



雅居樂地產控股有限公司
AGILE PROPERTY HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability) Stock code: 3383

Annual Report 2008



遠見、心建、 共建未來
Develop our future with
vision and enthusiasm

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Corporate Profile

Agile Property Holdings Limited is listed on the Main Board of The Stock Exchange of Hong Kong Limited (Stock Code: 3383). Currently, the Group owns a diversified portfolio of 53 projects in different construction stages in 21 cities and districts all over China such as Guangzhou, Zhongshan, Foshan, Heyuan, Huizhou, Shanghai, Nanjing, Chengdu, Xi'an, Chongqing, Shenyang and Hainan. As at 14 April 2009, the Group has a land bank with a total GFA of over 28 million sq. m. (including lands with land use rights and lands with contractual interests).

Agile is one of the leading PRC property developers. The Company's shares are included as constituent stocks of the Morgan Stanley Capital International China Index, the Hang Seng Composite Index, and the Hang Seng Freefloat Composite Index.



【Vision】

Agile focuses on the healthy, stable and sustainable development of the corporate and regards the long-term benefits of clients as the ultimate concern, thus making every effort to satisfy clients' needs for quality life.





雅在。

Gracious Life

【Enthusiasm】

Agile values the contribution by each of our staff members and cooperates with every partner for business development in a sincere manner, with a view to building a dream home for each client.



匠
居。

Building with Care

【Develop our future】

Agile shoulders social responsibilities and creates a harmonious community with various sectors of the society, thus making our dreams about the future come true.



樂。

Happy Life

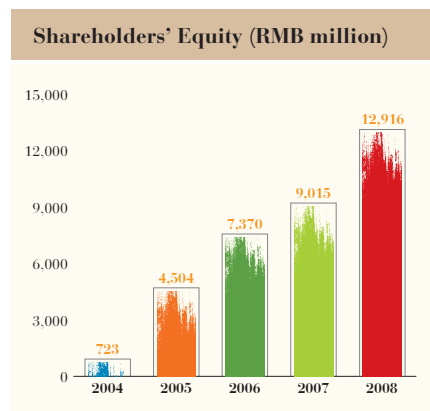
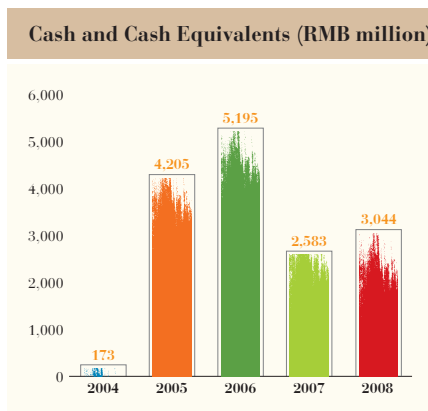
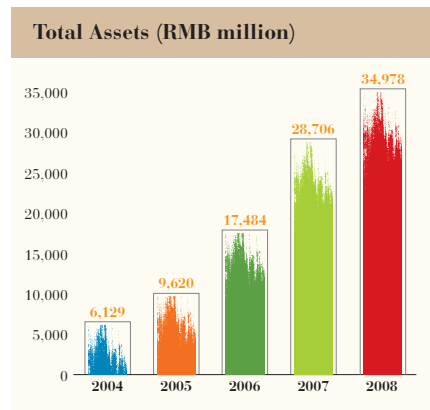
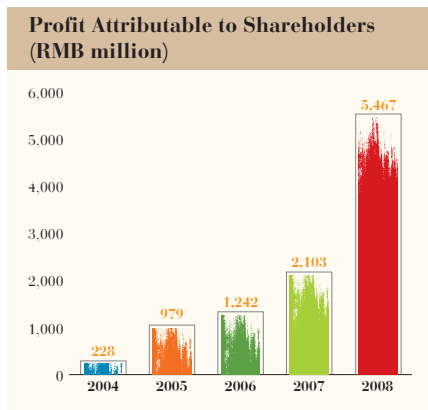
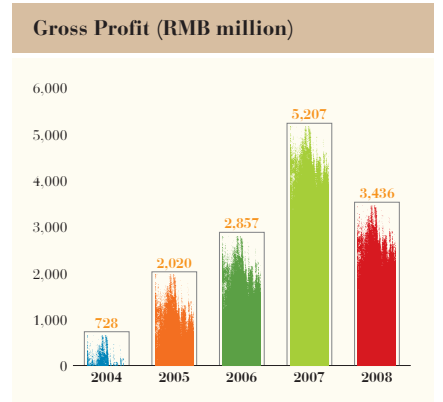
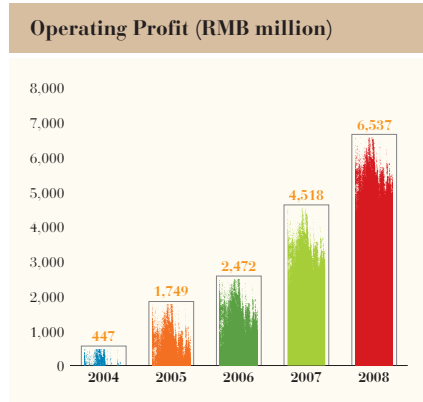
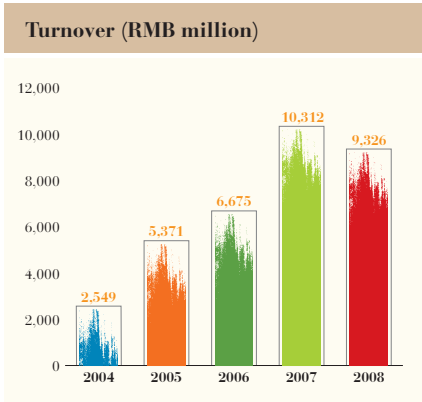
Financial Highlights

Income statement highlights

	Year ended 31 December		
	2008	2007	Change
Turnover (RMB million)	9,326	10,312	-9.6%
Gross profit (RMB million)	3,436	5,207	-34.0%
Gross profit margin	36.8%	50.5%	-13.7%
Net profit (RMB million)	5,457	2,111	+158.6%
Profit attributable to shareholders (RMB million)	5,467	2,103	+160.0%
Net profit margin	58.6%	20.4%	+38.2%
Basic earnings per share (RMB)	1.465	0.561	+161.1%
Dividend per share (HK cents)	33.5	20.8	+61.1%

Balance sheet highlights

	As at 31 December		
	2008	2007	Change
Total assets (RMB million)	34,978	28,706	+21.8%
Cash and cash equivalents (RMB million)	3,044	2,583	+17.9%
Short-term loans (RMB million)	3,510	1,375	+155.2%
Long-term loans (RMB million)	6,559	6,647	-1.3%
Shareholders' equity (RMB million)	12,916	9,015	+43.3%
Return on equity (ROE)	42.3%	23.3%	+19.0%
Total debt/total assets	28.8%	27.9%	+0.9%
Net debt/shareholders' equity	54.4%	60.3%	-5.9%



Property Development

- Pearl River Delta — Panyu, Baiyun, Guangzhou, Tienhe, Zengcheng, Huadu, Conghua, Zhongshan, Nanhai, Foshan, Sanshui, Shunde
(Total: 42 projects)
- Eastern Guangdong — Heyuan, Huizhou (Total: 2 projects)
- Yangtze River Delta — Nanjing, Shanghai (Total: 4 projects)
- Western China — Chengdu, Xi'an, Chongqing
(Total: 3 projects)
- Hainan Province — Clearwater Bay (Total: 1 project)
- Northeast China — Shenyang (Total: 1 project)

Hotel Business

- Guangzhou Agile Hotel
- Foshan Agile Hotel
- Zhongshan Agile Hotel

Property Management

- Hong Kong Agile Property Management Services Limited
- Zhongshan Agile Property Management Services Co., Ltd.
- Guangzhou Agile Property Management Services Co., Ltd.
- Guangzhou Huadu Agile Property Management Services Co., Ltd.
- Foshan Nanhai Agile Property Management Services Co., Ltd.
- Foshan Shunde Shuntian Property Management Co., Ltd.

Decoration Services

- Zhongshan Fashion Decoration Co., Ltd.



Business Structure

As at 14 April 2009

“The Group has always adhered to a prudent strategic operation policy to cope with the market changes and maintain its market competitiveness, with a view to becoming the best established property developer in China.”

Milestone 2008

Jan

- Each of the Company, Agile Garden Foshan and Agile Garden Sanshui was awarded “The Most Influential Brand 2007”, “Property Star 2007” and “City Landmark 2007” respectively.
- The Group donated a sum of RMB30 million to The Chinese Language Education Foundation for establishing the “Chinese Language Education Foundation Agile Special Fund for Chinese Culture Continuation Work”, with an aim to promoting and facilitating the Chinese language education and Chinese culture worldwide.



- Soft opening of Foshan Agile Hotel.

Mar

- The Group acquired three adjoining pieces of land in Hainan Clearwater Bay with a total site area and total GFA of approximately 2,900,000 sq.m. and approximately 4,350,000 sq.m. respectively.
- Commenced the construction of phase II of Agile Binjiang Garden Conghua.

Apr

- Commenced the construction of Agile Garden Chongqing.

- The Company announced its Annual Results 2007. During the year, the Company's turnover and profit attributable to shareholders were approximately RMB10.312 billion and RMB2.11 billion respectively and the Board declared a final dividend of 2007 of HK5.5 cents per share.
- Official launch of Agile Garden Nanjing and had received remarkable market response, with a sales amount of over RMB600 million on the first few launch days.



May

- A total of HKD100 million was donated by the Group and its six executive directors to relieve the victims affected by the Sichuan earthquake.



- The Group acquired Zhongshan Kunlun Hotel Project in Nanlang Town, Zhongshan.

Jun

- The Group acquired two adjoining pieces of land in Hainan Clearwater Bay with a total site area and total GFA of approximately 1,700,000 sq.m. and approximately 2,550,000 sq.m. respectively.



- The Group entered into an agreement with an internationally-renowned institutional investor to jointly develop Hainan Clearwater Bay.

Jul

- The grand sale of Hongxi Huating Panyu was launched.
- Raffles Sanya, Qingshui Bay, China held a grand foundation laying ceremony.



Aug

- Lishang International Mansion Guangzhou was launched for sale.

Sep

- The Company announced its Interim Results 2008. During the period, the Group's turnover amounted to approximately RMB2,343 million and profit attributable to shareholders amounted to approximately RMB4,431 million.



Oct

- Commenced the construction of Agile Garden Shunde.

Dec

- The Group acquired two investment properties, namely Zhongshan Agile Hotel and Bailecheng.

Apr



The Seventh Guangdong Real Estate Credit Top 20 2008

Awarding Institution:

Industrial and Commercial Bank of China Limited (Guangdong branch), Agricultural Bank of China (Guangdong branch), Bank of China Limited (Guangdong branch), China Construction Bank Corporation (Guangdong branch), Property Finance Department of China Minsheng Banking Corporation Limited, People's Online

Aug

Ranked 49th in "Hurun Brand List China 2008"

Ranked 6th in "Hurun Brand List China 2008 — Real Estate Sector"

Awarding Institution:

Hurun Research Institute

Top 10 Outstanding Social Responsibility Property Developer in Guangzhou, China 2008



Top 10 the Most Trustworthy Property Brand in Guangzhou, China 2008

Awarding Institution:

Guangzhou City Corporate Evaluation Association

Bronze Prize in the Categories of "Written Text" of Annual Report 2007

Awarding Institution:

International ARC



May

The Outstanding China Property Award 2008

Awarding Institution:

Economic Digest, Hong Kong

Ranked 10th in "Top 20 China Real Estate Listed Company by Comprehensive Strength"

Awarding Institution:

China Real Estate Research Center

Sep

The Best Brand Enterprise Award 2008

Awarding Institution:

Hong Kong Productivity Council

50 Best Performing Companies in Asia 2008

Awarding Institution:

Business Week, the United States



Jun

China Social Responsibility 2008 Special Award

Awarding Institution:

Organizing Committee of Boao Real Estate Forum



Ranked 5th in "2008 Mainland China Real Estate Corporations Listed in Hong Kong Comprehensive Strength Top 10"

Ranked 7th in "2008 China's Real Estate Corporations Listed in Hong Kong Fortune Creation Capability Top 10"

Awarding Institution:

Corporation Research Institute of State Council Development Research Center, Real Estate Research Institute of Tsinghua University and China's Index Research Institute

Oct

China Blue Chip Property Company 2008

Awarding Institution:

Economic Observer, Sina.com and New China Nobumasa Strategy and Management Consulting Corporation

Hainan Clearwater Bay was awarded "2008 Annual Award of Resources Type Property"

Awarding Institution:

China Property Finance Annual Meeting and 2008 China Business and Property Annual Meeting



Nov

Ms. Luk Sin Fong, Fion,
the Vice-Chairlady and
the Co-President of the
Company was awarded the
“Ten Chinese Excellent
CBO”

Awarding Institution:
Southern Metropolis Weekly, China; Chief Brand Officer,
China Brand Research Institute



China Charity
Award — the Most
Caring Foreign
Enterprise Award

Awarding Institution:
Ministry of Civil Affairs of
the PRC



Dec

Caring Company 2008/09

Awarding Institution:
The Hong Kong Council of Social Service

商界展關懷

caringcompany²⁰⁰⁷⁻⁰⁹

Awarded by The Hong Kong Council of Social Service
香港社會服務聯會頒發

Honours and Awards

“During the year, Agile was honoured with various awards and gained high recognition by the government and society at all levels. Thus the popularity of Agile’s brand name was further enhanced.”



Chairman's Statement

“Agile will continue to improve its core competitiveness, while leveraging on its sharp market insight and superior implementation capabilities to continuously adjust the pace and scale of our development according to market changes. By all these efforts, the Group will continue to seize the opportunities ahead and lay a solid foundation for Agile to endeavour for excellence.”

CHEN Zhuo Lin
Chairman



Dear Shareholders,

I am pleased to present the report on annual results 2008 of Agile Group. During the year, despite the uncertainties surrounding mainland China's economy and overseas markets, and the challenging business environment facing the industry, the Group managed to cope with the market changes by adhering to a flexible and prudent development strategy that aims to striving for satisfactory results.

Results

During the year, the Group adopted a series of measures to mitigate the impacts of market adjustments and maintain the competitiveness and market share of Agile and had achieved satisfactory results. During the year, turnover and gross profit amounted to approximately RMB9,326 million and RMB3,436 million, representing a decrease of 9.6% and 34.0% respectively when compared with last year. Profit attributable to shareholders was RMB5,467 million. Net assets per share was RMB3.5 and earnings per share was RMB1.465.

Dividend

In accordance with the Group's prudent dividend policy, the Board has resolved to declare a final dividend of HK6.4 cents per share for the year 2008 in return for shareholders' trust and support. Together with the interim dividend of HK27.1 cents per share paid, the total dividend 2008 is HK33.5 cents per share which represented a sharp increase of 61.1% over that of HK20.8 cents in 2007.

