and its total assets reached RMB34,200 million. The listing not only provides the Group with additional funding to sustain future growth, it also marks the Group’s successful first step into the international capital market.

Founded in 1997, Country Garden continues to benefit from the flourishing economy of the PRC, particularly in Guangdong Province. As of 30 June 2007, Country Garden had a presence in a number of strategically selected locations outside Guangdong Province. These are Liaoning Province, Inner Mongolia Autonomous Region, Hunan Province, Anhui Province and Jiangsu Province. Such strategic acquisitions further consolidate the Group’s leading position in Guangdong Province, while strengthening its developments in other provinces across nation.

As of 30 June 2007, the Group had 28 projects with an aggregate completed gross floor area (“GFA”) approximately 6,799,103 sq.m., on which it had built 38,956 units to house an estimated 155,000 people; an aggregate GFA under development of approximately 6,112,337 sq.m. and an aggregate GFA of approximately 12,777,560 sq.m. relating to properties held for future development. There was an aggregate site areas of approximately 6,164,679 sq.m., under which the land grant contracts had been entered but the relevant land use rights certificates had not yet obtained, with an aggregate expected developable GFA of approximately 10,682,258 sq.m.

Looking ahead, Country Garden will continue to leverage on its unique competitiveness of large scale land bank, rapid asset turnover and strong execution capability, to replicate its successful business model to new high-growth areas within and outside Guangdong Province. The Group will strive to become a leading large-scale residential property developer with well-known brand name.



Highlights

(RMB million)

	Six months ended 30 June (Unaudited)	
	2007	2006
Revenue	6,034	4,078
Gross profit	2,279	1,486
Operating profit	2,028	1,129
Profit attributable to equity owners	1,421	538
Earnings per share (RMB cents per share)	9.7	4.0
Gross margin	37.8%	36.4%
Net margin	23.5%	13.2%
	As at 30 June 2007 (Unaudited)	As at 31 December 2006 (Audited)
Total assets	34,200	15,311
Total liabilities	(17,567)	(13,836)
Net assets	16,633	1,475
Cash position (including restricted cash)	16,871	1,984
Borrowings	(4,606)	(4,081)
Net cash/(borrowings)	12,265	(2,097)



Chairman's Statement

To Shareholders,

I am pleased to present the interim results of Country Garden Holdings Company Limited (the "Company") and its subsidiaries (the "Group") for the six months ended 30 June 2007. During the period under review, the Group has recorded a total revenue of RMB6,033.8 million, representing a growth of 48.0% over the corresponding period of last year, benefiting from the increase in the gross floor area ("GFA") sold and rising average selling price. Profit attributable to equity owners was RMB1,421.0 million, representing a growth of 164.3% over the corresponding period of last year. Gross profit margin was 37.8%, up from 36.4% in the corresponding period of last year. Earnings per share was RMB9.7 cents.

DIVIDEND

Dividends of RMB512.6 million were paid by the subsidiaries of the Group to their then shareholders as special dividend prior to the reorganisation undergone by the Company in contemplation of the listing of the shares of the Company on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") in April 2007. No dividends have been declared by the Company after such reorganisation.

STRENGTHENING FINANCIAL CAPABILITY AND CONNECTING WITH INTERNATIONAL CAPITAL MARKETS

2007 has been a significant year for the Group. The Company was successfully listed on the Main Board of the Stock Exchange on 20 April 2007. The listing not only provided the Group with funding for further development, but also marked the Group's successful first step into the international capital markets, leading the Group into a new era. The Hong Kong Public Offering was 255.7 times over-subscribed, freezing over HK\$333.5 billion from public investors, achieved the second highest record of the local stock market at that time. As of 30 June 2007, the market capitalisation of the Group was approximately HK\$108 billion, making Country Garden with one of the highest market capitalisation among Hong Kong listed Mainland property developers.

ACTIVE BUSINESS EXPANSION WITH INCREASING LAND BANK

Proceeds from the Company's successful listing amounted to approximately HK\$14.85 billion. The fund will further strengthen the Group's financial capability, as well as ensure the Group's future business growth and increasing land bank. Post listing, the Group has acquired parcels of land in Shenyang of Liaoning Province, Jiangmen and Shanwei of Guangdong Province, Zhangjiajie and Changsha of Hunan Province and Chaohu of Anhui Province. As of 30 June 2007, the Group's total land bank in GFA reached approximately 29.9 million sq.m., a 57.6% increase from approximately 19.0 million sq.m. in GFA upon listing.

Base on the successful development model in Guangdong Province, the Group has started active exploration for business opportunities outside Guangdong. As of 30 June 2007, the percentage of the Group's total land bank in GFA within and outside Guangdong Province was approximately 57.7% and 42.3% respectively. Among which, projects and land bank outside Guangdong are located in Liaoning Province, Hunan Province, Jiangsu Province, Anhui Province and Inner Mongolia Autonomous Region. As of 30 June 2007, the Changsha Country Garden project located in Hunan Province has achieved contract sales of approximately RMB1.6 billion since its initial sales in October 2006, which further proved our strong execution capability in replicating our successful business model both within and outside Guangdong Province.

The Group also continued its hotel development. As of 30 June 2007, the Group had a total of 2 five-star hotels, 3 five-star standard hotels and 1 four-star standard hotel in operation, and another 5 five-star standard hotels under construction.

Chairman's Statement

OUTLOOK

Looking ahead, Country Garden will continue developing its unique competitive advantages, together with strategic site selection as well as our fast project development and strong execution capability, to replicate our successful business model both within and outside Guangdong Province. With a vision of continuous contribution towards China's urbanization development, the Company will strive for developing five-star homes for our residents and providing attractive returns to our investors.

APPRECIATION

The achievement that the Group has made today is attributable to the concerted efforts of the management and the entire staff — their professional expertise and high level of team-work spirits. On behalf of the Board, I would like to take this opportunity to express our sincere appreciation to the management and every staff of the Company for their excellent efforts over the past years. We also want to extend our appreciation to the local governments for their continuous support in making possible the smooth progress of our various projects. We would also like to express our appreciation to our residents, shareholders and business partners for their strong support and confidence in the Company. Let us join together and develop into a prosperous future.

Yeung Kwok Keung

Chairman

Hong Kong, 27 August 2007



Project Overview

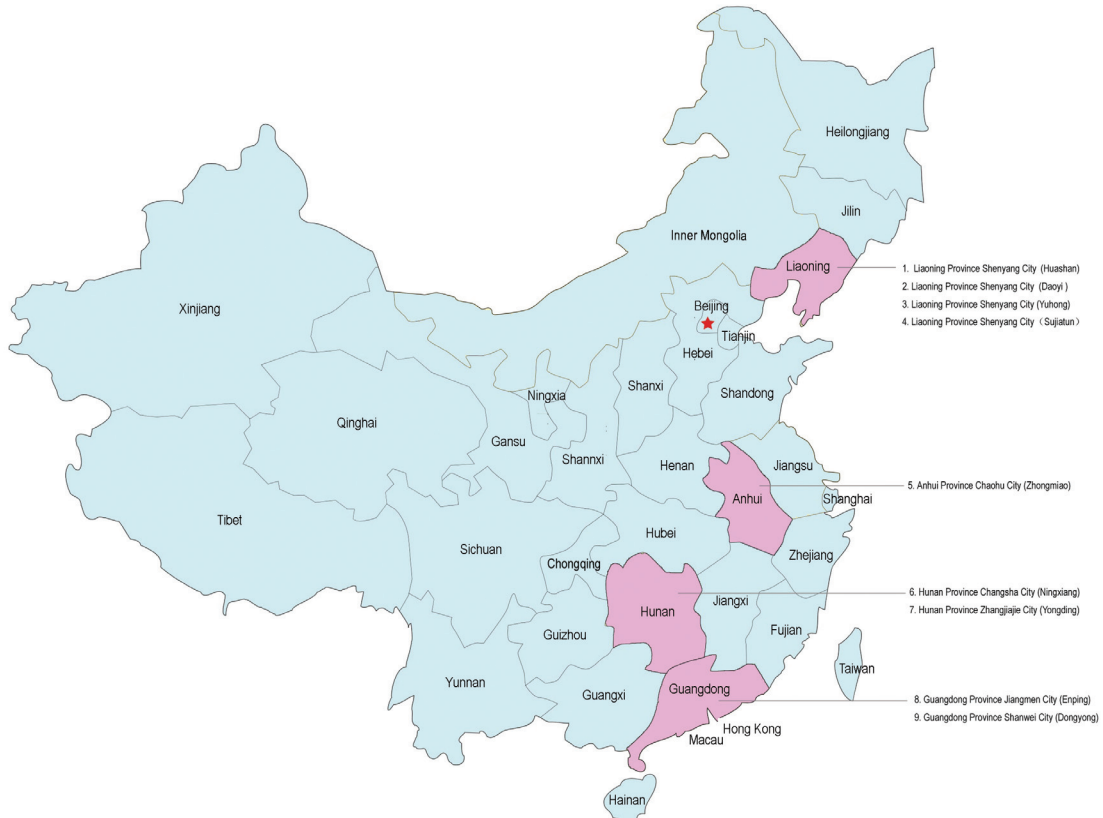
DESCRIPTION OF THE PROPERTY PROJECTS

The following map shows the location of the cities where the 28 projects are located.



Project Overview

The following map shows the location of the cities where the parcels of land acquired are located for the period from its listing to 30 June 2007.



Business Overview

PROPERTY DEVELOPMENT

As of 30 June 2007, the Group had 28 projects at various stages of development. 23 of the projects are located in Guangdong Province including eight in Guangzhou, five in Foshan, four in Jiangmen, one in Yangjiang, two in Shaoguan, two in Zhaoqing and one in Huizhou. Another five projects are located in other provinces including one in Changsha in Hunan Province, one in Manzhouli in Inner Mongolia Autonomous Region, one in Taizhou in Jiangsu Province and two in Shenyang in Liaoning Province.

PROPERTY MANAGEMENT

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

As of 30 June 2007, the Group had approximately 11,551 staff members working for its 24 property management branches. The Group aims to continue to provide to purchasers of our properties comprehensive and high quality post-sales property management and services, including public security and assisting the management of public order, maintenance of public facilities, cleaning of public areas, domestic assistance, gardening and landscaping, intra-community shuttle bus operations and other customer services. The Group has established a market reputation for the quality of these services. Guangdong Management Co. was certified in 2005 by the Ministry of Construction as a class-one property management company, the highest level a PRC property management company can achieve.