Market review

The global financial tsunami has resulted in a grim economic environment across all countries. China's economy has also been adversely affected, with many industries badly hit. To cope with the challenging economic environment, the Central Government launched a series of economic stimulus measures, with a view to boosting domestic demand so as to maintain a steady and relatively rapid economic growth. As the backbone of the national economy, the real estate industry was the Government's focus. During the year, the Government stepped up its efforts in the construction of protection-type housing. It also strengthened the guidance and supervision on investment and development of commodity housing to safeguard the steady growth of the industry as a whole. Meanwhile, in order to mitigate the negative impact of the financial tsunami on the real estate industry, the Central Government introduced various measures to stimulate the property market in the fourth quarter, while financing credits control was relaxed to promote rational development of the industry in the long-run. However, as the global financial crisis persists, it is expected that an upturn of the domestic economy is not likely to happen in the short term, and the business environment will be even more complicated and variable.

In the face of the market challenge, the Group has experienced a sales slowdown in some of its projects when compared with the same period of last year. In order to cope with the challenges brought about by these changes, the Group has promptly adjusted its development and sales plans and formulated flexible strategies. Accordingly, the Group further optimised its product mix and design, adjusted some of the unit prices and adopted a flexible sales strategy to speed up sales. Such measures were met with satisfactory market response.

Chairman's Statement

During the year, the Group recorded remarkable sales results for a number of projects within and outside the Guangdong Province, thus laying down a sound foundation for its long-term development. Many of the Group's projects in Guangdong Province, notably Phase II of Majestic Garden Huadu and Agile Binjiang Garden Conghua, were swiftly sold out on the launching day. Moreover, La Cite Greenville Zhongshan was accredited the best selling property in the city for seven consecutive years. The four separate phases of Agile Garden Guangzhou successively launched during the year aggregated a satisfying sales amount of over RMB1.6 billion, again making it a prime example of hot-selling project against adverse market conditions. Agile Egret Lake, Huizhou has been sitting safely on the throne as the market leader since its initial offering, and remained as the top selling property project in Huizhou with a sales amount of RMB700 million in the year. The Group also achieved good results for projects outside the Guangdong Province. Agile Garden Nanjing succeeded in becoming the champion of property sales in Nanjing with an annual sales amount of approximately RMB1.2 billion, and won a number of local sales awards. Due to its superior construction quality and structural design, Agile Garden Chengdu survived the unprecedented earthquake disaster in Sichuan Province and was reaffirmed and recognized by the market with sales proceeds of approximately RMB500 million. Meanwhile Hainan Clearwater Bay was also launched officially for sale on 28 March 2009.

For the year ended 31 December 2008, the Group's contracted GFA sold was approximately 1.65 million sq.m. with the contracted sales amounting to approximately RMB11.6 billion.

Land bank

During the year, the Group adhered to a prudent land acquisition strategy. Through open tender or transfer agreement, we acquired six pieces of prime land in Hainan, Zhongshan, Conghua and Shanghai at very competitive prices, amounted to approximately RMB2.41 billion, with the unit price of approximately RMB314 per sq.m.. Our

low-cost and quality land bank also enabled us to maintain our competitive edge. As at 31 December 2008, the Group had 53 projects with a total land bank of over 28 million sq.m. in GFA, which will be sufficient for its development in the coming 8 to 10 years.

As at 31 December 2008, the Group's completed GFA for sale was approximately 903,000 sq.m. and GFA under development was approximately 2.849 million sq.m.

Hotel business

On top of the property development, the Group would develop appropriately and extend the hotel business and investment properties in line with its cash flow and steady growth in a bid to build an optimised and diversified business portfolio, generate stable revenue in the future and diversify operational risk. During the year, Guangzhou Agile Hotel and Foshan Agile Hotel, self-operated by the Group, continued to generate stable income streams. Furthermore, the Group duly entered into an agreement to acquire Zhongshan Agile Hotel at the end of the year, so that the number of our self-operated hotels has been increased to three. Looking forward, the Group plans to build several hotels in Shanghai, Huizhou and Hainan, and certain letters of intent for cooperation with various internationally-renowned hotel management companies are being prepared with a view to further improve the Group's management and operation ability in the hotel business.

Investor relations

During the year, the Company continued to make every effort in establishing and maintaining good investor relations, maintaining communication with the public and allocating resources accordingly to enhance bilateral information exchange. Maintaining high transparency and efficiency of information disclosure was even more important in 2008, a year characterised by turbulence in the capital market. During the year, the Company further enhanced the communication with external parties, and ensured the information of the Group (such

as the latest sales data, development strategies, operation management, financial position, business development and market outlook) was clearly, accurately and effectively provided to the investors through continual and proactive communication. Meanwhile, the Group also collected valuable opinions from investors so as to keep itself abreast of the focus of the capital market. Investor relations policies are formulated accordingly with an aim to facilitating the investor relations work of the Group, maintaining highly transparent corporate governance and information disclosure.

Corporate social responsibilities

As an enterprise with integrity and a strong sense of social responsibility, the Group actively shoulders its social responsibilities and obligations of a corporate citizen while seeking to create the maximum value. During the year, the Group continued to actively promote and participate in various public welfare activities. In respect of education and study aid, the Group was the full-year sponsor to Sowers Action for the second consecutive year; our staff also offered support by joining the annual “Walk to Guangzhou”. In the PRC, the Group set up “Agile Property Scholarship and Study Subsidy” for several tertiary institutions, aiming at helping outstanding students who have financial difficulty, to complete their studies. Furthermore, the Group established “Chinese Language Education Foundation ‘Agile’ Special Fund for Chinese Culture Continuation Work” to promote Chinese culture and education. To help in fighting against poverty, the Group sponsored the fund-raising activities of “Child Famine 2008” organised by World Vision. In terms of medical support, the Group was the main sponsor for “Lifeline Express — Charity Marathon 2008”. In addition, the Group donated a total of RMB10 million to areas hit by the snowstorm in Southern China at the beginning of the year. A sum of more than HK\$150 million was donated by the Group and its executive directors to the affected area in the earthquake in Wenchuan, Sichuan, making the Group the property developer who made the largest donation in the PRC in the year.

Agile was highly praised by the Hong Kong Council of Social Service, Boao Real Estate Forum Organising Committee and Ministry of Civil Affairs of the PRC, for its active participation in charity and its strong sense of social responsibility. The Group received several awards such as “Caring Company 2008/09”, “China Social Responsibility 2008 Special Award” and “China Charity Award — the Most Caring Foreign Enterprise Award”.

Property management

As the key to enhance after-sale service and brand effect, property management has always been our operation focus. The property management companies of the Group have been devoted to achieving the goal of “fulfill your needs and exceed your expectations”, while providing its residents with safe, civilized, comfortable, convenient and excellent property management service. In addition, the Group has purchased a centralised property management software system to further improve service efficiency and tie in the Group’s strategy of sustainable nationwide development. We will continue to listen to the requests and suggestions from the community and make continuous improvement of our existing services, so as to provide professional property management service at international standards.

Development strategies

The Group has been insisting on and implementing a prudent operating strategy thoroughly, and proactively responded to the ever-changing market in order to maintain its competitiveness, with an aim to becoming the most capable property developer in China. To cope with the adverse economic conditions as well as the complicated operating environment, we will strengthen cost control, improve cash flows, and adopt more flexible and efficient measures to cope with the challenges brought by the volatile market conditions.

Chairman's Statement

For the sake of our business development, we will keep a stable growing pace. Our business development strategy will be reviewed from time to time so as to develop products catering the needs of markets in different regions, further optimise our product mix, and meet the market demands for housing through a flexible pricing policy and marketing strategy. Meanwhile, it is necessary to take a prudent strategy and make the best use of resources for operation under the uncertain economic and credit environment. We will make appropriate adjustment to the proportion of investment properties and pace of development. Hotels, grade A commercial buildings and shopping malls being planned will be reasonably developed as we take into account the market environment and our financial position. All in all, we strive to further optimise the business portfolio of the Group.

In terms of the financial management, the Group will continue to maintain a stable financial status and adopt a flexible marketing strategy to facilitate sales, further improving the financial structure of the Group and maintaining the gearing ratio at an optimal level.

At the same time, the Group will further safeguard the interest of the Shareholders by improving the internal control system, standardising the managerial process, refining the work flow, enhancing the work efficiency, establishing internal control stipulations and strengthening the cost control on a continual basis.

Prospect

Despite the persistent difficulties dogging in the domestic and overseas macroeconomic environments and the volatile property market in China; various economic stimulus measures and policies formulated by the PRC Government in response to the situation have started to pay off and a rational growth trend of the property market has resumed. I am of the view that, with the maturing market competition mechanism, under which the fittest

survives, the property market will become more stable and grow steadily, which will create a favourable operating environment for large-scale property developers with a sound footing and integrated strength, including Agile.

I believe that the property prices have returned to a reasonable level after this wave of adjustments. Considering the main theme of the PRC's policies encouraging expansion of domestic demands, leading to huge demand for residential properties, the Group foresees a flourishing prospect for its property projects. With our sharp market insight and superior implementation capabilities, we will adjust the pace and scale of development in line with the changing market. We will seize the opportunities to continually enhance our core competitiveness and further consolidate the competitive edge of our brand, by which a solid foundation for another upcoming glorious era of Agile is laid.

Acknowledgement

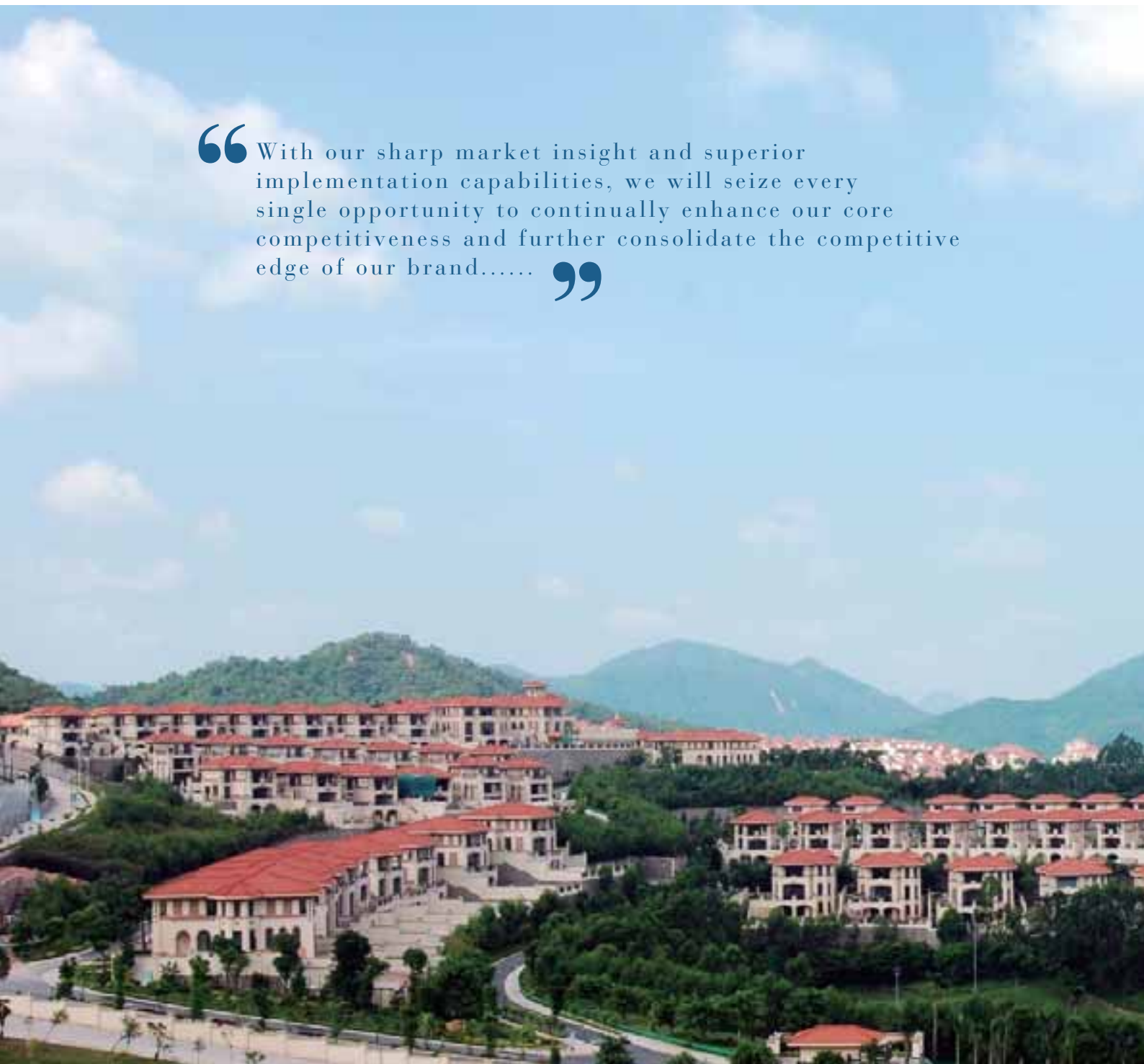
On behalf of the Board, I would like to express heartfelt gratitude to our Shareholders, the investors and business partners. Without their trust and support, as well as the concerted effort of our staff, Agile would not be able to achieve steady business growth over the years.