HOTELS DEVELOPMENT AND OPERATION

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



Business Overview

The development status of the Group's hotel properties as of 30 June 2007 is as follows:

Name of Hotel	Location	Opening Date	Number of Rooms	Star-rating
Shunde Country Garden Holiday Resort (順德碧桂園度假村)	Shunde Country Garden, Foshan	February 2000	152 rooms	Four-Star (in operation)
Guangzhou Country Garden Phoenix City Hotel (廣州碧桂園鳳凰城酒店)	Country Garden Phoenix City, Guangzhou	November 2003	573 rooms	Five-Star (in operation)
Qingyuan Country Garden Holiday Islands Hotel (清遠市碧桂園假日半島酒店)	Qingyuan Holiday Islands Country Garden, Qingyuan	December 2004	201 rooms	Five-Star (in operation)
Heshan Country Garden Phoenix Hotel (鶴山碧桂園鳳凰酒店)	Heshan Country Garden, Jiangmen	July 2005	111 rooms	According to five-star rating standard (in operation-Note i)
(The phase-two project, whose number of rooms is 169, is under construction and expected to open in May 2008*(Note ii).)				
Wuyi Country Garden Phoenix Hotel (五邑碧桂園鳳凰酒店)	Wuyi Country Garden, Jiangmen	December 2005	95 rooms	According to five-star rating standard (in operation-Note i)
Yangjiang Country Garden Phoenix Hotel (陽江碧桂園鳳凰酒店)	Yangjiang Country Garden, Yangjiang	May 2007	342 rooms	According to five-star rating standard (in operation-Note i)
Changsha Venice Palace Hotel (長沙威尼斯酒店)	Venice Palace, Changsha	October 2007*	343 rooms	According to five-star rating standard (under construction- Note iii)
Taishan Country Garden Phoenix Hotel (台山碧桂園鳳凰酒店)	Taishan Country Garden, Jiangmen	December 2007*	337 rooms	According to five-star rating standard (under construction-Note iii)
Xinhui Country Garden Phoenix Hotel (新會碧桂園鳳凰酒店)	Xinhui Country Garden, Jiangmen	October 2008*	374 rooms	According to five-star rating standard (under construction-Note iii)
Gaoming Country Garden Phoenix Hotel (高明碧桂園鳳凰酒店)	Gaoming Country Garden, Foshan	February 2009*	357 rooms	According to five-star rating standard (under construction-Note iii)
Gaoyao Country Garden Phoenix Hotel (高要碧桂園鳳凰酒店)	Gaoyao Country Garden, Zhaoqing	May 2009*	286 rooms	According to five-star rating standard (under construction-Note iii)

Notes:

- (i) Hotels are only allowed to apply for star hotel certification after one year of operation.
- (ii) Heshan Country Garden Phoenix Hotel have commenced the process in applying for five-star rating standard in August 2006, and has already received recognition from the Jiangmen City Hotel Star-rating Assessment Committee, and is awaiting the further recognition from the Star-rating Committee under the Guangdong Tourism Administration. Its application will be subject to review by the Star-rating Committee under the China National Tourism Administration.
- (iii) * Expected opening date

Business Overview

PROPERTY DEVELOPMENT

Completed Property Developments

Project	City (District)	Aggregate GFA for entire project sq.m.	Interest attributable to the Company (%)	Completed GFA ⁽¹⁾ sq.m.	Total completed saleable GFA ⁽¹⁾ sq.m.	Total saleable GFA sold ⁽¹⁾ sq.m.	Completion Date
Country Garden East Court (碧桂園東苑)	Guangzhou (Panyu)	269,222	100	240,550	238,860	227,222	29 June 2002
Shawan Country Garden (沙灣碧桂園)	Guangzhou (Panyu)	280,568	100	54,247	53,997	53,812	13 December 2002
Huanan Country Garden-Phases One to Five and Phase Seven (華南碧桂園一至五期及七期)	Guangzhou (Panyu)	1,010,133	100	683,205	629,618	626,399	30 December 2006
Huanan Country Garden-Phase Six (華南碧桂園一六期)	Guangzhou (Panyu)	428,599	50	321,198	321,198	320,003	12 February 2007
Licheng Country Garden (荔城碧桂園)	Guangzhou (Zengcheng)	526,022	100	413,893	398,973	378,695	25 September 2006
Country Garden Phoenix City (碧桂園鳳凰城)	Guangzhou (Zengcheng)	3,953,673	100	1,703,604	1,638,726	1,507,503	27 September 2006
Nansha Country Garden (南沙碧桂園)	Guangzhou (Nansha)	509,784	100	56,581	54,991	50,309	30 November 2006
Holiday Islands-Huadu (假日半島—花都)	Guangzhou (Huadu)	560,712	100	41,658	41,294	41,294	8 June 2007
Shunde Country Garden (including Country Garden West Court) (順德碧桂園—含碧桂園西苑)	Foshan (Shunde)	2,261,384	100	1,717,433	1,605,199	1,498,837	26 April 2007
Jun'an Country Garden (均安碧桂園)	Foshan (Shunde)	274,154	90	68,854	59,025	58,783	15 July 2002
Peninsula Country Garden (半島碧桂園)	Foshan (Shunde)	294,339	100	287,393	280,598	214,934	28 May 2007
Gaoming Country Garden (高明碧桂園)	Foshan (Gaoming)	992,358	100	194,629	189,698	182,207	29 September 2006
Nanhai Country Garden (南海碧桂園)	Foshan (Nanhai)	569,540	100	140,474	140,474	132,541	28 April 2007
Heshan Country Garden (鶴山碧桂園)	Jiangmen (Heshan)	2,100,815	100	359,404	348,038	262,475	27 June 2007
Wuyi Country Garden (五邑碧桂園)	Jiangmen (Pengjiang)	690,854	100	321,652	294,584	270,023	20 April 2007
Xinhui Country Garden (新會碧桂園)	Jiangmen (Xinhui)	526,445	100	40,569	40,032	27,620	28 June 2007
Yangdong Country Garden (陽東碧桂園)	Yangjiang (Yangdong)	391,151	100	153,759	139,100	72,489	7 March 2007
Total:		15,639,753		6,799,103	6,474,405	5,925,146	

Note:

- (1) “Completed GFA”, “Total completed saleable GFA” and “Total saleable GFA sold” for completed property developments are based on the surveying reports by relevant government departments.

Business Overview

Properties Under Development

Project	City (District)	Aggregate GFA for entire project Sq.m.	Interest attributable to the Company (%)	GFA under development ⁽¹⁾ sq.m.	Total saleable GFA under development ⁽²⁾ sq.m.	Actual/Estimated commencement date	Total saleable GFA pre-sold sq.m.	Actual/Estimated pre-sale commencement date	Estimated completion date
Huanan Country Garden-Phases One to Five and Phase Seven (華南碧桂園一至五期及七期)	Guangzhou (Panyu)	1,010,133	100	243,585	240,505	25 February 2005	183,855	26 April 2006	2 nd Quarter 2009
Huanan Country Garden-Phase Six (華南碧桂園六期)	Guangzhou (Panyu)	428,599	50	87,401	85,431	15 October 2004	85,361	7 July 2005	3 rd Quarter 2007
Licheng Country Garden (荔城碧桂園)	Guangzhou (Zengcheng)	526,022	100	38,970	38,970	18 October 2005	35,545	25 January 2006	3 rd Quarter 2007
Country Garden Phoenix City (碧桂園鳳凰城)	Guangzhou (Zengcheng)	3,953,673	100	488,326	432,769	29 April 2006	87,503	15 September 2006	2 nd Quarter 2008
Nansha Country Garden (南沙碧桂園)	Guangzhou (Nansha)	509,784	100	224,946	224,230	30 June 2006	46,345	28 December 2006	3 rd Quarter 2008
Holiday Islands-Huadu (假日半島-花都)	Guangzhou (Huadu)	560,712	100	170,343	169,153	11 January 2006	84,188	29 April 2006	1 st Quarter 2008
Shunde Country Garden (including Country Garden West Court) (順德碧桂園-含碧桂園西苑)	Foshan (Shunde)	2,261,384	100	389,069	387,147	26 September 2005	205,560	25 September 2006	3 rd Quarter 2008
Jun'an Country Garden (均安碧桂園)	Foshan (Shunde)	274,154	90	152,730	152,184	9 December 2005	70,810	29 January 2007	2 nd Quarter 2008
Peninsula Country Garden (半島碧桂園)	Foshan (Shunde)	294,339	100	6,946	6,741	11 April 2005	6,741	17 August 2005	4 th Quarter 2007
Gaoming Country Garden (高明碧桂園)	Foshan (Gaoming)	992,358	100	751,170	742,429	31 May 2006	—	4 th Quarter 2007	2 nd Quarter 2009
Nanhai Country Garden (南海碧桂園)	Foshan (Nanhai)	569,540	100	413,138	405,441	27 June 2005	227,754	26 January 2006	3 rd Quarter 2008
Heshan Country Garden (鶴山碧桂園)	Jiangmen (Heshan)	2,100,815	100	341,752	337,781	30 April 2006	35,090	22 September 2006	4 th Quarter 2008
Wuyi Country Garden (五邑碧桂園)	Jiangmen (Pengjiang)	690,854	100	296,492	292,318	30 April 2006	50,361	28 September 2006	4 th Quarter 2008
Xinhui Country Garden (新會碧桂園)	Jiangmen (Xinhui)	526,445	100	144,381	140,787	7 November 2005	48,914	3 August 2006	4 th Quarter 2008
Taishan Country Garden (台山碧桂園)	Jiangmen (Taishan)	3,423,076	100	419,286	400,805	31 March 2006	73,607	9 February 2007	2 nd Quarter 2008
Yangdong Country Garden (陽東碧桂園)	Yangjiang (Yangdong)	391,151	100	237,392	231,259	29 April 2005	25,357	1 December 2005	2 nd Quarter 2009
Changsha Country Garden (長沙碧桂園)	Changsha (Xingsha)	1,344,459	100	644,459	601,034	30 September 2005	273,007	21 September 2006	4 th Quarter 2007
Zhaoqing Gaoxin Lanling Residence (肇慶高新區藍領公寓)	Zhaoqing (Gaoxin)	186,257	100	186,257	185,800	5 September 2006	—	4 th Quarter 2007	2 nd Quarter 2008
Zhaoqing Country Garden (肇慶碧桂園)	Zhaoqing (Gaoyao)	509,566	51	289,166	277,240	19 September 2006	49,733	2 February 2007	3 rd Quarter 2008
Shaoguan Country Garden (韶關碧桂園)	Shaoguan (Zhenjiang)	1,476,826	100	573,921	568,351	17 January 2007	—	4 th Quarter 2007	4 th Quarter 2008
Taizhou Country Garden (泰州碧桂園) (provisional name)	Taizhou (Hailing)	663,405	100	8,807	5,937	27 June 2007	—	4 th Quarter 2007	4 th Quarter 2008
Manzhouli Country Garden (滿洲里碧桂園) (provisional name)	Hulunbeier (Manzhouli)	706,289	100	3,800	3,800	27 June 2007	—	3 rd Quarter 2008	4 th Quarter 2008
Total		23,399,841		6,112,337	5,930,112		1,589,731		

Notes:

- (1) “GFA under development” is based on the actual measurements by the housing management department of the Group.
- (2) “Total saleable GFA under development” and “Total saleable GFA pre-sold” for properties under development are derived from the Commodity Properties Pre-sale Permit.

Business Overview

Properties for Future Development – with Land Use Rights Certificates

Project	City (District)	Aggregate GFA for entire project sq.m.	Interest attributable to the Company (%)	GFA for future development ⁽¹⁾ sq.m.	Actual/Estimated commencement date	Actual/Estimated pre-sale commencement date	Estimated Completion date
Country Garden East Court (碧桂園東苑)	Guangzhou (Panyu)	269,222	100	28,672	1 st Quarter 2009	3 rd Quarter 2009	1 st Quarter 2010
Shawan Country Garden (沙灣碧桂園)	Guangzhou (Panyu)	280,568	100	226,321	3 rd Quarter 2007	2 nd Quarter 2008	4 th Quarter 2008
Huanan Country Garden-Phases One to Five and Phase Seven (華南碧桂園一至五期及七期)	Guangzhou (Panyu)	1,010,133	100	83,343	1 st Quarter 2008	1 st Quarter 2009	4 th Quarter 2009
Huanan Country Garden-Phase Six (華南碧桂園六期)	Guangzhou (Panyu)	428,599	50	20,000	1 st Quarter 2010	—	4 th Quarter 2010
Licheng Country Garden (荔城碧桂園)	Guangzhou (Zengcheng)	526,022	100	73,159	4 th Quarter 2007	2 nd Quarter 2008	4 th Quarter 2008
Country Garden Phoenix City (碧桂園鳳凰城)	Guangzhou (Zengcheng)	3,953,673	100	1,761,743	3 rd Quarter 2007	2 nd Quarter 2008	4 th Quarter 2011
Nansha Country Garden (南沙碧桂園)	Guangzhou (Nansha)	509,784	100	228,257	3 rd Quarter 2007	2 nd Quarter 2008	4 th Quarter 2009
Holiday Islands-Huadu (假日半島一花都)	Guangzhou (Huadu)	560,712	100	348,711	4 th Quarter 2007	2 nd Quarter 2008	4 th Quarter 2009
Shunde Country Garden (including Shunde Country Garden West Court) (順德碧桂園—含碧桂園西苑)	Foshan (Shunde)	2,261,384	100	154,882	4 th Quarter 2007	2 nd Quarter 2008	4 th Quarter 2009
Jun'an Country Garden (均安碧桂園)	Foshan (Shunde)	274,154	90	52,570	1 st Quarter 2010	3 rd Quarter 2010	4 th Quarter 2011
Gaoming Country Garden (高明碧桂園)	Foshan (Gaoming)	992,358	100	46,559	3 rd Quarter 2008	2 nd Quarter 2009	4 th Quarter 2010
Nanhai Country Garden (南海碧桂園)	Foshan (Nanhai)	569,540	100	15,928	4 th Quarter 2007	—	4 th Quarter 2009
Heshan Country Garden (鶴山碧桂園)	Jiangmen (Heshan)	2,100,815	100	1,399,659	4 th Quarter 2007	2 nd Quarter 2008	2 nd Quarter 2011
Wuyi Country Garden (五邑碧桂園)	Jiangmen (Pengjiang)	690,854	100	72,710	3 rd Quarter 2007	1 st Quarter 2008	4 th Quarter 2009
Xinhui Country Garden (新會碧桂園)	Jiangmen (Xinhui)	526,445	100	341,495	1 st Quarter 2008	1 st Quarter 2009	4 th Quarter 2010
Taishan Country Garden (台山碧桂園)	Jiangmen (Taishan)	3,423,076	100	3,003,790	3 rd Quarter 2007	2 nd Quarter 2008	3 rd Quarter 2011
Changsha Country Garden (長沙碧桂園)	Changsha (Xingsha)	1,344,459	100	700,000	4 th Quarter 2007	4 th Quarter 2008	3 rd Quarter 2009
Zhaoqing Country Garden (肇慶碧桂園)	Zhaoqing (Gaoyao)	509,566	51	220,400	3 rd Quarter 2007	3 rd Quarter 2008	4 th Quarter 2009
Shaoguan Country Garden (韶關碧桂園)	Shaoguan (Zhenjiang)	1,476,826	100	902,905	1 st Quarter 2008	4 th Quarter 2008	1 st Quarter 2011
Taizhou Country Garden (泰州碧桂園) (provisional name)	Taizhou (Hailing)	663,405	100	654,598	3 rd Quarter 2007	4 th Quarter 2007	4 th Quarter 2010
Huiyang Country Garden (惠陽碧桂園) (provisional name)	Huizhou (Huiyang)	692,624	95	692,624	3 rd Quarter 2007	1 st Quarter 2008	4 th Quarter 2010
Manzhouli Country Garden (滿洲里碧桂園) (provisional name)	Hulunbeier (Manzhouli)	706,289	100	702,489	3 rd Quarter 2007	3 rd Quarter 2008	4 th Quarter 2010
Lechang Country Garden (樂昌碧桂園) (provisional name)	Shaoguan (Lechang)	201,134	100	201,134	4 th Quarter 2007	2 nd Quarter 2008	4 th Quarter 2010
Country Garden-Sun Palace (碧桂園•太陽城) (provisional name)	Shenyang (Daoyi)	530,984	100	530,984	3 rd Quarter 2007	4 th Quarter 2007	4 th Quarter 2010
Shenyang Country Garden (瀋陽碧桂園) (provisional name)	Shenyang (Huashan)	314,627	100	314,627	3 rd Quarter 2007	4 th Quarter 2007	4 th Quarter 2010
Total:		<u>24,817,253</u>		<u>12,777,560</u>			

Note:

(1) “GFA held for future development” for each project is the GFA expected to be built.

Business Overview

As of 30 June 2007, the Group, through its project companies, had entered into land grant contracts in respect of land in Foshan (Gaoming), Jiangmen (Heshan), Jiangmen (Enping), Zhaoqing (Gaoyao), Shanwei (Dongyong), Shenyang (Daoyi), Shenyang (Huashan), Shenyang (Yuhong), Shenyang (Sujiatun), Changsha (Ningxiang), Zhangjiajie (Yongding), and Chaochu (Zhongmiao) (the “Land”) with an aggregate site area of approximately 6,164,679 sq.m. for which the land grant contracts had been entered into, but the relevant land use rights certificates have not been obtained. The aggregate land premium paid for the Land amounted to approximately RMB4,340.7 million.

The table below lists the details concerning the location, site area and expected developable aggregate GFA of the Land:

Location	Site Area sq.m	Expected developable aggregate GFA sq.m
Guangdong Province Foshan City (Gaoming)	387,933	387,933
Guangdong Province Jiangmen City (Heshan)	23,051	23,051
Guangdong Province Jiangmen City (Enping)	400,669	480,800
Guangdong Province Zhaoqing City (Gaoyao)	51,445	14,274
Guangdong Province Shanwei City (Dongyong)	309,422	773,555
Liaoning Province Shenyang City (Daoyi)	341,529	652,016
Liaoning Province Shenyang City (Huashan)	923,922	1,375,373
Liaoning Province Shenyang City (Yuhong)	1,488,742	3,721,856
Liaoning Province Shenyang City (Sujiatun)	764,399	1,720,000
Hunan Province Changsha City (Ningxiang)	187,265	280,898
Hunan Province Zhangjiajie City (Yongding)	692,771	692,771
Anhui Province Chaochu City (Zhongmiao)	593,531	559,731
Total:	6,164,679	10,682,258

Note: Site area is sourced from the Group’s signed “land grant contract” or “State-owned land use rights sales confirmation”.

Management Discussion and Analysis

OVERVIEW

The preliminary statistics from the State Bureau of Statistics released that the Gross Domestic Product (“GDP”) of China for first half of 2007 grew by 11.5% as compared with the corresponding period in 2006. Furthermore, according to a research from the National Development and Reform Commission and the State Bureau of Statistics, the average selling price of properties in 70 large and medium cities in China for the month of June in 2007 increased 7.1% as compared with corresponding period in 2006.

A series of austerity measures have been imposed in the first half of 2007 on the China property sector, which include the clarification on the settlement of land appreciation tax, stepwise lifting the bank borrowing interest rates and tightening of money supply in the China banking system. However, the China property market still maintained a steadily increasing property price during the period under review.

With the capital raised upon the Initial Public Offering (“IPO”) of the Company in April 2007, the Group become more competitive in the market place capturing the new opportunities in expanding its land bank in China. The Group’s land bank has increased from 19.0 million sq.m. upon listing to approximately 29.9 million sq.m. as at 30 June 2007. The Group is well positioned to strategically expand its presence into new, high growth economic areas both within and beyond Guangdong Province. Extending the success of the property development in Guangdong Province after the IPO, the Group had acquired new land projects both in Guangdong Province and outside Guangdong Province in Liaoning Province, Hunan Province and Inner Mongolia Autonomous Region in the first half of 2007.

FINANCIAL REVIEW

Revenue

Revenue of the Group comprises primarily the proceeds from the sale of properties or provision of services after the elimination of transactions between the companies now comprising the Group. The revenue is primarily generated from its four business segments: property development, construction and decoration, property management and hotel operation. The revenue increased by 48.0% to approximately RMB6,033.8 million in the first half of 2007 from approximately RMB4,077.8 million for the corresponding period in 2006, primarily attributable to the increase in sales of property. The revenues generated from property development, construction and decoration, property management and hotel operation are RMB5,447.7 million, RMB380.9 million, RMB105.4 million and RMB99.8 million respectively.

Property development

Revenue generated from property development increased by 55.6% to approximately RMB 5,447.7 million for the six months ended 30 June 2007 from approximately RMB3,501.7 million for the corresponding period in 2006, primarily attributable to an 44.2% increase in total gross floor area (“GFA”) sold to 935,342 sq.m. in the first half of 2007 from 648,614 sq.m. for the corresponding period in 2006. The recognised average selling price of property increased to RMB5,824 per sq.m. in the first half of 2007 from RMB5,371 per sq.m. for the corresponding period in 2006.

Construction and decoration

Revenue generated from the construction and decoration increased by 10.3% to approximately RMB380.9 million for the six months ended 30 June 2007 from approximately RMB345.3 million for the corresponding period in 2006, primarily attributable to an increase in the volume of construction and decoration services rendered to Qingyuan Country Garden Property Development Co., Ltd. (a related party of the Group).

Property management

Revenue generated from the property management increased by 39.1% to approximately RMB105.4 million for the six months ended 30 June 2007 from approximately RMB75.8 million for the corresponding period in 2006, primarily attributable to an increase in the cumulative GFA under management resulting from the construction completion and delivery of properties such as Nanhai Country Garden, Nansha Country Garden and Country Garden Phoenix City.

Management Discussion and Analysis

Hotel operation

Revenue generated from the hotel operation increased by 4.2% to approximately RMB99.8 million for the six months ended 30 June 2007 from approximately RMB95.8 million for the corresponding period in 2006, primarily attributable to the steady increase in revenues of Heshan Country Garden Phoenix Hotel and Wuyi Country Garden Phoenix Hotel, the award of Qingyuan Country Garden Holiday Islands Hotel as five-star rating standard on 14 May 2007 and the opening of Yangjiang Country Garden Phoenix Hotel in May 2007 which is operated according to five-star rating standard.

Cost of sales

Cost of sales of the Group represents primarily the costs we incur directly for our property development activities which include construction, decoration and design costs, land use rights cost, business taxes, and land appreciation tax. Property developments require substantial capital investment for land acquisition and construction and may take several months or years before generating positive cash flows.

Cost of sales increased by 44.9% to approximately RMB3,754.7 million for the six months ended 30 June 2007 from approximately RMB2,591.5 million for the corresponding period in 2006. The increase in construction, decoration and design costs was in line with the increase in total sales of the properties.

Gross profit

Gross profit of the Group increased by 53.3% to approximately RMB2,279.1 million for the six months ended 30 June 2007 from approximately RMB1,486.3 million for the corresponding period in 2006, primarily attributable to the significant increase in the total GFA of the properties sold. The gross margin for the first half of 2007 increased to 37.8% from 36.4% for the corresponding period in 2006, primarily attributable to the increase in the average selling price to RMB5,824 per sq.m. for the six months ended 30 June 2007 from RMB5,371 per sq.m. for the corresponding period in 2006.

Other gains/(losses)-net

Other gains/(losses)-net of the Group increased by 597.4% to approximately RMB207.9 million of gain for the six months ended 30 June 2007 from approximately RMB41.8 million of loss for the corresponding period in 2006. It is mainly due to the substantial interest income earned on application monies of approximately RMB270.0 million for shares subscription upon the Group's IPO in April 2007 and the interest income on other bank deposits of RMB85.2 million. This increase in other gains was offset by exchange losses, net, of approximately RMB167.0 million mainly arising from the Hong Kong Dollar proceeds received upon the IPO pending conversion into Reminbi during the period.