CHEN Zhuo Lin

Chairman

Hong Kong, 14 April 2009

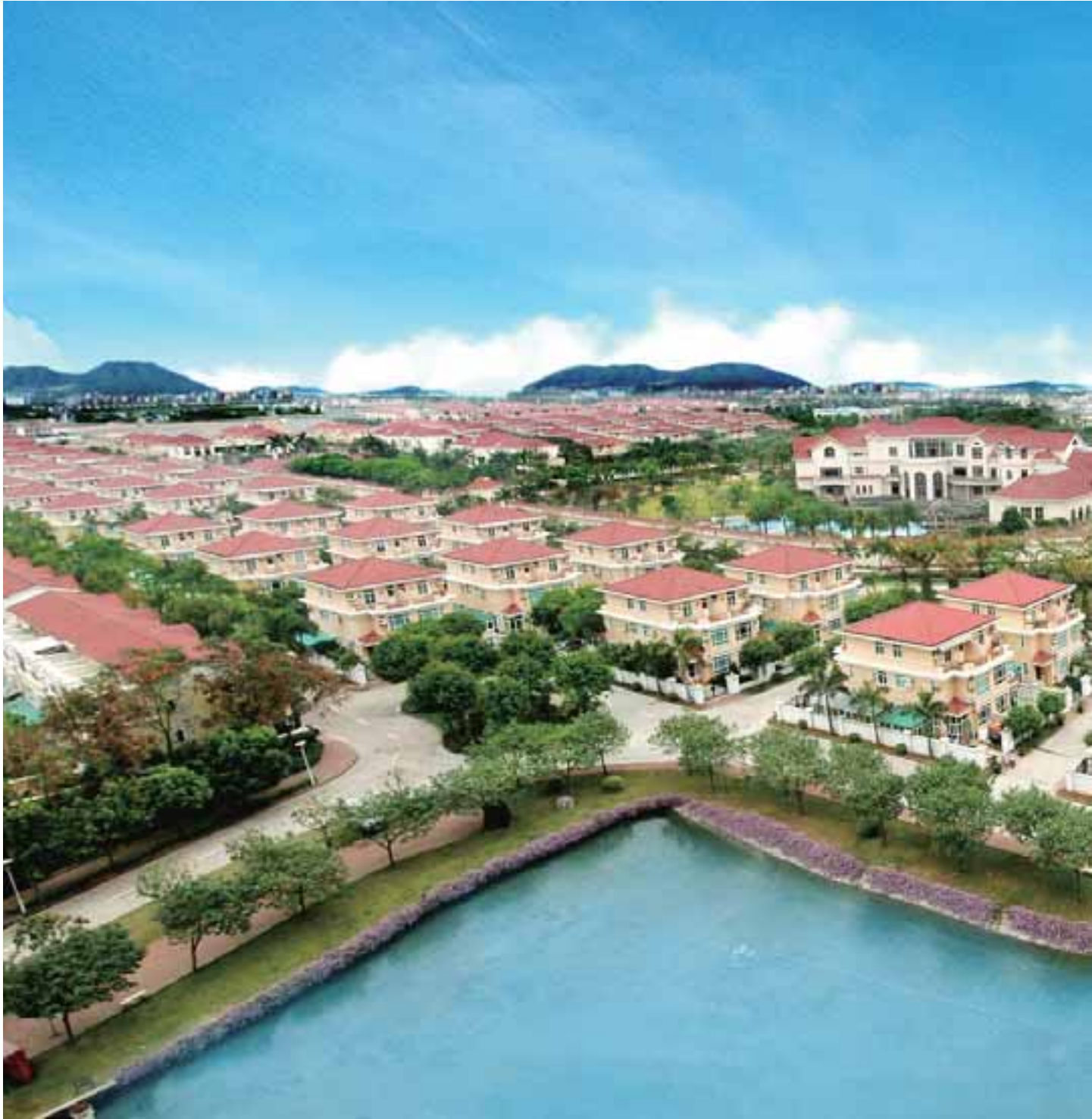
“ With our sharp market insight and superior implementation capabilities, we will seize every single opportunity to continually enhance our core competitiveness and further consolidate the competitive edge of our brand..... ”



“ Annual Business Review

*Foresee a Promising
Prospect ”*







Management Discussion and Analysis

Business review

The year 2008 has been full of challenges to China and the rest of the world. Snow storm and the Sichuan earthquake in the first half of the year caused a constraining effect on property demand, while in the second half of the year the global financial market has been overcastted by the global financial tsunami. The credit crunch and the worries over global economic recession hammered every economy in the world. Despite being one of the most robust economies in the world in the past decade, China is not able to immune from creeping impacts of the global trade slowdown. The tightening measures implemented by the Central Government in the first half of the year, followed by the recent global economic downturn, have further weakened the property market. Nonetheless, the Central Government implemented a series of stimulus policies to counteract the financial tsunami, which are expected to strengthen market confidence amid the slowing economy. Moreover, the Central Government recognised the pivotal status of real estate industry to China's economy. This indicates the authorities' intention to support the healthy development of the industry and enable it to facilitate plan aiming to revive the economy.

During the year, the Group adapted proactively to the market changes in order to maintain its competitiveness and strong financial position. The Group revised its business plans, aiming to suit the market demand by adjusting its sales strategies and product mix according to the current economic condition. The Group also further improved the quality of its products so as to gain greater recognition. This effort, together with the abovementioned strategies, has successfully stimulated the sales performance in the second half of the year in a gradual manner.

Overall performance

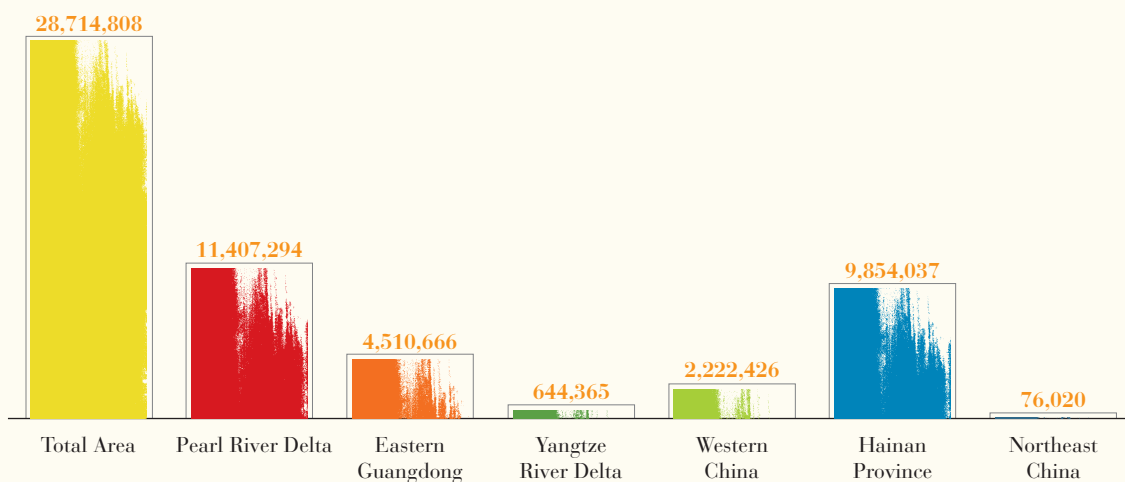
Affected by the property market slowdown, during the year, the revenue of the Group for the year was RMB9.3 billion (2007: RMB10.3 billion), representing a decrease of 9.6% over last year. The operating profit was RMB6.5 billion (2007: RMB4.5 billion), representing an increase of 44.7% over last year. Profit attributable to shareholders was RMB5.5 billion (2007: RMB2.1 billion), representing a year-on-year increase of about 160%. Basic earnings per share was RMB1.465 (2007: RMB0.561), representing an increase of 161.1%.

Land bank

The Group adheres to its policy of maintaining a high quality land bank at a low cost. As at 31 December 2008, the Group has a land bank with a total GFA of 28.71 million in 21 cities and districts located in Pearl River Delta, Eastern Guangdong, Yangtze River Delta, Western China, Hainan Province and Northeast China. The Group believes the land bank of the Group is sufficient to meet its development needs for the next 8 to 10 years.

Land Bank GFA (sq.m.)

As at 14 April 2009



Management Discussion and Analysis

During the year, the Group acquired 6 pieces of lands with a total GFA of approximately 7.66 million sq.m. These newly acquired sites are located in cities of Conghua, Zhongshan, Shanghai and Hainan.

The following table sets forth the details of the newly acquired sites:

Project name	City/District	GFA (sq.m.)
Pearl River Delta		
Conghua Liangkou Town Project	Conghua	143,333
Zhongshan Wuguishan Project Lot B	Zhongshan	51,125
Zhongshan Kunlun Hotel Project	Zhongshan	87,801
Zhongshan Zhangjiabian Project	Zhongshan	246,808
Subtotal		529,067
Yangtze River Delta		
Shanghai Nanhui Project	Shanghai	232,268
Hainan Province		
Hainan Clearwater Bay Lot B	Clearwater Bay	6,900,333
Total		7,661,668

Property sales

In 2008, total recognised GFA sold of the Group was approximately 1.19 million sq.m. and the recognised sales revenue was approximately RMB9,094 million, representing decreases of 15.6% and 10.4% respectively over 2007. Total recognised sales in Zhongshan reached RMB2,680 million, accounting for 29.5% of the total recognised sales and representing a decrease of 38% over 2007. The total recognised GFA sold in Zhongshan was 430,761 sq.m., representing a decrease of 36.9% over 2007. Total recognised sales in Guangzhou, Panyu, Huadu and Conghua reached RMB2,752 million, accounting for 30.3% of the total recognised sales, representing an increase of 0.4% over 2007. Total recognised GFA sold in Guangzhou, Panyu, Huadu and Conghua amounted to 323,648 sq.m., representing a decrease of 19.2% over 2007. Total recognised sales in Foshan, Nanhai and Sanshui amounted to RMB1,114 million, accounting for 12.2% of the total recognised sales, representing a decrease of 39.2% over 2007. Total recognised GFA sold in Foshan, Nanhai and Sanshui amounted to 154,616 sq.m., representing a decrease of 24.9% over 2007.

The following table indicates the recognised GFA sold and recognised sales of each project in 2008:

Project Name	City	Sold and recognised	
		GFA (sq.m.)	Amount (RMB'000)
Pearl River Delta			
Agile Garden Guangzhou	Panyu	138,534	1,160,456
Hongxi Huating Panyu	Panyu	35,553	291,248
South Lagoon Guangzhou	Baiyun	3,769	21,663
Royal Hillside Villa Guangzhou	Baiyun	46,966	425,228
Lishang International Mansion Guangzhou	Guangzhou	38,705	468,828
Huadu Majestic Garden	Huadu	46,882	312,581
Agile Binjiang Garden Conghua	Conghua	13,239	71,704
La Cite Greenville Zhongshan	Zhongshan	166,921	1,320,522
La Nobleu Zhongshan	Zhongshan	1,217	16,799
Metro Agile Zhongshan	Zhongshan	108,532	570,004
Metropolis Zhongshan	Zhongshan	8,043	39,069
Grand Garden Zhongshan	Zhongshan	448	3,435
Star Palace Zhongshan	Zhongshan	1,094	4,954
The Riverside Zhongshan	Zhongshan	166	1,597
Agile Garden Dachong Zhongshan	Zhongshan	23,655	74,586
The Century Zhongshan	Zhongshan	120,685	649,307
Nanhai Majestic Garden	Nanhai	34,397	185,205
Nanhai Majestic Metropolis	Nanhai	3,263	18,274
Agile Garden Foshan	Foshan	75,096	682,342
Agile Garden Sanshui	Sanshui	41,860	227,848
Subtotal		909,025	6,545,650
Eastern Guangdong			
Agile Garden Heyuan	Heyuan	73,960	363,998
Agile Egret Lake Huizhou	Huizhou	47,434	449,325
Subtotal		121,394	813,323
Western China			
Agile Garden Chengdu	Chengdu	52,347	522,306
Yangtze River Delta			
Agile Garden Nanjing	Nanjing	106,547	1,212,747
Grand Total		1,189,313	9,094,026

Management Discussion and Analysis

Property management

The Group adheres to its mission to provide quality property management services to its prestigious residents. We commit to creating a warm and harmonious community by constantly improving the living environment and our service quality so as to achieve higher customer satisfaction.

In 2008, our property management companies recorded a total property management fee income of RMB203.3 million, representing an increase of 23% over 2007. There were 12,000 home owners added to the Group. As at 31 December 2008, our property management managed a total GFA of approximately 8.6 million sq.m. in mainland China and provided round-the-clock property management services to over 160,000 residents.

Hotel operation

The Group continued to develop its hotel business in a prudent and cautious manner with an aim to develop a diversified business portfolio and ensure a stable and reliable revenue stream for the Group. In 2008, revenue from our hotel business amounted to RMB28.9 million, representing an increase by 12.3 times over 2007, which was primarily attributable to the revenue generated from Guangzhou Agile Hotel and Foshan Agile Hotel.

Gross profit

Gross profit of the Group decreased by 34% to approximately RMB3,436.3 million in 2008 from approximately RMB5,207 million in 2007. The gross profit margin in 2008 decreased to 36.8% from 50.5% in 2007, which was primarily attributable to a series of price reduction activities in the second half of the year.

Other gains

Other gains of the Group increased by 29.3 times to approximately RMB4.2 billion in 2008 from approximately RMB140 million in 2007. The increase was primarily attributable to the profit arising from disposal of 30% equity interest in Hainan Clearwater Bay.

Selling and marketing costs

Selling and marketing costs of the Group increased by 41.5% to approximately RMB462.5 million in 2008 from approximately RMB326.9 million in 2007. The increase was primarily attributable to the sizeable promotional campaign for the sales of new properties. Considerable resources used for advertising had led to the increase in advertising expenses by 43.8% to approximately RMB385.1 million in 2008 from approximately RMB267.9 million in 2007. In addition, pre-sale of new properties Hongxi Huating Panyu, Lishang International Mansion Guangzhou and Agile Garden Nanjing in 2008 also caused the increase of selling and marketing costs for the year.

Administrative expenses and other expenses

Administrative expenses of the Group increased by 62.2% to approximately RMB619.1 million in 2008 from approximately RMB381.7 million in 2007, which was primarily attributable to the increase in staff members, who were recruited to meet the needs of the rapid development of the Group. Consequently, salaries increased by substantially 1.2 times to approximately RMB243.1 million in 2008 from approximately RMB112.2 million in 2007. In addition, the Group donated an aggregate of RMB108.7 million in 2008 to charitable organisations for Sichuan earthquake relief and other charities.

Profit attributable to shareholders

Profit attributable to shareholders of 2008 increased by 160% to approximately RMB5.5 billion from approximately RMB2.1 billion in 2007.

Management Discussion and Analysis

Financial review

Group finance

Borrowings

The Group will continue to adhere to our prudent financial policy.

As at 31 December 2008, the Group's bank borrowings and senior notes amounted to RMB7.4 billion and RMB2.7 billion respectively, and their maturity portfolio is depicted below:

Repayment schedule	2008 (RMB million)	2007 (RMB million)
Bank loans		
Within 1 year	3,510	1,375
Between 1 and 2 years	1,553	1,795
Between 2 and 5 years	2,333	2,001
Sub-total	7,396	5,171
Senior notes		
Between 2 and 5 years	2,673	—
Over 5 years	—	2,852
Total	10,069	8,023

As at 31 December 2008, the Group's bank borrowings of RMB4.7 billion are secured by the Group's land use rights, completed properties held for sale and bank deposits with an aggregate carrying value of RMB2.8 billion. The senior notes are secured by jointly and severally guarantees given from certain subsidiary companies of the Group and the pledge of their shares. As at 31 December 2008, the net assets of these subsidiary companies were approximately RMB1 billion.

Funds available

As at 31 December 2008, the Group's cash balance was approximately RMB3 billion. Together with the unutilised banking facilities of RMB305 million, the total funds available amounted to approximately RMB3.3 billion. As at 13 April 2009, the Group's bank credit line exceeded RMB20 billion, which further enabled the Group to enhance its cash position and financial strength, providing a strong support for the Group to explore other good property development opportunities and accelerate its business expansion in China.

Gearing

As at 31 December 2008, the Group's net current assets increased by 27.6% to RMB14 billion from 2007, and the current ratio increased from 1.9 times in 2007 to 2.0 times in 2008. As at 31 December 2008, the net debt to equity ratio of the Group was 54.4% (2007: 60.3%).

Finance cost

During the year, the Group's total cost of borrowing was RMB716 million, representing an increase of RMB185 million over 2007. The increase was attributable to the bank loan balance of 2008 increased by RMB2,225 million when compared with 2007.