Selling and marketing costs

Selling and marketing costs of the Group increased by 35.7% to approximately RMB157.6 million for the six months ended 30 June 2007 from approximately RMB116.1 million for the corresponding period in 2006, which is primarily attributable to heavy publicity of the Group prior to its listing in April 2007. Therefore, large amount of advertisement were put into the market and resulted in the increase in advertisement expenses by 49.3% to approximately RMB87.8 million for the six months ended 30 June 2007 from approximately RMB58.8 million for the corresponding period in 2006. In addition, pre-sale of new property (eg. Zengcheng Country Garden, Huanan Country Garden and Heshan Country Garden) in the first half of 2007 also gave rise to the higher selling and marketing costs for the period.

Management Discussion and Analysis

Administrative expenses

Administrative expenses of the Group increased by 79.2% to approximately RMB291.1 million for the six months ended 30 June 2007 from approximately RMB162.4 million for the corresponding period in 2006, primarily attributable to the recruitment of a large number of staff, which was to satisfy the requirement of rapid development of the Group during its listing and afterwards. Consequently, the salary increased substantially by 47.9% to approximately RMB131.0 million for the six months ended 30 June 2007 from approximately RMB88.6 million for the corresponding period in 2006. The listing expense of approximately RMB32.7 million was charged one-off to the Group's income statement during the period under review.

Other expenses

Other expenses of the Group decreased by 71.9% to approximately RMB10.5 million for the six months ended 30 June 2007 from approximately RMB37.4 million for the corresponding period in 2006, primarily attributable to the absence of surcharge in relation to the late payment of enterprise income tax in 2002, 2003, and 2004 of approximately RMB33.4 million for the corresponding period in 2006. According to the relevant tax authority, such payment is final and conclusive and the issue was completely resolved.

Finance costs

Finance costs of the Group increased by 7.1% to approximately RMB148.7 million for the six months ended 30 June 2007 from approximately RMB138.8 million for the corresponding period in 2006, mainly reflecting the increase in the total interest expenses resulting from several lifting of bank loan interest rates during the intervening period between 1 January 2006 and 30 June 2007.

Profit attributable to the equity owners

Profit attributable to the equity owners for the six months ended 30 June 2007 of the Group increased by 164.3% to approximately RMB1,421.0 million from approximately RMB537.7 million for the corresponding period in 2006. Such net margin increased to 23.5% for the six months ended 30 June 2007 from 13.2% for the corresponding period in 2006, as a result of the cumulative effect of the foregoing factors.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

Cash position

Since the Group had raised new shares issue proceeds, net, (including the portion of the over-allotment subscription) of approximately RMB14,671.2 million, the Group's cash and bank deposits (including the restricted cash) amounted to approximately RMB16,870.6 million as at 30 June 2007 (31 December 2006: RMB1,984.4 million), representing a significant increase as compared to that as at 31 December 2006. As at 30 June 2007, 48.1% and 51.9% of the Group's cash and bank deposits were denominated in Renminbi, and other currencies (mainly Hong Kong dollars) respectively.

As at 30 June 2007, the carrying amount of the restricted cash was approximately RMB759.1 million (31 December 2006: RMB454.7 million). Pursuant to relevant regulations, certain of the project companies are required to deposit a portion of proceeds from pre-sales of properties into special bank accounts. Before the completion of the pre-sold properties, the proceeds deposited in the escrow accounts may only be used for the restricted purposes of purchasing construction materials, equipments, making interim construction payments and paying tax, with the prior approval of the relevant local authorities.

Management Discussion and Analysis

Net current assets and current ratio

The Group had net current assets of approximately RMB15,211.3 million as at 30 June 2007 (31 December 2006: RMB560.2 million). The current ratio being current assets over current liabilities, increased to approximately 2.1 as at 30 June 2007 from approximately 1.1 as at 31 December 2006.

Borrowings and charges on group assets

The Group had an aggregated borrowings as at 30 June 2007 of approximately RMB4,606.4 million, of which approximately RMB1,270.5 million will be repayable within 1 year, approximately RMB3,335.9 million will be repayable between 2 and 5 years. As at 30 June 2007, the substantial part of the bank borrowings are secured by land use rights and properties of the Group and guaranteed by Group companies.

Gearing ratio

The gearing ratio is measured by the net borrowings (total borrowings net of cash and cash equivalent and restricted cash) over the total capital and reserves attributable to equity owners. As at 30 June 2007, the gearing ratio was -74.6%, i.e. the Group was in a net cash position (31 December 2006: 160.1%). As the ongoing new project development and the land replenishment will utilize the IPO proceeds and additional borrowings will be raised, if required, the gearing ratio is expected to be gradually increased to a reasonable level.

Interest rate risk

The weighted average interest rate of the Group's borrowing increased to 6.4% for the six months ended 30 June 2007 from 6.2% for the corresponding period in 2006. The Group has implemented certain interest rate management which includes, among the others, close monitoring of interest rate movements and replacing and entering into new banking facilities when good pricing opportunities arise.

Risk of exchange rate fluctuation

The Group mainly operates in the PRC, so most of its revenue and expenses are measured in Reminbi. In the first half of 2007, the exchange rates of Reminbi to Hong Kong dollars kept on increasing. Though the Group had progressively remitted the Hong Kong dollars IPO proceeds to China and converted them into Reminbi shortly after remittance, there was still an exchange losses of RMB167.0 million. It was mainly due to the unexpected longer period for exchange process resulting from tightening foreign exchange policies in China. The Group is actively engaging in the process of converting Hong Kong dollars into Reminbi. The directors expect that any fluctuation of Reminbi's exchange rate will not have material adverse effect on the operation of the Group.

Land appreciation tax

The State Administration of Taxation ("SAT") of the PRC issued Guoshuifa 2004 No. 938 dated 2 August 2004, announcing its intention to strengthen the collection of land appreciation tax ("LAT") on property developers. The SAT of the PRC also issued Guoshuifa 2006 No. 187 dated 28 December 2006, which became effective from 1 February 2007, announcing its intention to strengthen the mechanism for collection of LAT on property developers, and authorizing the local tax bureau to issue detailed implementation rules and procedures appropriate to local environments. In the past, the Group has made full provision of LAT but paid provisional LAT calculated according to certain rates (varying from 0.5% to 3%) over sales amounts assessed by local tax bureau. After consultation with tax consultants and the tax bureau of certain relevant cities where the Group has property development, it is understood that the details of implementation have not yet been announced. For the six months ended 30 June 2007, the Group had LAT expenses of approximately RMB340.3 million. As at 30 June 2007, the Group had LAT provision balance of RMB958.0 million. In the opinion of the directors, the Group had adequate resources to pay to the local tax bureau upon the collection of such LAT provision.

Management Discussion and Analysis

Contingent liability

As at 30 June 2007, the Group had the following contingent liabilities relating to guarantees in respect of mortgage facilities for certain purchasers amounting to approximately RMB6,918.6 million (31 December 2006: approximately RMB5,822.7 million).

This represented the guarantees in respect of mortgage facilities granted by certain banks relating to the mortgage loans arranged for certain purchasers of the Group's properties. Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage principals together with accrued interest and penalty owed by the defaulted purchasers to the banks and the Group is entitled to take over the legal title and possession of the related properties. Of the amounts as at 30 June 2007, approximately RMB662.3 million (31 December 2006: approximately RMB764.4 million) was to be discharged two years from the day the mortgaged loans become due; and approximately RMB6,256.3 million (31 December 2006: approximately RMB5,058.3 million) was to be discharged upon earlier of (i) issuance of the real estate ownership certificate which are generally be available within three months after the purchasers take possession of the relevant properties; and (ii) the satisfaction of mortgaged loan by the purchasers of properties.

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

Capital and property development commitments

As at 30 June 2007, the capital commitments in connection with the property development activities amounted to approximately RMB3,112.5 million (31 December 2006: approximately RMB710.7 million). This amount is primarily arising from contracted construction fees or other capital commitments for future property developments. The Group expects to fund these commitments principally from pre-sale proceeds of the properties and partly from bank borrowings.

Material acquisition and disposal of subsidiaries

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

Employees and remuneration policy

As at 30 June 2007, the Group had approximately 21,292 full-time employees, which had increased by 3,324, or 18%, from 17,968 as at 31 December 2006. The recruitment of a large number of new staff was to satisfy the requirement of rapid development of the Company after its listing. The remuneration package of the employees includes salary, bonus and other cash subsidies. The Company has designed an annual review system to assess the performance of the employees, which forms the basis of the determination on salary increase, bonus and promotion. The Group is subject to social insurance contribution plans organized by the PRC local governments. In accordance with the relevant national and local labor and social welfare laws and regulations, the Group is required to pay on behalf of the employees a monthly social insurance premium covering pension insurance, medical insurance, unemployment insurance and housing reserve fund. The Group believes the salaries and benefits that the employees receive are competitive in comparison with market rates. The employees do not negotiate their terms of employment through any labor union or by way of collective bargaining agreements. The Group believes its relationship with the employees is good. As at the date of the interim report, no significant labor disputes which adversely affect or likely to have an adverse effect on the operations of the business occurred.

Management Discussion and Analysis

Business Venture and Prospect

As of 30 June 2007, the Group had 28 projects with an aggregate completed GFA of 6,799,103 sq.m., on which it had built 38,956 units to house an estimated 155,000 people, an aggregate GFA under development of 6,112,337 sq.m., and an aggregate GFA of 12,777,560 sq.m relating to properties held for future development. There was an aggregate site areas of approximately 6,164,679 sq.m., with an aggregate developable GFA of approximately 10,682,258 sq. m., for which the land grant contracts had been entered, but the relevant land use rights certificates had not yet obtained.

The Company is currently expanding further into other parts of the country. Apart from Guangdong Province, the Group has already had presence in Liaoning province, Anhui Province, Jiangsu Province, Hunan Province and Inner Mongolia Autonomous Region. Looking ahead, by leveraging on the strong capital base, wide brand recognition and unique business model, the Group will not only focus in Guangdong Province, but also further expand the business outside Guangdong Province. With the increase in land bank, the Group will continue to grow stably in its development going forward.

The Group actively cooperated with different level of government on preliminary land development since the Group's announcement dated 31 May 2007 regarding its first involvement in this activity. As of 30 June 2007, approximately 17.89 million sq.m. of land was involved in preliminary land development with an invested amount of approximately RMB430 million. The Company's participation in the preliminary land development provides additional sources of income from a related business. At the same time, early involvement in the planning of land parcels from the preliminary land development will also be beneficial to the Group's subsequent property development, with more targeted project planning in better meeting local market demand. The participation in the preliminary land development fits in well with our unique business model of systematic and rapid large scale property development.

Disclosure of Interests

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS

As at 30 June 2007, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”)) as recorded in the register which were required to be kept under section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) were as follows:

(i) Interest in the Company (long position)

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

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

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

Note:

These shares represent shares held by Concrete Win Limited, Automic Group Limited, Easy Hope Holdings Ltd, Acura International Global Limited and Highlander Group Limited in which Ms. Yang Huiyan, Mr. Yang Erzhu, Mr. Su Rubo, Mr. Zhang Yaoyuan and Mr. Ou Xueming beneficially owns the entire issued share capital respectively.