Currency risk

The proportion of each currency of the Group's bank borrowings, senior notes and cash balances is listed below:

	Bank borrowings	9% Senior notes	Cash balances
Hong Kong dollars	18.2%	—	15.5%
US dollars	—	100%	16.1%
Renminbi	81.8%	—	68.4%
Total	100%	100%	100%

The Group conducts its business almost exclusively in Renminbi. Other than the foreign currency denominated bank deposits, the US dollars senior notes and the dual-currency revolving credit facility, the Group does not have any other material direct exposure to foreign exchange fluctuations. Appreciation in Renminbi would have a positive effect on the value of declaring dividend by the Group, and on paying interest and repayment of the senior notes and the dual-currency revolving credit facility, in Renminbi, when translating into foreign currencies.

However, the Group may be exposed to exchange risk when converting the Hong Kong dollar and US dollar bank balances into Renminbi.

Contingent liabilities

(a) *Financial guarantee provided in respect of mortgage facilities for property purchasers*

The Group provides buy-back guarantees to banks which granted home mortgage facilities to buyers of the Group's properties in mainland China. As at 31 December 2008, the outstanding buy-back guarantees amounted to RMB6 billion (2007: RMB6.5 billion).

(b) *Dispute in relation to a cooperation framework agreement*

On 29 November 2007, the Company and its subsidiaries, Ma Lee International Holdings Limited and Huizhou Bailuhu Tour Enterprise Development Company Limited ("Huizhou Bailuhu"), entered into a framework agreement with Aetos Capital Asia TE II, Ltd., Aetos Capital Asia II, Ltd. and ACA II Co-Investment Fund, LP (collectively "Aetos"), who are independent third parties to the Group, to dispose of 25% of the Group's equity interests in Huizhou Bailuhu to Aetos at a consideration of approximately RMB1.2 billion. In December 2007, the Group has received an amount of US\$164,089,000 (equivalent to RMB1.2 billion) from Aetos, being deposit for entering into the framework agreement. The deposit was recorded under the trade and other payables in the consolidated balance sheet.

Management Discussion and Analysis

On 10 October 2008, the Group received a purported notice of termination of the framework agreement from Aetos, which demanded the Group to refund the paid deposits together with interests accrued thereon on the ground that the Group could not finalise a sales and purchase agreement in relation to the said disposal of equity interest in Huizhou Bailuhu by 30 June 2008, as stipulated in the framework agreement. In accordance with the liquidated damages provisions in the framework agreement, the interest rate on the received deposits is 8% per annum for the period from date of receipt of the deposits to 30 June 2008 and 20% per annum for the period after 30 June 2008.

The Group considers that Aetos have no grounds for terminating the framework agreement and that Aetos have no right to claim a return of the deposit and interest. In view of the dispute set out above, the mechanism for dispute resolution under the framework agreement was invoked by the Company and arbitration proceedings were commenced by the Company against Aetos on 24 December 2008. As at the date of approval of these financial statements, the result of the dispute resolution process is not yet known. The deposit received is recorded under trade and other payables and no interests have been provided for in these financial statements. Should the Company not succeed in the arbitration, the Company may be required to return the deposits and pay interest to Aetos. In this regard, the amount of the interest will be one of the issues to be resolved in the arbitration.

Return on equity

Return on equity is calculated by dividing the profit attributable to the shareholders of the Company by the equity attributable to the shareholders of the Company for the year ended 31 December 2008. The return on equity for 2008 was 42.3% (including the profit arising from partial disposal of a subsidiary) (2007: 23.3%)

	2008	2007
Profit attributable to shareholders of the Company (RMB'000)	5,466,905	2,102,824
Equity attributable to shareholders of the Company (RMB'000)	12,915,951	9,014,897
Return on equity (%)	42.3%	23.3%

Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the shareholders of the Company by the weighted average number of ordinary shares in issue during the year.

	2008	2007
Profit attributable to shareholders of the Company (RMB'000)	5,466,905	2,102,824
Weighted average number of ordinary shares in issue (thousands)	3,732,914	3,745,660
Basic earnings per share (RMB per share)	1.465	0.561

Diluted earnings per share equals to basic earnings per share as there were no potential dilutive shares in issue as of 31 December 2008 and 2007.

Commitments

As at 31 December 2008, commitments in respect of the property development expenditures of the Group were approximately RMB3.9 billion (2007: RMB2.5 billion). The Group had also committed to paying the land premium on land acquisitions amounted to approximately RMB379.5 million (2007: RMB1.8 billion).

Human resources

The Group is led by an experienced and dedicated management team. The Board, who has been leading the Group through its rapid growth and expansion since its establishment in 1993, has an average of approximately 16 years of experience in the property development business. Most of the senior executives have been with the Company or its subsidiaries since their establishment. The Group's other senior executives have an average of 11 years of experience in the field. The Group also retains talented people from overseas with professional qualifications to augment its management team. Through the management's leadership, vision and drive, and its consistent effort to implement international best practices, the Group has become China's most capable property developer within a short period of time.

We believe that the quality of the Group's human resources, particularly its senior executives and professional project management staff, are critical to its maintaining strong competitive edge. The Group aims to achieve and exceed international standards of performance excellence by following international best practices in management processes and corporate governance.

As at 31 December 2008, the Group had a total of 8,040 employees, 250 of which were the Group's senior management and 558 were middle management. In terms of geographical location, 8,000 employees were stationed in mainland China whereas 40 were stationed in Hong Kong and Macau. Total staff costs, including Directors' emoluments, for the year ended 31 December 2008 amounted to RMB446.7 million. (2007: RMB298.8 million).

Property Development

Land Bank of the Group (as at 14 April 2009)

No.	Project Name	City/District	Classified by Location	Unit Land Cost (RMB/sq.m.)	Attributable interests to the Group	Total Site Area (sq.m.)	Address	Total GFA of the Project (note 1) (sq.m.)
Pear River Delta Region								
1	Agile Garden Guangzhou	Panyu	City outskirts	259	100%	1,518,417	Nanda Road, Nancun Town, Panyu District, Guangzhou	1,846,814
2	Jiangbei Estate Guangzhou	Panyu	City outskirts	259	100%	624,701	Caotang Village, Nanda Road, Nancun Town, Panyu District, Guangzhou	1,128,256
3	Jiacheng Mansion Panyu	Panyu	City centre	3,650	100%	4,070	Dabei Road, Beicheng District, Shiqiao Street, Panyu District, Guangzhou	10,410
4	Hongxi Huating Panyu	Panyu	City centre	3,619	100%	55,999	West of Guangmingbei Road & South of Donghuan Road, Shiqiao Town, Panyu District, Guangzhou	127,096
5	Panyu Southern District Qingxin Road Project	Panyu	City centre	5,409	100%	86,355	Qingxin Road, South Zone, Central Area, Panyu District, Guangzhou	154,077
6	Panyu Shilou Town Project	Panyu	City outskirts	2,960	100%	14,388	Chigang Village, Shilou Town, Panyu District, Guangzhou	26,000
7	South Lagoon Guangzhou	Baiyun	City centre	357	100%	304,422	No.998, Tonghe Road, Baiyun District, Guangzhou	274,951
8	Royal Hillside Villa Guangzhou	Baiyun	City centre	361	100%	122,742	No.1168, Tonghe Road, Baiyun District, Guangzhou	198,940
9	Guangzhou Royal Hillside Villa No.3 Land	Baiyun	City centre	361	100%	39,384	Tonghe Road, Baiyun District, Guangzhou	78,768
10	Lishang International Mansion Guangzhou	Guangzhou	City centre	5,700	100%	7,836	No.97-137, Wen Changnan Road, Liwan District, Guangzhou	54,864
11	Guangzhou Haizhu Project	Guangzhou	City centre	5,700	100%	4,642	Tong Fuzhong Road, Haizhu District, Guangzhou	24,834
12	Guangzhou Zhujiang New City B1-7 Project	Tianhe	City centre	3,674	100%	5,729	B Zone, Zhujiang New City, Guangzhou	88,466
13	Zengcheng Project	Zengcheng	City centre	1,791	100%	44,672	Yangxi Shanggao City, Qingfeng Village, Licheng Street, Guangzhou	111,680
14	Majestic Garden Huadu	Huadu	City centre	345	100%	154,081	No.108, Tiangu Road, Huadu District, Guangzhou	250,948
15	No.2 Huadu Project (Furong Town)	Huadu	City centre	375	100%	52,600	Furong Xinzhuang Village, Huadu District, Guangzhou	84,160
16	Huadu No.107 National Road Project	Huadu	City centre	1,740	100%	282,681	No.107 National Road, Huadu District, Guangzhou	528,922
17	Agile Binjiang Garden Conghua	Conghua	City with high growth potential	282	100%	303,358	Yanjiang South Road, Jiangpu Street, Conghua City, Guangzhou	486,920
18	Conghua Liangkou Town Project	Conghua	City with high growth potential	380	100%	131,091	No.105 Subway, Reshui Village, Liangkou Town, Conghua City, Guangzhou	143,333
19	La Cite Greenville Zhongshan	Zhongshan	City outskirts	170	100%	1,970,275	Changjiang Resort & Development Zone, Zhongshan	2,084,093
20	La Nobleu Zhongshan	Zhongshan	City outskirts	170	100%	542,169	Changjiang Resort & Development Zone, Zhongshan	542,169
21	Metro Agile Zhongshan	Zhongshan	City outskirts	137	100%	660,057	Sanxiang Town, Zhongshan	1,078,151
22	Metropolis Zhongshan	Zhongshan	City outskirts	325	100%	72,421	Wenchang Road, Sanxiang Town, Zhongshan	107,601
23	Majestic Garden Zhongshan	Zhongshan	City centre	565	100%	143,377	Junction of Bo'ai Road and Qiguan West Road, East District, Zhongshan	236,926
24	Grand Garden Zhongshan	Zhongshan	City centre	250	100%	96,374	Junction of Bo'ai Road and Xingzhong Road, East District, Zhongshan	150,357
25	Star Palace Zhongshan	Zhongshan	City centre	278	100%	112,155	Junction of Bo'ai Road and Chenggui Road, East District, Zhongshan	176,226
26	The Riverside Zhongshan	Zhongshan	City centre	739	100%	102,226	Henghai Road, Zhongshan	72,645
27	The Century Zhongshan	Zhongshan	City centre	479	100%	492,475	Junction of Bo'ai Road and Qijiang River, Zhongshan	754,469
28	Agile Garden Dachong Zhongshan	Zhongshan	City outskirts	366	100%	122,000	Nanwen Village, Dayong Town, Zhongshan	187,303
29	Zhongshan No.1 Ever Creator Project	Zhongshan	City outskirts	65	100%	587,289	Quanyan and Yagang Administration Zone, Sanxiang Town, Zhongshan	880,934
30	Phase II The Landmark Zhongshan	Zhongshan	City centre	502	100%	15,968	Junction of Bo'ai Road, East District and Qiguan West Road, Zhongshan	31,936
31	Zhongshan Minzhong Town Project	Zhongshan	City outskirts	260	100%	63,450	Xinsheng Village, Minzhong Town, Zhongshan	95,175
32	Zhongshan Western District Bo'ai Road Project	Zhongshan	City centre	600	100%	539,244	Junction of Bo'ai Road and Qiguan West Road, Zhongshan	1,448,000
33	Zhongshan Kuchong Project	Zhongshan	City centre	2,052	100%	37,648	Xingwen Road, East District, Zhongshan	82,826
34	Zhongshan Wuguishan Project	Zhongshan	City outskirts	473	100%	434,820	Guinan Village, Wuguishan Town, Zhongshan	652,230
35	Zhongshan Zhangjiabian Land	Zhongshan	City outskirts	800	100%	164,539	Zhang Jianbian Administration, Huajo Development Zone, Zhongshan	246,808
36	Zhongshan Kunlun Hotel Project	Zhongshan	City outskirts	1,429	100%	29,267	8 Nanqi North Road, Nanlang Town, Zhongshan	87,801
37	Majestic Garden Nanhai	Nanhai	City outskirts	510	100%	601,230	Suiyan Road, Nanhai District, Foshan	859,759
38	Majestic Metropolis Nanhai	Nanhai	City outskirts	325	100%	48,949	Suiyan Road, Nanhai District, Foshan	63,373
39	Nanhai Xiqiao Commercial Project	Nanhai	City outskirts	1,400	100%	52,950	Xiqiao Town, Nanhai District, Foshan	133,657
40	Agile Garden Foshan	Foshan	City centre	2,200	100%	184,373	Junction of Lyjing Road and Wenhua Road, Chancheng District, Foshan	365,476
41	Agile Garden Sanshui	Sanshui	City with high growth potential	317	100%	266,652	East of Xi'nan Guanghai Road, Sanshui District, Foshan	481,608
42	Agile Garden Shunde	Shunde	City centre	962	100%	212,410	No.18, Nan Zone, Daliang, Shunde District, Foshan	488,500
Sub-total						11,309,486		16,927,462
Eastern Guangdong								
43	Agile Garden Heyuan	Heyuan	City with high growth potential	267	100%	1,364,741	Middle Part, Huangsha Road, Heyuan	2,729,481
44	Agile Egret Lake Huizhou	Huizhou	City outskirts	325	99.75%	2,000,000	Jiaodong Reservoir, Ruhu Town, Huicheng District, Huizhou	2,000,000
Sub-total						3,364,741		4,729,481
Yangtze River Delta								
45	Agile Garden Nanjing	Nanjing	City centre	4,165	100%	141,178	No.33 Longpan South Road, Nanjing	365,624
46	No.2 Nanjing Qinhuai Project	Nanjing	City centre	11,745	100%	59,900	Mendong Chang Ledu, Qinhuai District, Nanjing	59,600
47	Agile International Plaza Shanghai	Shanghai	City centre	15,285	100%	13,192	No.559, Tibetan Zhong Road, Huangpu District, Shanghai	93,330
48	Shanghai Nanhui Project	Shanghai	City centre	2,337	100%	504,927	West of Binhai Road, Nanhui District, Shanghai	232,268
Sub-total						719,197		750,822
Western China								
49	Agile Garden Chengdu	Chengdu	City outskirts	1,163	100%	1,338,970	Tianping Village & Hanpoling, Wan'an Town, Shuangliu County, Chengdu	1,606,751
50	Agile Garden Xi'an	Xi'an	City outskirts	450	100%	90,644	East of Donghuan Road, Guodu Industrial Zone, Chang'an District, Xi'an	234,439
51	Agile Garden Chongqing	Chongqing	City outskirts	880	100%	321,073	Huilong Road, Nanping Jingkai District, Chongqing	463,842
Sub-total						1,750,687		2,305,032
Hainan Province								
52	Hainan Clearwater Bay	Clearwater Bay	City with high growth potential	273	70%	9,096,570	Clearwater Bay, Lingshui li Minority Autonomous County, Hainan Province	9,854,037
Northeast China								
53	Shenyang Puhe New City Project	Shenyang	City outskirts	723	100%	38,010	Puhe Road, Puhe New City, Shenyang	76,020
Grand Total (note 3)						26,278,691		34,642,854

Notes:

- Total GFA of the Project = Completed in and before 2007+Completed in 2008+Estimated to be Completed in 2009+Estimated to be Completed in 2010 or later
- Land bank (Total GFA) = A = B; A = Completed for Sale (A1) + Under Development (A2) + Held for Future Development (A3); B = Residential & Ancillary facilities (B1) + Hotel (B2) + Commercial & Office (B3)
- There was no new land acquired by the Group from the period of 1 Jan 2009 to 14 Apr 2009



	Total GFA of the Project (sq.m.)				Estimated Quarter of Overall Completion	Land Bank (sq.m.)						
	Completed in and before 2007	Completed in 2008	Estimated to be Completed in 2009	Estimated to be Completed in 2010 or Later		Total CFA <small>(note 2)</small> (sq.m.)	Development Stage (A)			Planning Nature (B)		
							Completed for Sale (A1)	Under Development (A2)	Held for Future Development (A3)	Residential & Ancillary Facilities (B1)	Hotel (B2)	Commercial & Office (B3)
	943,731	138,961	236,206	527,916	2Q 2011	791,141	27,019	236,888	527,234	791,141	—	—
	—	—	59,432	1,068,824	+Q 2013	1,128,256	—	—	1,128,256	1,128,256	—	—
	—	—	—	10,410	2Q 2010	10,410	—	—	10,410	10,410	—	—
	—	51,043	23,289	52,764	+Q 2010	91,018	14,965	—	76,053	66,795	—	24,223
	—	—	—	154,077	+Q 2011	154,077	—	—	154,077	154,077	—	—
	—	—	—	26,000	2Q 2010	26,000	—	—	26,000	26,000	—	—
	274,951	—	—	—	+Q 2006	1,473	1,473	—	—	1,473	—	—
	51,270	44,703	—	102,967	+Q 2010	107,740	4,774	82,059	20,907	107,740	—	—
	—	—	—	78,768	+Q 2010	78,768	—	—	78,768	78,768	—	—
	—	47,791	7,073	—	2Q 2009	8,061	988	7,073	—	8,061	—	—
	—	—	—	24,834	3Q 2011	24,834	—	—	24,834	24,834	—	—
	—	—	—	88,466	+Q 2010	88,466	—	—	88,466	—	—	88,466
	—	—	—	111,680	1Q 2010	111,680	—	—	111,680	111,680	—	—
	181,951	30,770	38,227	—	2Q 2009	38,675	448	38,227	—	38,675	—	—
	—	—	—	84,160	1Q 2010	84,160	—	—	84,160	84,160	—	—
	—	—	—	528,922	+Q 2012	528,922	—	—	528,922	528,922	—	—
	239,462	—	140,393	107,065	+Q 2010	247,993	535	107,112	140,346	247,993	—	—
	—	—	—	143,333	+Q 2010	143,333	—	—	143,333	143,333	—	—
	1,095,744	54,567	197,367	736,415	+Q 2011	1,065,446	131,664	224,082	709,700	990,605	37,420	37,421
	123,931	64,926	—	353,312	+Q 2011	398,481	45,169	169,658	183,654	398,481	—	—
	545,415	131,905	147,912	252,919	+Q 2011	544,562	143,731	174,236	226,595	544,562	—	—
	107,601	—	—	—	+Q 2006	1,067	1,067	—	—	—	—	1,067
	236,926	—	—	—	+Q 2002	1,204	1,204	—	—	1,204	—	—
	150,357	—	—	—	2Q 2007	1,697	1,697	—	—	1,697	—	—
	176,226	—	—	—	+Q 2006	405	405	—	—	405	—	—
	72,645	—	—	—	+Q 2005	4,470	4,470	—	—	4,470	—	—
	59,875	246,978	33,527	414,089	+Q 2012	580,742	133,126	—	447,616	580,742	—	—
	66,913	78,114	42,276	—	+Q 2008	181,042	138,766	42,276	—	181,042	—	—
	—	21,183	—	859,751	+Q 2014	859,751	—	—	859,751	859,751	—	—
	—	—	—	31,936	2Q 2010	31,936	—	—	31,936	31,936	—	—
	—	—	—	95,175	+Q 2010	95,175	—	—	95,175	95,175	—	—
	—	—	—	1,448,000	+Q 2014	1,448,000	—	—	1,448,000	1,448,000	—	—
	—	—	—	82,826	2Q 2010	82,826	—	—	82,826	82,826	—	—
	—	—	27,803	624,427	+Q 2012	652,230	—	—	652,230	652,230	—	—
	—	—	—	246,808	+Q 2010	246,808	—	—	246,808	246,808	—	—
	—	—	—	87,801	+Q 2010	87,801	—	—	87,801	—	21,854	65,947
	729,403	—	—	130,356	+Q 2010	156,046	25,690	—	130,356	156,046	—	—
	63,373	—	—	—	+Q 2005	4,837	4,837	—	—	—	—	4,837
	—	—	53,014	80,643	+Q 2010	133,657	—	53,014	80,643	80,643	—	53,014
	31,930	86,113	63,401	184,032	+Q 2010	254,552	7,119	162,516	84,917	254,552	—	—
	35,549	34,215	136,659	275,185	+Q 2011	421,052	9,208	167,682	244,162	421,052	—	—
	—	—	46,940	441,560	+Q 2011	488,500	—	92,676	395,824	430,500	25,000	33,000
	5,187,253	1,031,269	1,253,519	9,455,421		11,407,294	698,355	1,557,499	9,151,440	11,015,045	84,274	307,975
	140,132	77,075	112,128	2,400,146	+Q 2018	2,570,265	57,991	71,060	2,441,214	2,467,668	60,000	42,597
	23,692	71,062	299,512	1,605,734	+Q 2016	1,940,401	35,155	353,302	1,551,944	1,825,382	97,082	17,937
	163,824	148,137	411,640	4,005,880		4,510,666	93,146	424,362	3,993,158	4,293,050	157,082	60,534
	—	190,001	—	175,623	+Q 2010	259,167	83,544	—	175,623	259,167	—	—
	—	—	—	59,600	2Q 2011	59,600	—	—	59,600	30,000	—	29,600
	—	—	—	93,330	+Q 2010	93,330	—	93,330	—	—	60,980	32,350
	—	—	—	232,268	+Q 2011	232,268	—	—	232,268	—	—	232,268
	—	190,001	—	560,821		644,365	83,544	93,330	467,491	289,167	60,980	294,218
	54,250	56,670	528,959	966,872	+Q 2013	1,524,145	28,314	441,203	1,054,628	1,484,145	40,000	—
	—	—	139,663	94,776	+Q 2010	234,439	—	139,663	94,776	234,439	—	—
	—	—	—	463,842	+Q 2011	463,842	—	—	463,842	463,842	—	—
	54,250	56,670	668,622	1,525,490		2,222,426	28,314	580,866	1,613,246	2,182,426	40,000	—
	—	—	255,091	9,598,946	+Q 2017	9,854,037	—	193,265	9,660,772	9,259,235	544,842	49,960
	—	—	—	76,020	2Q 2012	76,020	—	—	76,020	76,020	—	—
	5,405,327	1,426,077	2,588,872	25,222,578		28,714,808	903,359	2,849,322	24,962,127	27,114,943	887,178	712,687

Property Development

Projects Overview (as at 14 April 2009)



Pearl River Delta

No. of Projects : 42 projects
(11,407,294 sq.m.)

Panyu	— 6 projects	(2,200,902 sq.m.)	Conghua	— 2 projects	(391,326 sq.m.)
Baiyun	— 3 projects	(187,981 sq.m.)	Zhongshan	— 18 projects	(6,283,643 sq.m.)
Guangzhou	— 2 projects	(32,895 sq.m.)	Nanhai	— 3 projects	(294,540 sq.m.)
Tianhe	— 1 project	(88,466 sq.m.)	Foshan	— 1 project	(254,552 sq.m.)
Zengcheng	— 1 project	(111,680 sq.m.)	Sanshui	— 1 project	(421,052 sq.m.)
Huadu	— 3 projects	(651,757 sq.m.)	Shunde	— 1 project	(488,500 sq.m.)

Eastern Guangdong

No. of Projects : 2 projects
(4,510,666 sq.m.)

Heyuan	— 1 project	(2,570,265 sq.m.)
Huizhou	— 1 project	(1,940,401 sq.m.)

Yangtze River Delta

No. of Projects : 4 projects
(644,365 sq.m.)

Nanjing	— 2 projects	(318,767 sq.m.)
Shanghai	— 2 projects	(325,598 sq.m.)

Western China

No. of Projects : 3 projects
(2,222,426 sq.m.)

Chengdu	— 1 project	(1,524,145 sq.m.)
Xi'an	— 1 project	(234,439 sq.m.)
Chongqing	— 1 project	(463,842 sq.m.)

Hainan Province

No. of Project : 1 project
(9,854,037 sq.m.)

Clearwater Bay	— 1 project	(9,854,037 sq.m.)
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Northeast China

No. of Project : 1 project
(76,020 sq.m.)

Shenyang	— 1 project	(76,020 sq.m.)
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Shenyang

Xi'an

Nanjing

Chengdu

Chongqing

Shanghai

Guangzhou

Heyuan

Foshan

Huizhou

Zhongshan

Clearwater Bay

“ **Total Land Bank**

28,714,808

sq.m. ”

Property Development

Flagship Projects at a Glance



Hainan Clearwater Bay

Hainan Clearwater Bay is located at Clearwater Bay, with a site area of over 9 million sq.m., adjacent to Sanya City. It is geographically well-located and a 40-minute and 1-hour drive to downtown and Sanya Airport respectively. On its southeast, the project includes an approximately 12 km coastline of Clearwater Bay, which has enormous development potential in tourism. The project will be developed by stages and will have comprehensive ancillary facilities, including three 18-hole international standard golf courses, six super five-star hotels, two noble yacht clubs, commercial centres and hot spring, thus enabling it to become a newly integrated and multi-functional seafront community at international standard with relaxation, tourism, vacation, business, investment and residential purposes, aiming at holiday travellers from all over the world. Hainan Clearwater Bay will become a shining pearl amongst the places for travel in Hainan. The project was launched for sale globally on 28 March 2009. The 1st phase includes the villa phase “Golfer’s Paradise” with the theme of golf course and the apartment phase “Cote d’Azur” as well as “Silver Sand” as an integrated phase of seaview villas and apartments, all of which have become the focus of the international property market.



Renowned Brands



Land Bank GFA

9,854,037 sq.m.



Property Development

Flagship Projects at a Glance





Agile Egret Lake Huizhou

Agile Egret Lake Huizhou, covering a site area of 2 million sq.m., is located at Ruhu Town, Huicheng District in the northeast of Huizhou downtown, which is renowned as the “Famous County of Lingnan”, a famed cultural city in the history of Guangdong Province. It is only 9.2 km from the city centre, enjoying prime geographical location. The project has a lake of almost 4,000 mu which is surrounded by green mountains and clear waters, with scenery of mountains, water and natural habitat blended together, forming an enchanted picture. Currently, Starwood Holdings Hotel Management Company and Lianhua Supermarket, a Shanghai supermarket chain, each have signed cooperation agreement with the Group and community bus stations, water park and sports training base have been completed by stages and opened for use. The comprehensive ancillary facilities at international level will contribute much to build an attractive vocational and residential paradise for tourists and property owners, thus developing into the most important platform for economic and cultural hub as well as a business and conference base in the Pan-Pearl River Delta Economic Circle. The villa phase “Repulse Bay” and the apartment phases “King’s Lake” and “The Forest of Norway” were launched for sale during the year, which attracted immediate and wide market attention and received overwhelming response in Pearl River Delta.

Renowned Brands



Land Bank GFA

1,940,401 sq.m.



Agile International Plaza Shanghai

Agile International Plaza Shanghai is situated at the flourishing tourist, retail and commercial hub of Huangpu, Shanghai City with a site area of over 13,000 sq.m. The project has a superb geographical location, enjoying a convenient traffic network and high pedestrian flow. On the eastern side of the project, it is connected to Tibetan Road, and on its southern side, Fengyang Road. The project is located at the northwestern side of the Nanjing road pedestrian walkway, best known as “The Top Commercial Street in China”. Adjacent to the First Department Store and the New World Shopping Mall, it is only 300 metres from the Shanghai People’s Government Office. Culture buildings and landmarks such as The People’s Square, Shanghai Museum and Shanghai Grand Theatre are all within walking distances from the project. Agile International Plaza Shanghai will be developed into a five-star hotel and a high-end shopping centre with shops of prestigious brands from all over the world. The project is currently under construction and is expected to put into operation during the World Expo in 2010.

“Agile International Plaza Shanghai will be developed into a five-star hotel and a high-end shopping centre with shops of prestigious brands from all over the world.”

Land Bank GFA **93,330** sq.m.





Property Development

Flagship Projects at a Glance



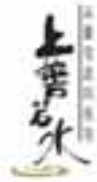
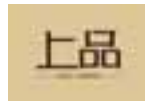


Agile Garden Nanjing

Agile Garden Nanjing, covering a site area of over 140,000 sq.m., is located at the south of Qinhuai District Government. It is very close to Longpan Road Expressway, one of the major traffic lines in the city, with a well-established transport network linking all urban areas and its peripheral regions effectively. The project is near the old castle walls of Ming Dynasty, the Qinhuai River, Wudingmen Park, Bailuzhou Park and the business circle of Fuzi Temple which used to be the residence of the elite class in the old times, filled with the essences of the prosperity over the six dynasties in Nanjing and profound cultural history. It has been a large and quality community at international level which is rarely found in Nanjing. The Group recorded a sales amount of over RMB600 million just on the first launch day. When the apartment phase "Soft Water" newly launched for sale in 2008, it soon became the model of deluxe residence in the Nanjing property market. Once "Agile Grand", a phase of luxurious boutique-hotel-serviced apartments, came into the market in the second half of the year, it aroused a shopping rush in the entire Nanjing property market with wide recognition. The project was granted several local sales awards during the year, including "Top Ten Hot Properties", "Top Ten Capable Property Developers in Nanjing 2008", "Most Influential Brand Enterprise in Nanjing Property Market 2008" and "Champion in Property Sales in the City".



Renowned Brands



Land Bank GFA

259,167 sq.m.



Agile Garden Chongqing

Agile Garden Chongqing is located at the new popular scenic area of Shancheng, where is the main district of Chongqing. Besides, as planned by the municipal government, the district will also be developed into an economic and technological development zone for financial, economic and trading activities, as well as a key area for tourist scenic spot. The project has been planned to become an integrated residential community with educational and comprehensive ancillary facilities, thus enabling it to become a boutique community in Nan'an District of Chongqing.

“With educational and comprehensive ancillary facilities, Agile Garden Chongqing will become a boutique community in Nan'an District, Chongqing.”

Land Bank GFA

463,842

 sq.m.