Save as disclosed above, none of the Directors or chief executive of the Company had or was deemed to have any interests or short positions in the shares of the Company, underlying shares or debentures of the Company or any of its associated corporations as recorded in the register which were required to be kept by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code. None of Directors or their spouse or children under the age of 18, had been granted any right to subscribe for the equity or debt securities of the Company or any of its associated corporations, or had exercised any such right during the period from 20 April 2007, the date on which trading of the shares of the Company commenced on the Stock Exchange, up to 30 June 2007.

SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 30 June 2007, the interests and short positions of persons, other than the Directors or chief executive of the Company in the shares and the underlying shares of the Company representing 5% or more of the nominal value of shares comprised in the relevant share capital of the Company as recorded in the register kept by the Company under Section 336 of the SFO were as follows:

Interest in the Company (long position)

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

Notes:

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

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

Corporate Governance and Other Information

AUDIT COMMITTEE

The Audit Committee was established on 5 December 2006 and assists the Board in providing an independent review of the effectiveness of the financial reporting process, internal control and risk management systems of the Group, overseeing the audit process and performing other duties and responsibilities as may be assigned by the Board from time to time. The members of the Audit Committee are all of the independent non-executive directors, namely Mr. Lai Ming, Joseph, Mr. Shek Lai Him, Abraham and Mr. Tong Wui Tung, Ronald. Mr. Lai Ming, Joseph is the chairman of the Audit Committee. The Chairman of the Audit Committee possesses appropriate professional qualifications, accounting or related financial management expertise as required under the Rules (the “Listing Rules”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The Audit Committee met three times to date in 2007 (with an average attendance rate of 100%) to review the Group’s significant internal controls and financial matters as set out in the Audit Committee’s term of reference with senior management and external auditors of the Company. The committee’s review covers the audit plans and findings of external auditors, external auditor’s independence, the Group’s accounting principles and practices, Listing Rules and statutory compliance, internal controls, risk management and financial reporting matters. The interim results for the six months ended 30 June 2007 are unaudited, but have been reviewed by PricewaterhouseCoopers in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants and by the Audit Committee.

REMUNERATION COMMITTEE

The Remuneration Committee was formed on 5 December 2006 with terms of reference in compliance with the Code on Corporate Governance Practice (the “Code”) as set out in the Appendix 14 to the Listing Rules and is being chaired by Mr. Yeung Kwok Keung. The primary responsibility is to review and formulate policies in respect of remuneration structure for all Directors and senior management of the Company and make recommendations to the Board for its consideration. It consists of five members, of whom two are executive directors being Mr. Yeung Kwok Keung and Mr. Cui Jianbo, and three are independent non-executive Directors being Mr. Lai Ming, Joseph, Mr. Shek Lai Him, Abraham and Mr. Tong Wui Tung, Ronald.

COMPLIANCE WITH THE MODEL CODE OF THE LISTING RULES

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) of the Listing Rules as the code for dealing in securities of the Company by the Directors. Specific confirmation has been obtained from all directors for compliance with the required standard set out in the Model Code during the period from 20 April 2007, the date on which trading of the shares of the Company commenced on the Stock Exchange, up to 30 June 2007. No incidence of material non-compliance has been noted by the Company to date in 2007. Relevant employees who are likely to be in possession of unpublished price-sensitive information of the Group are also subject to compliance with written guidelines on no less exacting terms than the Model Code during the period from 20 April 2007, the date on which trading of the shares of the Company commenced on the Stock Exchange, up to 30 June 2007.

Corporate Governance and Other Information

CODE ON CORPORATE GOVERNANCE PRACTICES

The Board and management are committed to principles of corporate governance consistent with prudent management and enhancement of shareholder value. These principles emphasize transparency, accountability and independence.

The Company has complied with the Code as set out in the Appendix 14 to the Listing Rules during the period from 20 April 2007, the date on which trading of the shares of the Company commenced on the Stock Exchange, up to 30 June 2007, except for the deviations from the code provisions (“Code Provisions”) A.1.7, A.2.1 and D.1.2 only. The following summarizes the requirements under the relevant Code Provisions, the reasons for such deviations and the steps the Company has taken in order to be able to comply with the relevant Code Provisions.

- (1) **Code Provision A.1.7** — There should be a procedure agreed by the board to enable directors, upon reasonable request, to seek independent professional advice in appropriate circumstances, at the issuer’s expense. The board should resolve to provide separate independent professional advice to directors to assist the relevant director or directors to discharge his/their duties to the issuer.
- (2) **Code Provision A.2.1** — The roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive officer should be clearly established and set out in writing.
- (3) **Code Provision D.1.2** — An issuer should formalise the functions reserved to the board and those delegated to management. It should review those arrangements on a periodic basis to ensure that they remain appropriate to the needs of the issuer.

The Company has adopted the Code on 20 March 2007. Mr. Yeung Kwok Keung and Mr. Cui Jianbo have been holding the positions of the Chairman of the Board and the President, who are two clearly separate positions, and the functions of the President are similar to those normally taken by the chief executive officer of other listed companies, respectively since 4 December 2006. The Company has not complied with the relevant Code Provisions during the period from 20 April 2007, the date on which trading of the shares of the Company commenced on the Stock Exchange, up to 30 June 2007 as the Company requires more time to consider and prepare proper procedures and guidelines which comply with the relevant Code Provisions and are applicable to the Company. On 3 August 2007, the Directors of the Company passed a written resolution to approve and adopt a memorandum setting out in writing the procedure to enable directors to seek independent professional advice in appropriate circumstances at the Company’s expenses, the division of responsibilities between the Chairman and the President and the functions of the Board and management. Therefore, the Company has since 3 August 2007 rectified all deviations from and complied fully with the Code.

SHARE OPTION SCHEME

On 20 March 2007, a share option scheme (the “Scheme”) was adopted and approved by the then shareholders of the Company for a period of 10 years commencing on the adoption date. Since the adoption date, the Board may, at its discretion, grant share options to any eligible person to subscribe for shares in the Company subject to the terms and conditions as stipulated in the Scheme. No share options were granted during the period since adoption.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 30 June 2007, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s listed securities.

Consolidated Balance Sheet

(All amounts in RMB thousands unless otherwise stated)

	Note	Unaudited 30 June 2007	Audited 31 December 2006
ASSETS			
Non-current assets			
Property, plant and equipment	6	1,185,778	944,571
Intangible assets	6	224,799	—
Land use rights	6	2,465,159	2,171,614
Available-for-sale financial assets		20,000	20,000
Properties under development		577,611	212,573
Deferred income tax assets		471,819	555,566
		<u>4,945,166</u>	<u>3,904,324</u>
Current assets			
Land use rights	6	1,757,278	1,584,777
Properties under development		4,588,938	3,725,848
Completed properties held for sale		1,605,999	1,641,029
Inventories		104,996	89,955
Trade and other receivables	7	3,181,426	1,439,064
Prepaid taxes		1,145,683	942,012
Restricted cash	8	759,113	454,669
Cash and cash equivalents	9	16,111,518	1,529,689
		<u>29,254,951</u>	<u>11,407,043</u>
Total assets		<u>34,200,117</u>	<u>15,311,367</u>
EQUITY			
Capital and reserves attributable to the equity owners			
Share capital and premium	10	14,989,639	764,568
Reserves	11	32,705	32,705
Retained earnings		1,421,048	512,554
		<u>16,443,392</u>	<u>1,309,827</u>
Minority interests		190,160	165,535
Total equity		<u>16,633,552</u>	<u>1,475,362</u>
LIABILITIES			
Non-current liabilities			
Borrowings	12	3,335,910	2,858,200
Deferred income tax liabilities		186,990	130,957
		<u>3,522,900</u>	<u>2,989,157</u>
Current liabilities			
Advanced proceeds received from customers		10,322,425	7,481,986
Trade and other payables	13	2,151,918	1,848,859
Income tax payable		298,832	292,911
Borrowings	12	1,270,490	1,223,092
		<u>14,043,665</u>	<u>10,846,848</u>
Total liabilities		<u>17,566,565</u>	<u>13,836,005</u>
Total equity and liabilities		<u>34,200,117</u>	<u>15,311,367</u>
Net current assets		<u>15,211,286</u>	<u>560,195</u>
Total assets less current liabilities		<u>20,156,452</u>	<u>4,464,519</u>

The notes on pages 27 to 51 form an integral part of this interim financial information.

Consolidated Income Statement

(All amounts in RMB thousands unless otherwise stated)

		Unaudited	
		Six months ended 30 June	
	Note	2007	2006
Revenue	5	6,033,798	4,077,755
Cost of sales		(3,754,734)	(2,591,493)
Gross profit		2,279,064	1,486,262
Other gains/(losses) – net	14	207,851	(41,795)
Selling and marketing costs		(157,559)	(116,078)
Administrative expenses		(291,138)	(162,350)
Other expenses		(10,518)	(37,346)
Operating profit	15	2,027,700	1,128,693
Finance costs	16	(148,723)	(138,810)
Profit before income tax		1,878,977	989,883
Income tax expense	17	(435,804)	(383,939)
Profit for the period		1,443,173	605,944
Attributable to:			
Equity owners		1,421,048	537,673
Minority interests		22,125	68,271
		1,443,173	605,944
Basic and diluted earnings per share, expressed in RMB cents per share	18	9.7 cents	4.0 cents
Dividends	19	512,554	376,343

The notes on pages 27 to 51 form an integral part of this interim financial information.

Consolidated Statement of Changes in Equity

(All amounts in RMB thousands unless otherwise stated)

	Unaudited					
	Attributable to equity owners of the Company				Minority interest	Total equity
	Share capital and premium (Note 10)	Reserves (Note 11)	Retained earnings	Total		
Balance at 1 January 2006	764,568	(34,039)	1,574,255	2,304,784	17,054	2,321,838
Capital injections to subsidiaries by their then shareholders	—	9,551	—	9,551	2,010	11,561
Disposals of subsidiaries and businesses	—	(754)	—	(754)	(33,007)	(33,761)
Profit for the period	—	—	537,673	537,673	68,271	605,944
Dividends (note 19)	—	—	(376,343)	(376,343)	—	(376,343)
Balance at 30 June 2006	<u>764,568</u>	<u>(25,242)</u>	<u>1,735,585</u>	<u>2,474,911</u>	<u>54,328</u>	<u>2,529,239</u>
Balance at 1 January 2007	764,568	32,705	512,554	1,309,827	165,535	1,475,362
Capital injections to subsidiaries by their then shareholders	—	—	—	—	2,500	2,500
Issue of shares in connection with the listing (note 10)	14,671,195	—	—	14,671,195	—	14,671,195
Placing and listing expenses	(446,124)	—	—	(446,124)	—	(446,124)
Profit for the period	—	—	1,421,048	1,421,048	22,125	1,443,173
Dividends (note 19)	—	—	(512,554)	(512,554)	—	(512,554)
Balance at 30 June 2007	<u>14,989,639</u>	<u>32,705</u>	<u>1,421,048</u>	<u>16,443,392</u>	<u>190,160</u>	<u>16,633,552</u>

The notes on pages 27 to 51 form an integral part of this interim financial information.

Condensed Consolidated Cash Flow Statement

(All amounts in RMB thousands unless otherwise stated)

	Unaudited	
	Six months ended 30 June	
	2007	2006
Net cash flows from operating activities	339,367	1,726,439
Net cash from investing activities	169,368	752,434
Net cash from/(used in) financing activities	14,073,094	(1,112,493)
Net increase in cash and cash equivalents	14,581,829	1,366,380
Cash and cash equivalents at the beginning of the period	1,529,689	824,708
Cash and cash equivalents at the end of the period	16,111,518	2,191,088

The notes on pages 27 to 51 form an integral part of this interim financial information.