Property Development

Flagship Projects at a Glance





Agile Garden Chengdu

Agile Garden Chengdu, covering a site area of more than 1,300,000 sq.m., is located at the southern part of Chengdu and up on the hill with unique ecology and embraced by ranges of mountains. It is adjacent to a natural lake with an area of over 60 mu and is surrounded by green mountains. Low density integrated residential community and a five-star hotel will be developed using the natural habitat landscapes as the basis. The project comprises a luxury recreational clubhouse of 21,000 sq.m., a 400m long commercial street, six educational institutions and a comprehensive transportation network. It takes only 30 minutes to reach the city centre and the Metro Route No. 1 currently under construction will also pass through the project. Agile Garden Chengdu will become one of the rare integrated communities with international standard in the southwestern part of China. Phase I villas, adopted a design of Hong Kong style, were launched for sale during the year, which highlights the enjoyment of superiority and honours and won “Top Ten Gold Award Properties in Chengdu” and “Top Ten Influential Properties in Chengdu”.

“ Agile Garden Chengdu will become one of the rare integrated living communities with international standard in the southwestern part of China. ”

Land Bank GFA **1,524,145** sq.m.

Property Development

Flagship Projects at a Glance

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Agile Garden Xi'an

Agile Garden Xi'an is located at Chang'an District at the southern suburb of Xi'an, adjacent to Xi'an High-Industry Development Zone on the west and Western University City on the south, the largest tertiary education base in northwestern part of China. The district is enriched with traditional Chinese culture and equipped with comprehensive transportation facilities, thus enabling it to become an area with encouraging investment environment and high potential for development in the Western China. The overall planning adopts a European-style layout and integrates the natural landscapes into the planning, with the overall greenery coverage of nearly 40%. The project will comprise various ancillary facilities, such as a luxury clubhouse of 2,000 sq. m., various levels of educational institutions, a multi-functional leisure and sports centre and a European style commercial shopping centre. The Group plans to roll out Agile Garden Xi'an to the market at the 2nd quarter of 2009.

“The overall planning adopts a European-style layout and integrates the natural landscapes into the planning, with the overall greenery coverage of nearly 40%.”

Land Bank GFA **234,439** sq.m.





Property Development

Flagship Projects at a Glance





Agile Garden Heyuan

Agile Garden Heyuan, covering a site area of approximately 1,300,000 sq. m. and adjacent to the Heyuan Hakka Cultural Park and the Heyuan Municipal People's Hospital, is located in the main administrative region of Heyuan where has been set by the Heyuan Municipal People's Government to be the focused development zone for the next 10 years. The Huangsha Main Road, connecting to Huihe Expressway, built by the municipal government with an investment of RMB180 million in 2007 was fully opened for traffic. Being well equipped with residential, commercial, sport, entertainment and educational facilities, the project's overall plan is to be a large-scale residential and commercial community. It has the largest scale of development, the most equipped ancillary facilities and the lowest density ever in Heyuan. Adopted a Spanish garden style, the project strives to create a living environment for Heyuan that is close to water while the existing natural landscape remains intact. New phases, including "Santillana", "Palm Island", "Metro Town", Phase II apartments of "Santillana", "House of Lord" and "Sunshine SUNDAY", were launched for sale by stages in 2008, all of which were well accepted by the market and were awarded the champion in terms of annual sales in Heyuan.

“A living environment for Heyuan that is close to water while the existing natural landscape remains intact.”

Land Bank GFA **2,570,265** sq.m.

Property Development

Flagship Projects at a Glance



Agile Garden Guangzhou

Agile Garden Guangzhou, covering a site area of more than 1,500,000 sq.m., is located in Panyu, the hub region in the Pearl River Delta. The project enjoys an excellent geographical location and a comprehensive transportation network, which connects to Southern China Bridge and Xingguang Expressway and is adjacent to Metro Route Line, Beijing-Zhuhai Expressway and Nanshagang Expressway. The project is a large scale notable international living and cultural community in Guangzhou, with an estimated total population of over 100,000 in the future. With comprehensive ancillary facilities such as a luxury clubhouse, the five-star Guangzhou Agile Hotel and a 400m long commercial street in European style, the project of top landscape design was named as one of the “100 Most Glamorous Properties” in the PRC. Four brand phases, namely “SUNDAY”, “Sculpturing In Time”, “The Beatific Hill” and “Middle Hills”, were successfully launched for sale during the year, creating a miracle of achieving all success in the four launches for sale in a year. A number of awards were received from various authoritative media and institutions, including sina.com and Nanguo Dushi Daily, such as “Quality Properties in Pearl River Delta Region”, “Top Ten Hot Properties in Guangzhou 2008” and “Top Ten Most Trustworthy Property Brands in Guangzhou, PRC 2008”.

Renowned Brands



Land Bank GFA

791,141 sq.m.





Property Development

Flagship Projects at a Glance





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La Cite Greenville Zhongshan

La Cite Greenville Zhongshan is a well-developed and large scale ecological city centre with a site area of nearly 2 million sq.m. The project is adjacent to Zhongshan Changjiang Golf & Country Club, one of the Top Ten National 36-hole International Golf Courses. Equipped with high quality drinking water from the national first class Changjiang Reservoir and the fresh air from Wugui Mountains, it is a splendid place enjoying the greenery landscape, fresh air and quality water. The project has a unique overall planning and ancillary facilities at the top level in the history of residential property development in Zhongshan, fully demonstrating the perfect integration between the humans and the nature. As a large-scale international golf community, the project is the definite choice for living and vacation with a number of ancillary facilities such as San Xin School, Yi Jia Yi Shopping Mall and a recreational centre of three main themes. Since the project was launched for sale since 2002, it has become the overall champion in property sales in Zhongshan for seven consecutive years. Several quality phases were launched for sale by stages in 2008, namely "Golf", "Zodiac", "Lo Has Park", Phase V of "Tower 18" and Phase VI of "Harmony Neighbour", resulting in excellent market response which once again created a sales legend in the property market in Zhongshan.

Renowned Brands



Land Bank GFA

1,065,446 sq.m.

Property Development

Flagship Projects at a Glance

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Metro Agile Zhongshan

Metro Agile Zhongshan, covering a site area of 660,000 sq.m., is located in the centre of the picturesque Metro Area, Sanxiang Town of Zhongshan, with approximately a 30-minute drive to Macau and the Hong Kong-Zhuhai-Macau Bridge which will commence construction in 2009. The project is designed by internationally renowned designers and is equipped with international ancillary facilities, such as a romantic commercial pedestrian street, six clubhouses and a large family park. The whole community is filled with an aura of vacation in an European small town, and has become the top and large international-grade luxury residence of Sanxiang Town of Zhongshan and has long been the top class in terms of sales in the town. The villa phase “The Zenith”, launched for sale in 2008, was sold out in just half a year. “Life Imprint”, a brand-new apartment phase, achieved a record-high sales of over RMB100 million within the first two launch days and broke the sales record in the property market in Zhongshan.

Renowned Brands



Land Bank GFA

544,562

 sq.m.



Property Development

Flagship Projects at a Glance





The Century Zhongshan

The Century Zhongshan, covering a site area of approximately 500,000 sq.m., is located at the intersection of Qijiang River, the “mother river” of Zhongshan, where is within the central part of the city centre and just next to certain prosperous commercial centres. The project, equipped with well-developed ancillary facilities, enjoys a convenient transportation network. It takes only 18 minutes drive to Zhongshan Port and near the entrance of Beijing-Zhuhai Expressway which highly facilitates the transportation between Guangzhou and Zhuhai. During the year, two flagship high-rise apartment phases were launched for sale, namely, “The Seine” and “Apple Time”. The two luxury residential properties with a charming river view have been on a brisk sale and again lead the property market trend in Zhongshan.

Renowned Brands



Land Bank GFA

580,742 sq.m.

Property Development

Flagship Projects at a Glance

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Agile Garden Foshan

Agile Garden Foshan has a site area of approximately 200,000 sq.m. and is located at the core of central part in Foshan City. It is proximal to well developed ancillary facilities such as the Asian Arts Park, Lü Jing Road Station of Guangdong-Foshan Metro, Lingnan Mingzhu Gymnasium and key educational institutions. The project includes a deluxe club in the central part of the city with an area of 5,000 sq.m. and a shopping commercial street with an area of 60,000 sq.m. In the end of 2008, a new phase named “Grand Royal” was launched for sale and received an overwhelming market response and shocked the local property market. The project was accredited “List of Property Star in Pearl River Delta Region Market 2008 — Model Property in Pearl River Delta Region”, “Golden Luxury Residence in the Year”, “Award for Charity Contribution in the Industry” and “Outstanding Contribution Award in the Industry”, which further reinforced the leadership of Agile in Foshan market.

Renowned Brand



Land Bank GFA

254,552

 sq.m.



Property Development

Flagship Projects at a Glance





Agile Garden Shunde

Agile Garden Shunde is located at the centre of administration, culture, trading and finance in Shunde District, Foshan, with a site area of more than 210,000 sq.m. Enjoying a convenient geographical location, the project connects to Shunde International Business City, Shunde Public Transport Station, Century Primary School, Nanqu Secondary School and Daliang Hospital. It takes approximately 30 minutes ride to the city centre of Shunde. The planned light rail connecting Guangzhou and Zhuhai and the Guangzhou Metro Line 3 will also be extended to Shunde. The overall planning of the project focuses on a simple and stylish design and is set to be a high-end property, including high-rise residential building, boutique hotel and commercial street, with a luxury clubhouse and educational institutions. Agile Garden Shunde will serve as the landmark and become a comprehensive community in Shunde.

“The overall planning of the project focuses on a simple and stylish design and is set to be a high-end property, including high-rise residential building, boutique hotel and commercial street.”

Land Bank GFA

488,500 sq.m.

Hotel Business

“ A diversified business portfolio ensures stable and reliable revenues for the Group and broadens the overall income base. ”







Business overview

During the year, in line with its strategy of healthy development, the Group continued to advance its hotel business by building five-star hotels and boutique hotels to accommodate high-end tourists and business travellers for diversification of its business portfolio.

The hotels of the Group are divided into two categories, namely, self-operated hotels and externally-managed hotels. Self-operated hotels include Guangzhou Agile Hotel, Foshan Agile Hotel and Zhongshan Agile Hotel, the acquisition agreement of which was signed up at the end of 2008. As for externally-managed hotels, the Group entered into six hotel management contracts with internationally-renowned hotel management companies. Besides Shanghai Marriott Hotel City Center and Sheraton Bailuhu Resort, Huizhou, on 28 March 2009, the Group entered into hotel management agreements with four world-class hotel management groups, namely Raffles Hotel Management (Beijing) Co., Ltd., Marriott International Management Company B.V., Hilton International Manage LLC and Outrigger Global Holdings LLC to manage 4 hotels of Hainan Clearwater Bay.

The Group will make investment in its hotel operations in Shanghai, Hainan, Huizhou, Guangzhou, Foshan and Zhongshan. With its solid experience in property development, a pragmatic and efficient management team and the influence of the internationally hotel management companies in the industry, the Group believes that it can promptly develop brand awareness with good returns, and gain a secure footing in the PRC hotel operation industry.



Self-operated hotels

Guangzhou Agile Hotel

Guangzhou Agile Hotel is located at the side of Yingyi Lake in the Agile Garden Guangzhou, enjoying a classic and relaxing environment, and is designed as a boutique hotel well equipped with business, leisure and entertainment facilities in accordance with the national five-star standard. Adjacent to well-known tourist spots such as Changlong Tourist Area and Yuyin Mountain Lodge, which is one of the four famous gardens in Guangdong, the hotel enjoys a convenient transport network. In addition to its connection to Metro Line 3, through main roads such as Yingbin Road, Guangzhou Southern Expressway and Xingguang Expressway, it only takes a 5-minute drive to Pazhou International Convention and Exhibition Center, a 20-minute drive to Guangzhou East Railway Station, a 30-minute drive to Guangzhou Railway Station and a 45-minute drive to Guangzhou Baiyun International Airport. Besides, it takes only 20 minutes to 2 hours ride to Shunde, Dongguan, Zhongshan, Zhuhai, Macau and Hong Kong.

The hotel has 126 spacious, cosy rooms and suites with an average unit area of 50 sq.m. and 120 sq.m. respectively. Its ancillary facilities include multi-functional ballrooms with maximum capacity for 450 persons, conference rooms, superb Chinese restaurants of Hong Kong style, riverside international gourmet restaurants, entertainment centres and stargazing pubs and a 20,000 sq.m. luxurious mid-levels club house with sports and leisure facilities, which will certainly satisfy the needs of the visitors worldwide for business and tourism purposes, and make their journey even more colourful.



Foshan Agile Hotel

Foshan Agile Hotel is located in Majestic Garden, the Group's largest property project in Nanhai District, Foshan. It connects with Suiyan Road, Nanhai District, which is located between Guangzhou and Foshan. The area serves as a traffic hub of Guangzhou-Foshan area. With only a 10-minute drive to Guangzhou, customers may enjoy a fast and convenient transportation network.

The hotel is decorated in accordance with the four-star standard with 205 superior rooms in total. It includes ancillary facilities such as Chinese and western-style restaurants, red wine house, large ballroom, multi-media conference room, business centre, and two sub-tropical style sky gardens.

Zhongshan Agile Hotel

Zhongshan Agile Hotel is located at the city centre of Sanxiang Town, Zhongshan in close proximity to Zhuhai and Macau, enjoying an excellent geographical position and comprehensive ancillary facilities. Completed in 2000, the hotel has a total GFA of approximately 18,000 sq.m. and 66 rooms in aggregate. With ancillary facilities such as western-style restaurant, conference room and business centre, the hotel is the residence of choice for domestic and overseas business travellers visiting Sanxiang Town, Zhongshan for business trips.



Externally-managed hotels

Shanghai Marriott Hotel City Center

Shanghai Marriott Hotel City Center, managed by Marriott International Management Company, is expected to open in mid-2010 with 712 superior rooms. As a five-star hotel, it is full-fledged with functions of commerce, tourism and large-scale conference and exhibition. The hotel is situated at Shanghai Agile International Plaza within the central part of Huangpu District, Shanghai that it is only 20 minutes ride to Pudong International Airport. The hotel, adjacent to the world-famous Nanjing Road Pedestrian Walkway, enjoys the most prosperous geographical position in Shanghai.

Sheraton Bailuhu Resort, Huizhou

Sheraton Bailuhu Resort, Huizhou managed by Starwood Holdings Hotel Management Company, is expected to launch in 2011. It is located within Agile Egret Lake Huizhou, which is surrounded by charming landscape of green mountains and clear waters. The hotel covers a site area of approximately 100,000 sq.m. and a GFA of approximately 97,000 sq.m. which will include 463 rooms and 2 ancillary hotel-serviced apartments.

Hainan Clearwater Bay

The Group entered into hotel management agreements with four world-class hotel management groups, namely Raffles Hotel Management (Beijing) Co., Ltd., Marriott International Management Company B.V., Hilton International Manage LLC and Outrigger Global Holdings LLC to manage 4 hotels of Hainan Clearwater Bay on 28 March 2008. The hotels are expected to open in mid-2011, mid-2013, mid-2014 and late-2014 respectively, providing incomparable hotel service to travellers visiting Hainan.

Property Management

“ Agile’s property management companies have been striving to achieve the goal of “fulfil your needs and exceed your expectations”, and providing 160,000 residents with safe, civilized, comfortable, convenient and excellent property management service. ”





Property Management



Since their establishment in 1993, Agile's property management companies have been striving to achieve the goal of "fulfil your needs and exceed your expectations", and providing 160,000 residents with safe, civilised, comfortable, convenient and excellent property management service for 16 years.

Zhongshan Agile Property Management Service Co., Ltd. is one of the earliest property management enterprises with national first class qualification. Since it was accredited with ISO9001: 2000 international quality system by BSI Group, a UK chartered institution, in 1999, this property management company has committed to rendering property management services of international standard, thus winning praise from customers and establishing outstanding goodwill in the industry.

During the year, the property management companies of Agile and the projects under their management were accredited with a number of awards, including "The First Class Prize in Advanced Property Management Companies", "Municipal Model Residential Community in the category of Property Management in the PRC", "Green Community in Guangdong Province", "Model Residential Community in Guangzhou City", "Star-grade Service Award of The Most Favourite Top 10 Management Companies of Citizens 2008" and "Advanced Group in Building a Hygienic City".



The properties currently managed by the Group amount to approximately 8,600,000 sq.m., with a total of 4,800 professional property management staff and technical staff providing various types of excellent property management and operation services to approximately 53,000 residents, such as repair and maintenance of buildings and ancillary facilities, security management of the small communities, environment and hygiene, greenery maintenance, household services, clubhouse entertainment, recreational and catering services and community cultural activities as well as other high-end services.

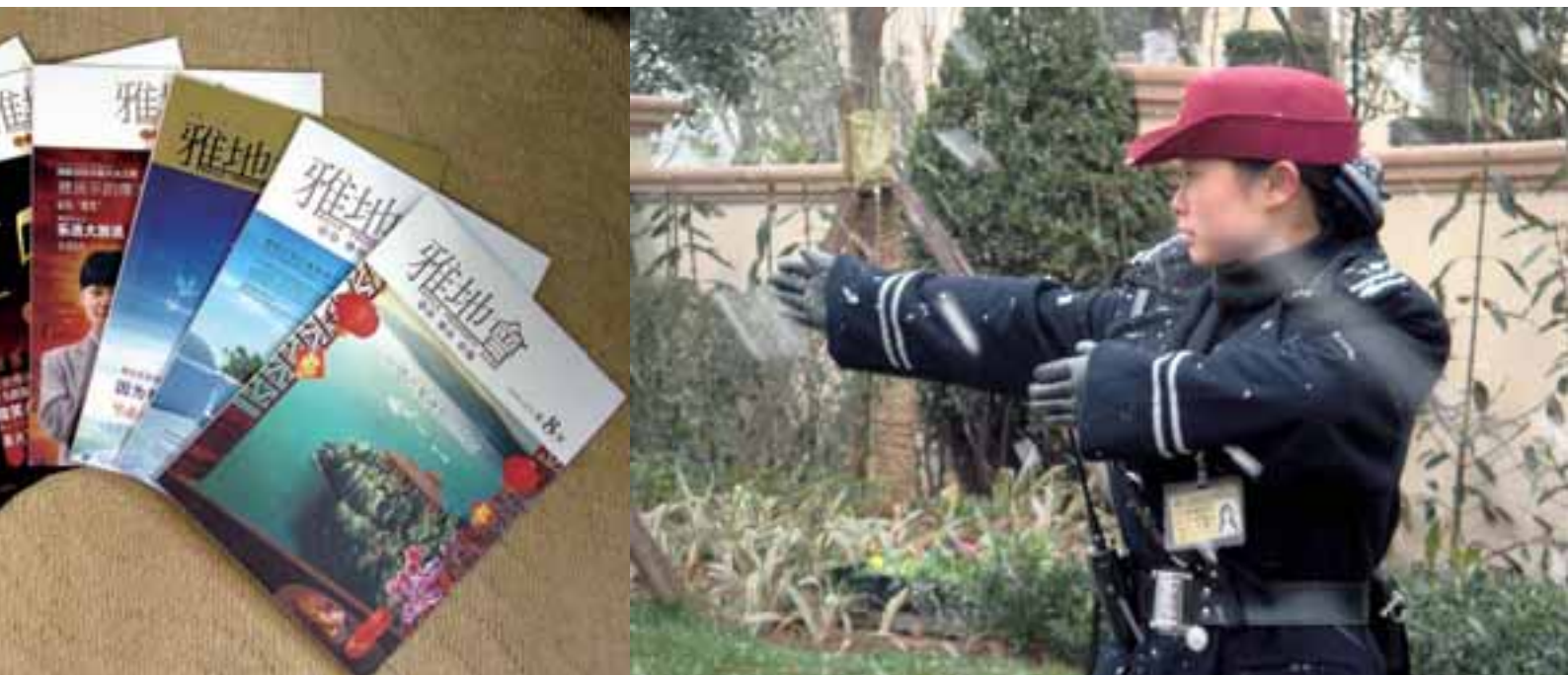
To further optimise the effectiveness in management, our property management center purchased a centralized property management software system during the year, further enhancing service efficiency and supporting the sustainable development strategy of the Group nationwide.

Property Management



Agile has been keeping a close eye on the changing needs of homebuyers, and provides quality products and services tailored for them. The Group highly values homeowners' feedbacks which are actively collected by us from various channels. We sort out all information and report to relevant departments periodically for follow-up actions and improvement. Moreover, a dedicated team has been set up to respond to enquiries and complaints from clients so that best services can be provided to their satisfaction in all respects. The 2008 customer satisfaction survey showed that the overall satisfaction level of the clients almost reached 90%.

"Agile Property Club" is the clubhouse for Agile's customers for the purpose of facilitating the communications between its members, designated alliance merchants and Agile. It also serves as a channel for listening to the requests and suggestions from various parties at all times, so as to provide household services of better quality. "Agile Property Club" currently has over 20,000 members and over 1,000 preferred business partners. Apart from providing preferential offers and information on home buying and recreation to its members, "Agile Property Club" established an interactive exchange platform for cultural, living, commercial and information purposes, with an aim to promoting a harmonious living environment, building an innovative culture of high-end customers and a solid community culture. Moreover, "Agile Property Club" periodically organised various activities, such as "Photography Competition", "Calligraphy Competition", "Chinese Chess Competition", "Homeowners' Variety Show", "Golf Competition" and "Community Donation Station for Sowers Action".



The club magazine of “Agile Property Club” and “Agile Property Stories” published in 2008 were printed approximately of 100,000 copies in aggregate. With over 130 member activities successfully held across the nation, we believe the members’ recognition, satisfaction and loyalty towards Agile has been enhanced effectively. Looking ahead, “Agile Property Club” will continue to enhance the relationship with our members and business partners, and further integrate with the resources in the society, thereby providing members and business partners a tailored service platform.

Since 2003, Agile has been setting up an annual service theme every year, including “Quality Service Year” in 2003, “Caring Year” in 2004, “Management Advancement Year” in 2005, “Smiling Year” in 2006, “Dedicated Service Year” in 2007 and 2008 and “Service Advancement Year” in 2009. The goal of Agile property management system in the long run is to become a professional property management enterprise by continuously upgrading its existing service standards.

“ Upgraded Corporate Governance

*Maintain a Balance
between Risks and
Returns ”*







Report of Corporate Social Responsibility



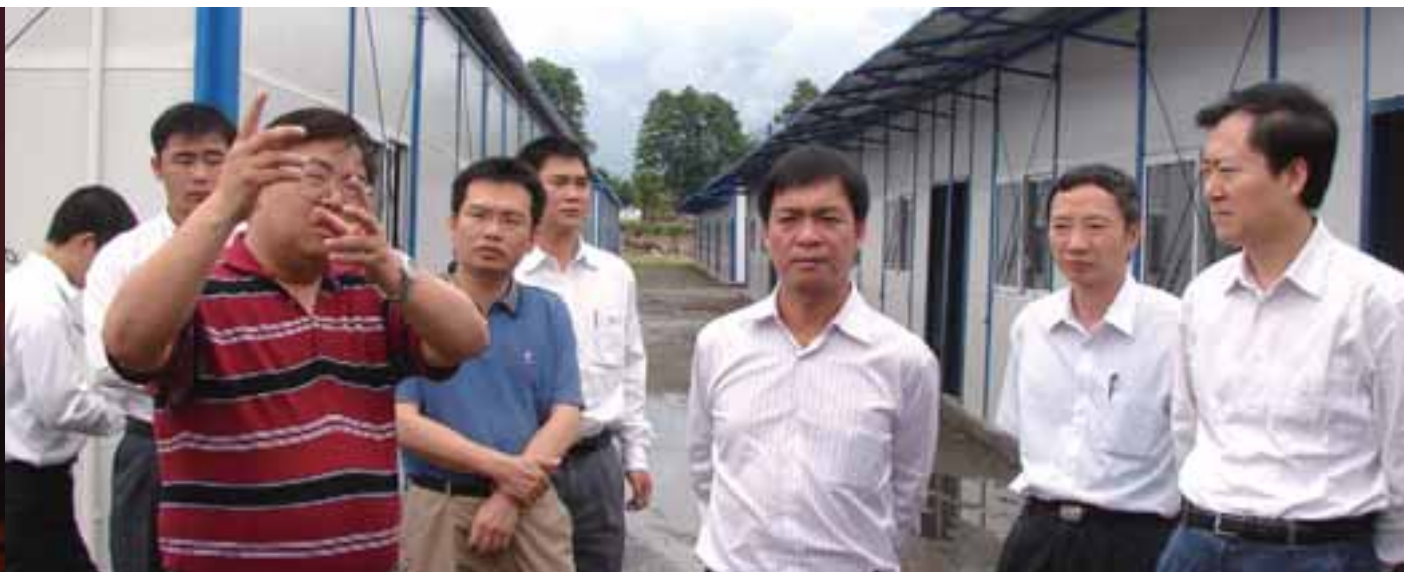
Review

The Group formulated a comprehensive annual charity program in early 2008, and forged ahead towards our goal of procuring the harmonious development of society, with great contribution to social charities such as promotion of Chinese culture, disaster and poor relief, environmental protection, and health care. During the year, our charitable contributions were highly appraised and recognised by the nation and all sectors in the society. The Company was praised by the Organising Committee of Boao Real Estate Forum, Ministry of Civil Affairs of the PRC, and the Hong Kong Council of Social Service with awards of “China Social Responsibility 2008 Special Award”, “China Charity Award — the Most Caring Foreign Enterprise Award” and the title of “Caring Company 2008/09” respectively.

Disaster and poor relief

In 2008, China experienced certain natural disasters, including the snowstorm in Southern China and the Sichuan earthquake, and urgently needed everybody’s assistance. Hence, the Company promptly activated the emergent disaster relief scheme to provide effective support to the disaster areas as soon as possible, so that its care was turned into actions of warm assistance to the affected residents.

In the beginning of the year, most areas in the Southern China were suffered by low temperature, heavy snow and cold weather, which seriously affected upon the living of the residents and the economy in those areas. The Group kept an eye



on the progress and provided proper supports to such areas through several channels. Agile not only participated in the fund-raising events of “Delivering Warmth in Snow” evening show of TVB in Hong Kong and “Giving Warmth, Assistance and Love” held by the government of Sanshui District, Foshan, but also donated over RMB10 million through the China Charity Federation to the affected areas in the Southern China for the purpose of post-disaster rebuilding works.

In May 2008, the most serious earthquake in a century occurred in Sichuan with over ten million of residents losing their homes, which urgently needed relief actions. As such, Agile designated its staffs and organised Agile property owners to make donation for relieving the affected compatriots and rebuilding homes as soon as possible. During the year, the Group contributed approximately HK\$50 million for the disaster areas while six executive Directors donated HK\$100 million in their own names for the reconstruction of schools therein. Thus the Group became the PRC property developer who made the largest amount of donation. In addition, the Group commenced a charitable activity with the theme “We are family” to urge its staff, property owners and partners to help the affected areas by donation. Through this event, more than RMB1 million of charitable donation were collected. Besides, the project company in Sichuan dispatched volunteers several times to the most damaged areas such as Qinghuan to provide assistance. Mr. Chen Zhuo Lin, the Chairman of the Company, also took a site visit to Sichuan disaster areas to monitor and advance the implementation of the school reconstruction assistance plan. To make an effort for the reconstruction of the affected areas, in November 2008, foundation was laid and construction work started for the first school building within the affected areas, the “new campus of Central Primary School Aoping Town, Pengzhou City”, with our assistance in construction for relief purpose.



Report of Corporate Social Responsibility



In Hong Kong, the Group also tried to carry forward its spirit of making charitable contribution to the public by sponsoring the World Vision of Hong Kong for the fund-raising activity of “Children Famine 2008”. Through this event, we aimed at arousing our next generation’s concern about the poor in the world and the global food deficiency due to global warming, as well as helping the starving children in the poor countries getting rid of poverty.

Education and study subsidy

Education and talents are pillars of the growth of country and society. Therefore, the Group continued to put intensive effort at the development of the education in the country and society so as to preach the profound Chinese culture.

The Group considered the support and promotion of Chinese education and culture as its own responsibility, and donated RMB30 million to the Chinese Language Education Foundation for establishing the “Agile Special Fund for Chinese Culture Continuation Work”. Besides, Agile hosted a number of activities for this purpose, including “South Guangdong Cultural Trip”, “Good Human Habitat Cultural Trip”, “Qi Lu Cultural Trip” and “Snowy Area Cultural Trip” in Guangdong, Shandong, Northeast China, Beijing and Tianjin for overseas Chinese teenagers, as well as “Hometown Trip” for overseas Chinese Language teachers. The activities allowed nearly 700 Chinese teenagers from more than 20 countries and districts across the world experienced in person the distinctive attraction of the Chinese ethnic cultures and understood the achievements of the economic and social development in the modernisation in mainland China.



In 2008, the Group also organised “Agile’s Property and Business Management Undergraduate Summer Camp 2008” to teach skills in working environment, real estate expertise and knowledge about vocational quality, and to provide them with opportunities for outdoor development training and on-the-job practice. In addition, the Group granted for the first time “Agile Property Scholarship and Study Subsidy” amounted to RMB1 million in total for 200 students who are excellent both in studies and conduct yet poverty-stricken and study in ten famous universities throughout China, such as Tsinghua University, Zhejiang University and Tongji University, in praise of their outstanding academic results and for relieving their financial difficulties.

In Hong Kong, Agile has been the full year sponsor for Sowers Action and title sponsor for its “Walk to Guangzhou” for two consecutive years. We played an active role in the work of educational assistance for remote mountainous areas in mainland China with a view to bringing poor children back to schools.