Selected Notes to the Interim Financial Information

(All amounts in RMB thousands unless otherwise stated)

I. GENERAL INFORMATION

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

The Company and its subsidiaries (collectively the “Group”) underwent the reorganisation (the “Reorganisation”) in preparation for the listing on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). Details of the Reorganisation were disclosed in the audited financial statements of the Group for the year ended 31 December 2006.

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

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

This interim financial information is presented in units of Renminbi (“RMB”) thousand Yuan, unless otherwise stated and was approved by the board of directors of the Company for issue on 27 August 2007.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

2.1 Basis of preparation

This interim financial information has been prepared using the principles of merger accounting, as described in Hong Kong Accounting Guideline 5 “Merger Accounting for Common Control Combinations” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

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

This interim financial information for the six months ended 30 June 2007 has been prepared in accordance with Hong Kong Accounting Standards (“HKAS”) 34, ‘Interim Financial Reporting’. The interim financial report should be read in conjunction with the audited financial statements for the year ended 31 December 2006.

Selected Notes to the Interim Financial Information

(All amounts in RMB thousands unless otherwise stated)

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES *(Continued)*

2.2 Accounting policies

The accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2006, as described in the annual financial statements for the year ended 31 December 2006.

The adoption of new/revised HKFRS

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

HKAS 1 (Amendment)	Presentation of Financial Statements: Capital Disclosures
HK (IFRIC) - Int 9	Reassessment of Embedded Derivatives
HK (IFRIC) - Int 10	Interim Reporting and Impairment
HKFRS 7	Financial Instruments: Disclosure

The Group has assessed the impact of the adoption of these new standards, amendments and interpretations and considered that there was no significant impact on the Group’s results and financial position nor any substantial changes in the Group’s accounting policies, whereas the adoption of HKAS 1 (Amendment) and HKFRS 7 requires additional disclosures to be made in annual consolidated financial statements.

Standards and interpretations that are not yet effective and have not been adopted by the Group

The following new/revised standards and interpretations have been published and are mandatory for the Group’s accounting periods beginning on or after 1 March 2007 or later periods.

HKFRS 8	Operating Segment
HKAS 23 (Revised)	Borrowing Costs
HK (IFRIC) – Int 11	HKFRS 2 – Group and Treasury Share Transactions
HK (IFRIC) – Int 12	Service Concession Arrangements

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

Selected Notes to the Interim Financial Information

(All amounts in RMB thousands unless otherwise stated)

3. FINANCIAL RISK MANAGEMENT

All aspects of the Group's financial risk management objectives and policies are consistent with those disclosed in the annual financial statements for the year ended 31 December 2006.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements used are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results.

5. REVENUE AND SEGMENT INFORMATION

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

Revenue consists of the following:

	Six months ended 30 June	
	2007	2006
Sales of properties	5,447,687	3,501,729
Rendering of construction services	369,067	329,450
Rendering of hotel services	99,802	95,799
Rendering of property management services	105,449	75,795
Rendering of school services	—	59,100
Rendering of decoration services	11,793	15,882
	6,033,798	4,077,755

Selected Notes to the Interim Financial Information

(All amounts in RMB thousands unless otherwise stated)

5. REVENUE AND SEGMENT INFORMATION *(Continued)*

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

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

	Six months ended 30 June 2007						
	Property development	Construction, fitting and decoration	Property management	Hotel operation and theme park	Others	Elimination	Group
Depreciation	12,459	12,166	3,989	27,462	—	(3,426)	52,650
Land use right amortisation	23,766	477	—	1,108	—	—	25,351
Capital expenditure	133,964	22,325	5,823	168,172	—	(35,944)	294,340

	Six months ended 30 June 2006						
	Property development	Construction, fitting and decoration	Property management	Hotel operation and theme park	Others	Elimination	Group
Depreciation	13,906	11,892	3,392	24,293	5,642	(2,816)	56,309
Land use right amortisation	18,111	1,073	—	1,270	—	—	20,454
Impairment of property, plant and equipment	—	—	—	4,018	155	—	4,173
Capital expenditure	18,463	1,518	3,646	111,963	—	(34,192)	101,398

Selected Notes to the Interim Financial Information

(All amounts in RMB thousands unless otherwise stated)

5. REVENUE AND SEGMENT INFORMATION (Continued)

The segment assets and liabilities at 30 June 2007 are as follows:

	Property development	Construction, fitting and decoration	Property management	Hotel operation and theme park	Others	Elimination	Group
Segment assets	40,449,959	6,550,867	164,260	2,062,309	—	(15,499,096)	33,728,299
Unallocated							471,818
Total assets							34,200,117
Segment liabilities	21,646,114	4,759,098	124,705	461,313	—	(14,516,888)	12,474,342
Unallocated							5,092,223
Total liabilities							17,566,565

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

	Property development	Construction, fitting and decoration	Property management	Hotel operation and theme park	Others	Elimination	Group
Segment assets	20,227,493	4,367,792	119,137	986,482	—	(10,945,103)	14,755,801
Unallocated							555,566
Total assets							15,311,367
Segment liabilities	15,662,588	2,559,287	83,899	966,359	—	(9,941,288)	9,330,845
Unallocated							4,505,160
Total liabilities							13,836,005

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

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

Capital expenditure comprises additions to property, plant and equipment, including additions resulting from acquisitions through business combinations (notes 6 and 22).

Selected Notes to the Interim Financial Information

(All amounts in RMB thousands unless otherwise stated)

6. PROPERTY, PLANT AND EQUIPMENT, LAND USE RIGHTS AND INTANGIBLE ASSETS

	Property, plant and equipment	Land use rights	Intangible assets
Six months ended 30 June 2006			
Opening net book amount at 1 January 2006	996,540	3,716,656	—
Additions	101,398	204,770	—
Disposals of subsidiaries and businesses	(171,206)	(65,020)	—
Disposals	(46,105)	—	—
Transfer to cost of sales	—	(221,391)	—
Depreciation	(56,309)	—	—
Amortisation			
— expensed in administrative expenses	—	(20,454)	—
— capitalised in properties under development	—	(13,130)	—
Impairment	(4,173)	—	—
Closing net book amount at 30 June 2006	<u>820,145</u>	<u>3,601,431</u>	<u>—</u>
Six months ended 30 June 2007			
Opening net book amount at 1 January 2007	944,571	3,756,391	—
Acquisition of subsidiaries (<i>note 22</i>)	39	—	224,799
Additions	294,301	883,543	—
Disposals	(483)	—	—
Transfer to cost of sales	—	(377,724)	—
Depreciation	(52,650)	—	—
Amortisation			
— expensed in administrative expenses	—	(25,351)	—
— capitalised in properties under development	—	(14,422)	—
Closing net book amount at 30 June 2007	<u>1,185,778</u>	<u>4,222,437</u>	<u>224,799</u>

Selected Notes to the Interim Financial Information

(All amounts in RMB thousands unless otherwise stated)

7. TRADE AND OTHER RECEIVABLES

	As at	
	30 June 2007	31 December 2006
Trade receivables (<i>note (a)</i>):	84,842	49,937
Related parties (<i>note 23(d)</i>)	11,762	—
Third parties	73,080	49,937
Other receivables:	700,954	818,499
Related parties (<i>note 23(d)</i>)	—	638,797
Third parties	703,911	182,659
Provision for impairment of receivables	(2,957)	(2,957)
Amounts due from customers for contract work (<i>note (b)</i>)	296,125	103,694
Prepayments – third parties (<i>note (c)</i>)	2,099,505	466,934
	<u>3,181,426</u>	<u>1,439,064</u>

As at 30 June 2007, the fair value of trade and other receivables approximated their carrying amounts.

Notes:

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

	As at	
	30 June 2007	31 December 2006
Within 90 days	67,981	32,918
Over 90 days and within 180 days	6,377	7,589
Over 180 days and within 365 days	3,902	3,277
Over 365 days	6,582	6,153
	<u>84,842</u>	<u>49,937</u>

- (b) Amounts due from customers for contract work at the balance sheet date were as follows:

	As at	
	30 June 2007	31 December 2006
Cost incurred	2,875,055	2,700,866
Recognised profits (less recognised losses)	1,384,673	1,363,660
	<u>4,259,728</u>	<u>4,064,526</u>
Less: progress billings	(3,963,603)	(3,960,832)
	<u>296,125</u>	<u>103,694</u>
Represented by:		
Amounts due from customers	296,125	103,694
Including: Related companies (<i>note 23(d)</i>)	260,376	92,623
Third parties	35,749	11,071

- (c) Prepayment mainly related to deposits for acquisition of land use rights of RMB1,819 million (31 December 2006: RMB356 million).

Selected Notes to the Interim Financial Information

(All amounts in RMB thousands unless otherwise stated)

8. RESTRICTED CASH

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

9. CASH AND CASH EQUIVALENTS

	As at	
	30 June 2007	31 December 2006
Cash at bank and in hand:		
Denominated in RMB	8,116,133	1,961,122
Denominated in other currencies	8,754,498	23,236
	<u>16,870,631</u>	<u>1,984,358</u>
Less: restricted cash (<i>note 8</i>)	<u>(759,113)</u>	<u>(454,669)</u>
	<u><u>16,111,518</u></u>	<u><u>1,529,689</u></u>

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

Selected Notes to the Interim Financial Information

(All amounts in RMB thousands unless otherwise stated)

10. SHARE CAPITAL AND PREMIUM

	Note	Number of ordinary shares	Nominal value of ordinary shares HK\$000	Equivalent nominal value of ordinary shares RMB'000	Share premium RMB'000	Total RMB'000
Authorised						
Ordinary share of HK\$0.10 each						
upon incorporation	(a)	3,800,000	380	384	—	384
Increase in authorised share capital	(c)	99,996,200,000	9,999,620	9,904,624	—	9,904,624
		<u>100,000,000,000</u>	<u>10,000,000</u>	<u>9,905,008</u>	<u>—</u>	<u>9,905,008</u>
Issued and fully paid						
At 10 November 2006						
(date of incorporation)		1	—	—	—	—
Issue of ordinary shares of HK\$0.10	(b)	99	—	—	—	—
		<u>100</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
At 31 December 2006 and 1 January 2007		100	—	—	—	—
Issue of shares arising from						
Reorganisation	(d)	999,999,900	100,000	99,060	665,508	764,568
Capitalisation of share						
premium account	(e)	12,600,000,000	1,260,000	1,246,014	(1,246,014)	—
Issue of shares in connection with						
the listing	(f)	2,760,000,000	276,000	272,699	14,398,496	14,671,195
Listing expenses		—	—	—	(446,124)	(446,124)
		<u>16,360,000,000</u>	<u>1,636,000</u>	<u>1,617,773</u>	<u>13,371,866</u>	<u>14,989,639</u>

Notes:

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

Selected Notes to the Interim Financial Information

(All amounts in RMB thousands unless otherwise stated)

10. SHARE CAPITAL AND PREMIUM *(Continued)*

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

11. RESERVES

	Merger reserve	Statutory reserve	Total
	<i>(note (a))</i>	<i>(note (b))</i>	
Six months ended 30 June 2006			
Balance at 1 January 2006	(150,302)	116,263	(34,039)
Capital injection by the then equity owners of the subsidiaries of the Company	9,551	—	9,551
Disposal of subsidiaries	(754)	—	(754)
	(141,505)	116,263	(25,242)
	(141,505)	116,263	(25,242)
Six months ended 30 June 2007			
Balance at 1 January 2007 and 30 June 2007	(149,801)	182,506	32,705

Notes:

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

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

Selected Notes to the Interim Financial Information

(All amounts in RMB thousands unless otherwise stated)

12. BORROWINGS

	As at	
	30 June 2007	31 December 2006
Borrowings included in non-current liabilities:		
Bank borrowings – secured	4,606,400	3,876,700
Less: current portion of non-current borrowings	(1,270,490)	(1,018,500)
	<u>3,335,910</u>	<u>2,858,200</u>
Borrowings included in current liabilities:		
Bank borrowings – secured	—	140,000
Borrowings from related parties (<i>note 23(d)</i>)	—	64,592
Current portion of non-current borrowings	1,270,490	1,018,500
	<u>1,270,490</u>	<u>1,223,092</u>
Movements in borrowings are analysed as follows:		
Six months ended 30 June 2006		
Opening amount as at 1 January 2006		4,324,710
Addition of borrowings		1,514,000
Repayments of borrowings		(1,480,190)
Closing amount as at 30 June 2006		<u>4,358,520</u>
Six months ended 30 June 2007		
Opening amount 1 January 2007		4,081,292
Addition of borrowings		2,169,000
Repayments of borrowings		(1,643,892)
Closing amount as at 30 June 2007		<u>4,606,400</u>

The Group's borrowings of RMB4,606,400,000 at 30 June 2007 (31 December 2006: RMB4,016,700,000) were jointly secured by certain properties and land use rights of the Group with total carrying values of RMB4,174,145,000 as at 30 June 2007 (31 December 2006: RMB1,850,023,000). At 31 December 2006, the bank borrowing of RMB80,000,000 was secured by certain land use rights of Guangzhou Zhencheng Property Development Co., Ltd., a related party. At 30 June 2007, no security or guarantee is given by related parties.

The weighted average effective interest rates at balance sheet dates were as follows:

	As at	
	30 June 2007	31 December 2006
Borrowings	<u>6.422%</u>	<u>6.222%</u>

The carrying amounts of the Group's borrowings are denominated in RMB and approximate their fair value.

Selected Notes to the Interim Financial Information

(All amounts in RMB thousands unless otherwise stated)

13. TRADE AND OTHER PAYABLES

	As at	
	30 June 2007	31 December 2006
Trade payables (<i>note (a)</i>):	487,485	517,018
Related parties (<i>note 23(d)</i>)	30,730	37,567
Third parties	456,755	479,451
Other payables:		
Third parties	291,673	279,129
Staff welfare benefit payable	124,900	120,853
Accrued expenses	143,928	42,845
Other taxes payable (<i>note (b)</i>)	1,103,932	889,014
	2,151,918	1,848,859

Notes:

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

	As at	
	30 June 2007	31 December 2006
Within 90 days	450,200	407,915
Over 90 days and within 180 days	9,440	35,967
Over 180 days and within 365 days	7,602	15,407
Over 365 days	20,243	57,729
	487,485	517,018

(b) Other taxes payable mainly represent land appreciation tax payable of RMB957,968,000 (31 December 2006: RMB733,824,000) (*note 15(b)*).

14. OTHER GAINS/(LOSSES) – NET

	Six months ended 30 June	
	2007	2006
Forfeiture income	1,472	4,254
Interest income (<i>note</i>)	355,250	8,248
Gains/(losses) on disposals of property, plant and equipment	1,362	(3,624)
Losses on disposals of subsidiaries and businesses	—	(34,209)
Exchange losses, net	(167,027)	—
Others	16,794	(16,464)
	207,851	(41,795)

Note:

Interest income for the six months ended 30 June 2007 was mainly derived from subscription monies received during the Global Offering.

Selected Notes to the Interim Financial Information

(All amounts in RMB thousands unless otherwise stated)

15. OPERATING PROFIT

Operating profit is stated after charging the following:

	Six months ended 30 June	
	2007	2006
Advertising costs	87,790	58,751
Business taxes and other levies (<i>note a</i>)	372,042	264,647
Costs of completed properties sold	2,587,068	1,728,575
Impairment of property, plant and equipment	—	4,173
Depreciation (<i>note 6</i>)	52,650	56,309
Land appreciation tax (<i>note b</i>)	340,284	226,008
Land use rights amortisation (<i>note 6</i>)	25,351	20,454
Staff costs – excluding directors' emoluments	742,828	555,991
	<u> </u>	<u> </u>

Notes:

(a) Business tax

The PRC companies now comprising the Group are subject to business taxes on their revenues at the following rates:

Category	Rate
Sales of properties	5%
Property construction and decoration	3%
Property management	5%
Hotel services	5%

(b) PRC land appreciation tax

PRC land appreciation tax is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including lease charges of land use rights and all property development expenditures, which is included in the consolidated interim income statement as cost of sales.

16. FINANCE COSTS

	Six months ended 30 June	
	2007	2006
Interest expense:		
– bank borrowings	148,723	114,598
– borrowings from related parties (<i>note 23(b)</i>)	—	24,212
	<u> </u>	<u> </u>
	<u>148,723</u>	<u>138,810</u>

Selected Notes to the Interim Financial Information

(All amounts in RMB thousands unless otherwise stated)

17. INCOME TAX EXPENSE

	Six months ended 30 June	
	2007	2006
Current income tax		
– PRC enterprise income tax	352,223	304,982
– Hong Kong profits tax	—	—
Deferred income tax	83,581	78,957
	<u>435,804</u>	<u>383,939</u>

PRC enterprise income tax is provided at the rate of 33% of the profits for the PRC statutory financial reporting purpose, adjusted for those items, which are not assessable or deductible for the PRC enterprise income tax purpose.

No Hong Kong profits tax was provided for the six months ended 30 June 2007 as the Group did not have any assessable profit (Six months ended 30 June 2006: Nil).

Pursuant to the PRC enterprise income tax law passed by the Tenth National People's Congress on 16 March 2007, the new enterprise income tax rates for domestic and foreign enterprises are unified at 25%, which will be effective from 1 January 2008. As a result, the enterprise income tax rate of all the subsidiaries of the Company incorporated in the PRC, except for the Giant Leap Construction Co., will change from 33% to 25% with effective from 1 January 2008. Regarding Giant Leap Construction Co., as approved by the local tax authority in August 2006, its enterprise income tax rate was changed from 33% to 24% and started to enjoy a tax holiday of "two years exemption and followed by three years of a 50% tax reduction" from the year of 2006. The preferential tax rate adopted by Giant Leap Construction Co., will also be gradually transited to the unified tax rate of 25% over a five-year transitional period. The detailed instruction for the transition to the new tax rate is yet to be issued, the Group however estimated that the preferential tax rate adopted by Giant Leap Construction Co. will be expired at the shorter of the existing preferential tax period and the five-year transitional period. The change in the carrying amount of the deferred tax assets and liabilities, as a result of the change in tax rate, has been reflected in the financial information of the Group for the six months ended 30 June 2007.

18. EARNINGS PER SHARES

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

	Six months ended 30 June	
	2007	2006
Profit attributable to equity owners of the Company (RMB thousands)	1,421,048	537,673
Weighted average number of ordinary shares in issue (thousands)	14,683,978	13,600,000
Earnings per share (RMB cents per share)	9.7	4.0

The weighted average of 14,683,978,000 (2006: 13,600,000,000) ordinary shares in issue during the period is derived after taking into consideration of: (i) the 999,999,900 shares issued arising from the Reorganisation; and (ii) the capitalisation issue of 12,600,000,000 ordinary shares as referred to in notes 10(d) and 10(e) respectively, and deemed to have been in issue throughout the accounting periods presented.

The basic and diluted earnings per share are the same since there are no dilutive shares.

Selected Notes to the Interim Financial Information

(All amounts in RMB thousands unless otherwise stated)

19. DIVIDENDS

Dividends were paid by the subsidiaries of the Group to their then shareholders prior to the Reorganisation. No dividends have been declared by the Company after the Reorganisation.

The dividend rates and number of share ranking for the dividend are not presented as such information is not considered meaningful.

20. CONTINGENCIES

The Group had the following contingent liabilities:

	As at	
	30 June 2007	31 December 2006
Guarantees in respect of mortgage facilities for certain purchasers (<i>note (a)</i>)	<u>6,918,595</u>	<u>5,822,731</u>

Note:

- (a) It represented the guarantees in respect of mortgage facilities granted by certain banks relating to the mortgage loans arranged for certain purchasers of the Group's properties. Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage principals together with accrued interest and penalty owed by the defaulted purchasers to the banks and the Group is entitled to take over the legal title and possession of the related properties. Of the amounts as at 30 June 2007, RMB662,319,000 (31 December 2006: RMB764,414,000) was to be discharged two years from the day the mortgaged loans become due; and RMB6,256,276,000 (31 December 2006: RMB5,058,317,000) was to be discharged upon earlier of (i) issuance of the real estate ownership certificate which are generally be available within three months after the purchasers take possession of the relevant properties; and (ii) the satisfaction of mortgaged loan by the purchasers of properties.

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

21. COMMITMENTS

- (a) Commitments for capital and property development expenditures

	As at	
	30 June 2007	31 December 2006
Contracted but not provided for		
Property, plant and equipment	7,182	32,265
Property development expenditure	<u>3,105,367</u>	<u>678,423</u>
	<u>3,112,549</u>	<u>710,688</u>

Selected Notes to the Interim Financial Information

(All amounts in RMB thousands unless otherwise stated)

21. COMMITMENTS (Continued)

(b) Operating lease commitments

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

	As at	
	30 June 2007	31 December 2006
Not later than one year	4,862	4,028
Later than one year and not later than five years	5,137	6,659
Later than five years	6,104	8,621
	<u>16,103</u>	<u>19,308</u>

(c) Operating lease rentals receivable

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

	As at	
	30 June 2007	31 December 2006
Not later than one year	22,960	16,558
Later than one year and not later than five years	64,364	55,091
Later than five years	112,099	134,103
	<u>199,423</u>	<u>205,752</u>

22. BUSINESS COMBINATIONS

On 17 May 2007, the Group acquired 100% equity interest in Shenyang Hua Rui Zhi Ye Co., Ltd. ("Shenyang Hua Rui") from third parties at a total cash consideration of RMB550,000,000. For the six months ended 30 June 2007, Shenyang Hua Rui did not generate any revenue and incur any operating results.

Details of net assets acquired and goodwill are as follows:

Purchase consideration

Consideration per contract	263,600
Settlement of liabilities in the acquired subsidiaries assumed by the Group	286,400
Total purchase consideration	<u>550,000</u>
Fair value of net assets acquired – shown as below	<u>(550,000)</u>
Goodwill	<u>—</u>

The Group has yet to finalise the amount of the fair value of the net identifiable assets acquired.

Selected Notes to the Interim Financial Information

(All amounts in RMB thousands unless otherwise stated)

22. BUSINESS COMBINATIONS *(Continued)*

The assets and liabilities arising from the acquisition are as follows:

	Acquiree's carrying amount	Preliminary fair value
Cash and bank	2	2
Trade and other receivables	112,544	112,544
Property, plant and equipment	39	39
Prepayments	268,823	268,823
Other payables	(5)	(5)
Identifiable intangible assets arising from a land use right purchase contract	—	224,797
Deferred income tax liabilities	—	(56,200)
	<hr/>	<hr/>
Total	381,403	550,000
	<hr/> <hr/>	<hr/> <hr/>

Selected Notes to the Interim Financial Information

(All amounts in RMB thousands unless otherwise stated)

23. RELATED PARTY TRANSACTIONS

(a) Name and relationship with related parties

Existing Shareholders

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

Close family members of Existing Shareholders

Mr. Yeung Kwok Keung, Mr. Zhang Chibiao, Ms. Zhang Yingyan, Mr. Yang Minsheng, Mr. Su Zhixian, Mr. Yang Zhicheng, Mr. Yang Zhigang, Ms. Yang Ziyang, Ms. Ou Jieping, Ms. OU Jieling and Mr. Wu Weizhong.

Controlled By Existing Shareholders

Great Best	偉嘉集團控股有限公司
Foshan Shunde Elite Architectural Co., Ltd.	佛山市順德區博意建築設計院有限公司
Qingyuan Country Garden	清遠碧桂園物業發展有限公司
Qingyuan Country Cultural Development Co., Ltd.	清遠市故鄉里文化發展有限公司
Guangdong Country Garden School*	廣東碧桂園學校

Controlled by close family members of Existing Shareholders

Foshan Shunde Guohua Memorial High School	佛山市順德區國華紀念中學
Foshan Shunde Quality Growth Investment Co., Ltd.	佛山市順德區高品投資有限公司
Foshan Yilian Fiber Cable Co., Ltd.**	佛山市毅聯電纜有限公司
Foshan Shunde Kexing Fiber Cable Plastic Co., Ltd.**	佛山市順德區科興電纜塑料有限公司
Guangzhou Yaoyuanhui Electronic Appliances Co., Ltd.	廣州市耀垣輝電器有限公司
Foshan Shunde Boya Furniture Co., Ltd.**	佛山市順德區博雅家具有限公司
Qingyuan Golf	清遠碧桂園假日半島高爾夫球會有限公司

Controlled by Existing Shareholders and their close family members

Foshan Shunde Floral City Country Garden Property Development Co., Ltd.	佛山市順德區陳村鎮花城碧桂園物業發展有限公司
Foshan Shunde Jiangkou Water Plant Co., Ltd.	佛山市順德區江口自來水有限公司
Zengcheng Crystal Water Plant Co., Ltd.	增城市清源自來水廠有限公司
Foshan Landcoin Fiber Reinforce Plastic Co., Ltd.	佛山市順德區樂而康玻璃鋼製品有限公司
Grand Cement*	佛山市順德區鴻業水泥製品有限公司

Minority shareholders

Guangzhou Zhencheng Property Development Co., Ltd.	廣州真誠房地產開發有限公司
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* These companies were subsidiaries of the Group before they were disposed of in 2006.

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

Selected Notes to the Interim Financial Information

(All amounts in RMB thousands unless otherwise stated)

23. RELATED PARTY TRANSACTIONS (Continued)

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

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

(b) The following transactions were carried out with related parties:

(i) Construction and decoration service income

	Six months ended 30 June	
	2007	2006
Controlled by Existing shareholders		
清遠碧桂園物業發展有限公司 Qingyuan Country Garden	291,339	204,973
清遠市故鄉里文化發展有限公司		
Qingyuan Country Cultural Development Co., Ltd.	—	10,455
廣東碧桂園學校 Guangdong Country Garden School	30,290	—
Controlled by close family members of Existing shareholders		
清遠碧桂園假日半島高爾夫球會有限公司 Qingyuan Golf	—	12,892
Controlled by Existing Shareholders and their close family members		
佛山市順德區陳村鎮花城碧桂園物業發展有限公司		
Floral City Country Garden	—	497
	321,629	228,817
	321,629	228,817

(ii) Sales of properties

	Six months ended 30 June	
	2007	2006
Existing shareholders		
Ms. Yang Huiyan	—	8,713
Close family members of Existing shareholders		
Ms. Zhang Yingyan	—	886
Mr. Zhang Chibiao	—	6,735
Mr. Yang Minsheng	—	5,763
Ms. Yang Ziyang	—	1,458
Mr. Su Zhixian	—	5,385
Ms. Qu Jieling	—	4,708
	—	33,648
	—	33,648

Selected Notes to the Interim Financial Information

(All amounts in RMB thousands unless otherwise stated)

23. RELATED PARTY TRANSACTIONS *(Continued)*

(b) The following transactions were carried out with related parties: *(Continued)*

(iii) Purchase of design service

	Six months ended 30 June	
	2007	2006
Controlled by Existing shareholders		
佛山市順德區博意建築設計院有限公司		
Foshan Shunde Elite Architectural Co., Ltd.	27,153	22,244

(iv) Purchase of construction materials and water

	Six months ended 30 June	
	2007	2006
Controlled by Existing Shareholders and their close family members		
佛山市順德區樂而康玻璃鋼製品有限公司		
Foshan Landcoin Fiber Reinforce Plastic Co., Ltd.	465	322
佛山市順德區江口自來水有限公司		
Foshan Shunde Jiangkou Water Plant Co., Ltd.	1,602	1,737
增城市清源自來水廠有限公司 Zengcheng Crystal Water Plant Co., Ltd.	3,554	4,234
佛山市順德區鴻業水泥製品有限公司 Grand Cement Plant Co., Ltd.	36,407	32,155
	42,028	38,448

(v) Purchase of construction materials

	Six months ended 30 June	
	2007	2006
Controlled by close family members of Existing shareholders		
佛山市順德區博雅家具有限公司 Foshan Shunde Boya Furniture Co., Ltd.	—	5,410
佛山市毅聯電纜有限公司 Foshan Yilian Fiber Cable Co., Ltd.	—	19,540
佛山市順德區科興電纜塑料有限公司		
Foshan Shunde Kexing Fibre Cable Plastic Co., Ltd	—	23,658
廣州市耀垣輝電器有限公司		
Guangzhou Yaoyuanhui Electronic Appliances Co., Ltd.	—	580
	—	49,188

Selected Notes to the Interim Financial Information

(All amounts in RMB thousands unless otherwise stated)

23. RELATED PARTY TRANSACTIONS *(Continued)*

(b) The following transactions were carried out with related parties: *(Continued)*

(vi) *Loan interest charged by related parties*

	Six months ended 30 June	
	2007	2006
Existing shareholders		
Mr. Yang Erzhu	—	1,993
Ms. Yang Huiyan	—	824
Mr. Su Rubo	—	1,998
Mr. Zhang Yaoyuan	—	1,998
Mr. Ou Xueming	—	1,998
Close family members of Existing Shareholders		
Mr. Yeung Kwok Keung	—	7,683
Mr. Yang Minsheng	—	27
Ms. Ou Jieping	—	27
Mr. Su Zhixian	—	27
Mr. Zhang Chibiao	—	27
Controlled by close family members of Existing shareholders		
佛山市順德區國華紀念中學		
Foshan Shunde Guohua Memorial High School	—	7,610
	<u>—</u>	<u>24,212</u>

(c) **Key management compensation**

	Six months ended 30 June	
	2007	2006
Salaries and other short-term employee benefits	<u>3,894</u>	<u>3,349</u>

Selected Notes to the Interim Financial Information

(All amounts in RMB thousands unless otherwise stated)

23. RELATED PARTY TRANSACTIONS (Continued)

(d) Balances with related parties

As at 30 June 2007, the Group had the following significant trading balances with related parties:

(i) Balances due from related parties

		As at	
		30 June 2007	31 December 2006
Included in trade receivables			
Controlled by Existing Shareholders			
清遠碧桂園物業發展有限公司 Qingyuan Country Garden		11,762	—
Included in amounts due from customers for contract work			
Controlled by Existing Shareholders			
清遠碧桂園物業發展有限公司 Qingyuan Country Garden		260,376	80,799
廣東碧桂園學校 Guangdong Country Garden School		—	11,824
		<u>260,376</u>	<u>92,623</u>
		As at	
		30 June 2007	31 December 2006
Included in other receivables			
Controlled by close family members of Existing Shareholders			
佛山市順德區高品投資有限公司 Foshan Shunde Quality Growth Investment Co., Ltd.		—	250,797
Minority Shareholders			
廣州真誠房地產開發有限公司 Guangzhou Zhencheng Property Development Co. Ltd.		—	388,000
		<u>—</u>	<u>638,797</u>

Selected Notes to the Interim Financial Information

(All amounts in RMB thousands unless otherwise stated)

23. RELATED PARTY TRANSACTIONS *(Continued)*

(d) Balances with related parties *(Continued)*

As at 30 June 2007, the Group had the following significant trading balances with related parties:

(ii) Balances due to related parties

	As at	
	30 June	31 December
	2007	2006
Included in trade payables		
Controlled by Existing Shareholders		
佛山市順德區博意建築設計院有限公司		
Foshan Shunde Elite Architectural Co., Ltd.	17,681	33,418
Controlled by Existing Shareholders and their close family members		
佛山市順德區樂而康玻璃鋼製品有限公司		
Foshan Landcoin Fiber Reinforce Plastic Co., Ltd.	169	1,122
佛山市順德區鴻業水泥製品有限公司	12,880	3,027
	30,730	37,567
Loan from related parties		
– Included in borrowings		
Controlled by Existing shareholders		
Great Best	—	64,592

Selected Notes to the Interim Financial Information

(All amounts in RMB thousands unless otherwise stated)

24. ACCOUNTING ADJUSTMENTS UNDER COMMON CONTROL COMBINATION

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

The consolidated balance sheet as at 31 December 2006:

	The Company	Subsidiaries of the Company	Adjustments note	Consolidated
Investment in the subsidiaries	—	—	—	—
Other assets/(liabilities)	(1)	1,475,363	—	1,475,362
Net assets/(liabilities)	(1)	1,475,363		1,475,362
Share capital and premium	—	764,568	—	764,568
Merger reserve	—	(149,801)	—	(149,801)
Retained earnings and statutory reserve	(1)	695,061	—	695,060
	(1)	1,309,828		1,309,827
Minority interest	—	165,535	—	165,535

The consolidated balance sheet as at 30 June 2007 (unaudited):

	The Company	Subsidiaries of the Company	Adjustments note	Consolidated
Investment in the subsidiaries	12,781,774	—	(12,781,774)	—
Other assets/(liabilities)	2,422,187	14,211,365	—	16,633,552
Net Assets	15,203,961	14,211,365		16,633,552
Share capital and premium	14,989,639	12,781,774	(12,781,774)	14,989,639
Merger reserve	—	(149,801)	—	(149,801)
Retained earnings and statutory reserve	214,322	1,389,232	—	1,603,554
	15,203,961	14,021,205		16,443,392
Minority interest	—	190,160	—	190,160

Notes:

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

Corporate Information

DIRECTORS

Executive Directors

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

Independent Non-executive Directors

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

QUALIFIED ACCOUNTANT

Mr. Wong Tak Chuen, *FCCA, FCCA*

COMPANY SECRETARY

Mr. Huen Po Wah, *ACIS, ACS*

COMPLIANCE ADVISOR

Taifook Capital Limited

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

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PRINCIPAL BANKERS

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

AUDITOR

PricewaterhouseCoopers

LEGAL ADVISORS

As to Hong Kong law:
 Iu, Lai & Li
 Woo Kwan Lee & Lo

As to PRC law:
 Jingtian & Gongcheng

STOCK CODE

The Stock Exchange of Hong Kong Limited
 Stock Code: 2007

WEBSITE

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