Environmental protection

The Group spares no effort in environmental protection by adhering to the concept of “green” development in planning and design, and coordinating all staff and property owners nationwide to organize various charitable environmental protection activities to jointly turn our philosophy into actions to create an “environment-friendly and energy-saving community” jointly.

Report of Corporate Social Responsibility



In the master planning from the community layout to the overall construction plan, the Group comprehensively considers all surrounding factors, and optimises the indoor and outdoor environments by taking advantage of natural air ventilation and light capturing as well as careful deployment of drainage facilities seriously. As for single-type units, we adopt the design of south-north cross ventilation to strengthen the natural wind force. The Group also employs the energy-saving design by using professional software for better heat preservation and insulation effect on roofs, external walls and ceiling of basements.

As to the architectural engineering, the Group endeavours to maintain an energy-saving and environmental-friendly principle. We take comprehensive heat preservation measures in all respects in accordance with the national energy saving requirements, and use hollow glasses for large external glass walls to achieve a satisfactory level of heat insulation and preservation. In respect of electrical engineering, lamps with environmental protection and energy-saving functions are used for all our buildings, while efficient energy-saving units and environmental-friendly refrigerants are used for the air-conditioning systems in all our hotels and clubhouses, in a bid to save the natural resources.

For water supply and sewage discharge, the Group installed water-saving taps at all water supply and frequency-conversion equipments with energy-saving function are applied for all water-supply pumps to help save water. Under our planning, a large-scale sewage treatment plant will be built with water recycling system for our Hainan Clearwater Bay Project.



Medical support

During the year, the Group made donation to sponsor “Lifeline Express — Charity Marathon 2008” of Hong Kong for subsidizing patients to undergo eyesight restoring surgery free of charge and giving the poor cataract patients from remote rural areas the opportunity to restore the eyesight.

Building a harmonious community

Agile’s projects in various cities supported the local economic and social development to build a harmonious society through various community activities such as blood donation and computer offering. The Group also proactively organised various community cultural activities. By holding festival cultural evenings, sports competitions and outdoor events, we aim to enrich the recreational and cultural activities of the homeowners in order to build a harmonious community. In the meantime, Red Cross Donation Box has been put at the resident centre of our properties to support the fund-raising activities of Red Cross.

Caring about our staff

Agile operates with the “people-oriented” philosophy and regards talents as the most essential driving force for the Company’s wealth and development in the long-run. The Group continued to hold various cultural and sports activities to help its staff develop healthily. Meanwhile, we provided ample room for our staff to develop their careers by offering comprehensive and good training and promotion schemes.

Report of Corporate Social Responsibility



During the year, “Agile Foundation for Mutual Help” provided appropriate financial assistance for staff and their families who encountered accidents or were in financial difficulties due to illnesses. A total of approximately RMB800,000 was granted as subvention or solatium. The Group also promptly showed its care and concern towards the staff whose home towns were in the disaster areas, and provided immediate assistance where necessary.

Furthermore, the Group continued to optimise the living environment and improve the recreational facilities for its staff. Over 100 staff activities, including birthday parties and interest clubs, were held to enrich their leisure life and build the team spirit.

To help nurture talents, the Group newly established the staff development department during the year, with an aim to advancing the staff training as well as the vocational development and planning in a well-organised manner. Apart from this, the Group provided 4,284 tailored training courses for its management and staff at all levels. A total of 132,385 participants joined the training, which has laid a solid foundation of human resources for the Group’s future development.



In addition, the Group proactively encourages its staff to participate in various public welfare activities. We organised our staff to participate a variety of environmental and charitable activities during the year, such as tree planting, river cleansing, street cleansing, and energy-saving and environment-friendly knowledge contest, so as to promote a green and healthy life and improve the citizens' awareness in environmental protection.

Direction

The Group will uphold the corporate spirit of “develop our future with vision and enthusiasm” and continuously stick to the idea of “contributing to the society while using the resources of the society”. We will fulfil our responsibility of good corporate citizenship proactively, and further promote and participate in various public welfare activities for contributing back to the society while creating the maximum value for the Shareholders.

Report of Investor Relations



Agile believes that investor relations formed one of the important part in the operation of a listed enterprise. As such, “Mutual Dialogue to Achieve a Win-win Situation” is established as our management philosophy in investor relations. The Company is dedicated to establishing a mutual and interactive communication channel with the public, including the existing Shareholders, retail investors, analysts, fund managers, regulatory agencies and media, and also enhancing the information exchange with them.

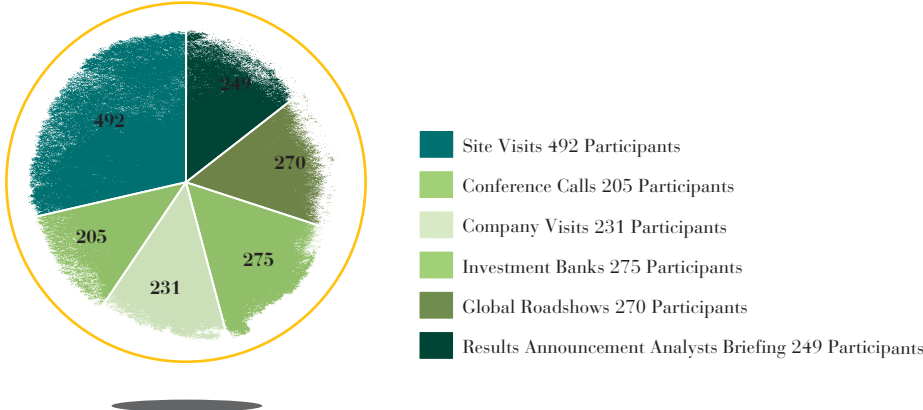
While there was turmoil in the capital market in 2008, it became more important to maintain high transparency and efficiency of information disclosure. During the year, the Company further enhanced the communication with the public, and ensured the information of the Group such as the latest sales performance, development strategies, operation management, financial position, business development and market outlook clearly and accurately provided to the public in an effective manner through continuously proactive communication.

The Company periodically analyses the shareholding structure, and reviews the shareholding proportion and position of various funds and retail investors. Also, the Company endeavours to establish a win-win relationship with the existing and potential shareholders, so as to maintain an excellent and healthy shareholder base.

The Company unceasingly collects constructive opinions from the public so as to keep itself informed of the focus of the capital market. Investor relations policies are formulated accordingly with an aim to facilitating the investor relations work of the Group, maintaining highly corporate transparency, enhancing the core competitiveness of the Company. As such, we can create the maximal value for the shareholders and realize the consistent and stable development strategy of the Company.

Dialogue modes and interaction

The Company’s senior management make every effort to establish and conduct good investor relations, and maintain effective channels to communicate with the investors. The Group updates its latest information to the public in a timely manner through annual reports, interim reports, press releases and monthly newsletters, and such information has been uploaded to the Group’s website (<http://www.agile.com.cn>) in time. In addition, by attending different activities, such as regular investor conferences and roadshows, company visits, conference calls, corporate days by investment banks, the senior management of the Company has accommodated approximately 1,230 participants of investors and analysts and let them fully understand the operation of the industry as well as the Group’s competitiveness in the industry. During the year, the Company arranged site visits for a total of 492 participants of analysts and the investors so as to let them know more about the progress and quality of various projects in the country.



Report of Investor Relations

Investor relations events

The Company builds up trust with investors through different forms of investor relations activities. Results roadshows serve as a good channel for the Company to elaborate its business development, financial position and future development strategies to the investors. Seminars and property conferences held by investment banks offer the best opportunities to the Company to develop the relationships with the overseas investors.

Month	Venue	Events
April	Hong Kong	2007 annual results announcement analysts briefing was held
	Hong Kong	Participated in Hong Kong conference of 2007 annual results roadshows co-organised by Morgan Stanley and CLSA
	Singapore	Participated in Singapore conference of 2007 annual results roadshows co-organised by Morgan Stanley
May	Europe	Participated in Europe conference of 2007 annual results roadshows co-organised by Morgan Stanley
	US	Participated in US conference of 2007 annual results roadshows co-organised by Morgan Stanley
	Hong Kong	Participated in Hong Kong conference of 2007 annual results roadshows co-organised by Participated in Morgan Stanley
	Singapore	Participated in 2nd Corporate Seminar in 2008 organised by CLSA
	Guangzhou	Participated in 2nd Property Conference in 2008 organised by Macquarie
	Hong Kong	Participated in 2nd Australia-Asia Property Conference in 2008 organised by Deutsche Bank
	Singapore	Participated in 2008 Property Conference organised by Daiwa Securities
June	Hong Kong	2008 AGM was held
July	Hong Kong	Participated in 2008 PRC Property Conference organised by CLSA
	Hong Kong, Singapore, Europe, US	Participated in 2nd Property Roadshows organised by Morgan Stanley
September	Singapore	Participated in Singapore conference of 2008 interim results roadshows co-organised by Morgan Stanley
	Hong Kong	Participated in Hong Kong conference of 2008 interim results roadshows co-organised by Morgan Stanley and CLSA
	Europe	Participated in Europe conference of 2008 interim results roadshows co-organised by Morgan Stanley
	US	Participated in US conference of 2008 interim results roadshows co-organised by Morgan Stanley
October	Europe, US	Participated in 2008 International Property Conference organised by Macquarie

Awards

During the year, the Company was awarded a number of prizes from numerous institutions, which showed investors' high recognition and acknowledgement towards its outstanding corporate governance level, experienced management team and excellent investor relations work.

Institution	Award
MerComm, Inc.	Gold Award in the category of "Overall Presentation" (Real Estate Developer) and Silver Award in the Category of "Cover Design" in Annual Report 2007
Hurun Research Institution	Ranked 49th in "Hurun Brand List China 2008" and 6th in "Hurun Brand List China 2008 — Real Estate Sector"
Southern Metropolis Weekly; Chief Brand Officer, China Brand Research Center	Ms. Luk Sin Fong, Fion, the Vice-Chairlady and the Co-President was awarded the "Ten Chinese Excellent CBO"
International ARC	Bronze prize in the categories of "Written Text" of Annual Report 2007
The Economic Observer, sina.com and New China Nobumasa	China Blue Chip Property Company 2008
Business Week, the United States	50 Best Performing Companies in Asia 2008
Hong Kong Productivity Council	The Best Brand Enterprise Award 2008



Prospects

The Company will consistently fulfill its responsibilities to the Shareholders. While proactively enhancing its operation and corporate governance, the Company will consolidate the mutual communication with the Shareholders, improve the quality and timeliness of the information, and duly increase the scope and level of information disclosure for further consolidating the relationship with investors.

Directors' Profile

Chen Zhuo Lin (陳卓林), aged 47, has been Chairman of the Company since August 2005. Mr. Chen has 16 years extensive experience in the real estate development and management and is the founder of Agile. Mr. Chen is responsible for the formulation of development strategies, making decisions on investment projects and development directions on the operations and overall business management of the Group. He received an Honorary Doctorate degree in Business Administration from Armstrong University, USA in 2007 and was awarded as 2007 World Outstanding Chinese Award. Mr. Chen has been awarded CAPITAL Leaders of Excellence 2007 by Capital Magazine and the Charitable Donators Award of "30 Chinese Charitable Donators of 30 years Revolution". Currently, he is also the Honourable Vice-President of Chinese Language and Culture Education Foundation of China (中國華文教育基金會), Honorary Chairman of Hong Kong Zhongshan Sanxiang Friendship Association (香港中山三鄉同鄉會) and the Vice-Chairman of Zhongshan Qiaozhi Enterprise Association (中山市僑資企業商會). He is a brother of Mr. Chan Cheuk Yin, Mr. Chan Cheuk Hung, Mr. Chan Cheuk Hei and Mr. Chan Cheuk Nam and the spouse of Ms. Luk Sin Fong, Fion.

Chan Cheuk Yin (陳卓賢), aged 41, has been Vice-Chairman and a Co-President of the Company since August 2005. Mr. Chan has 16 years experience in real estate development and project management. Mr. Chan takes charge of the Group's overall strategy planning as well as the property development, property management and hotel businesses of its projects in the areas of Guangzhou and eastern Guangdong, Chengdu, Xi'an. He is the Vice-Chairman of Zhongshan Real Estate Society (中山市房地產協會) and the Chairman of the 1st Board of the Guangdong Chamber of Real Estate (廣東省地產商會). He was awarded as one of the Guangdong Province Outstanding Entrepreneurs of Privately-owned Enterprises (廣東省優秀民營企業家) in 2003, and one of the 2006-2007 The Most Respected Entrepreneurs in Guangzhou, PRC (中國廣州最受尊敬企業家). In addition, Mr. Chan was elected as a member of the Standing Committee of the 10th Guangdong Provincial Committee of the CPPCC in 2007, and was honoured as one of the "Top Ten Charitable Donators in Guangdong (廣東十大慈善人物)" in 2008. He is a brother of Mr. Chen Zhuo Lin, Mr. Chan Cheuk Hung, Mr. Chan Cheuk Hei and Mr. Chan Cheuk Nam.

Luk Sin Fong, Fion (陸倩芳), aged 47, has been Vice-Chairlady and a Co-President of the Company since August 2005. Ms. Luk has over 16 years extensive management experience in real estate development, in particular in the area of strategic marketing and marketing management. Ms. Luk is responsible for planning and marketing, sales, finance and human resources management of the Group. She is currently the Vice-Chairlady of Guangzhou Housing Society (廣州市房地產協會). She has also received honorary citizenships in Foshan and Nanhai, respectively in 2004, was awarded the Zhongshan Outstanding Entrepreneurs (中山優秀企業家) in 2006, and was honoured as the "Ten Chinese Excellent CBO (中國十大卓越 CBO)" in 2008. Ms. Luk received a Master degree in Business Administration from University of Western Sydney, Australia in 2005. She is the spouse of Mr. Chen Zhuo Lin.

Chan Cheuk Hung (陳卓雄), aged 52, has been Executive Director and a Senior Vice-President of the Company since August 2005. Mr. Chan has 16 years experience in the real estate development and related businesses. Mr. Chan is responsible for the quality control of projects, management of the contractors of the Group, as well as the businesses of its project in the areas of Hainan. He has awarded honorary citizenship in Foshan. He was appointed as a standing committee member of the Guangdong Province Real Estate Association (廣東省房地產協會) in 2004. He was awarded Small Community Construction Outstanding Contribution Award (小區建設突出貢獻獎) in National Xiaokang Housing Demonstration Small Community Competition (國家小康住宅示範小區評比) by the Ministry of Construction (國家建設部) in 2000. He is a brother of Mr. Chen Zhuo Lin, Mr. Chan Cheuk Yin, Mr. Chan Cheuk Hei and Mr. Chan Cheuk Nam.

Chan Cheuk Hei (陳卓喜), aged 50, has been Executive Director and a Senior Vice-President of the Company since August 2005. Mr. Chan has 16 years experience in the real estate development and related businesses. Mr. Chan is responsible for management of decorations and development of decoration materials for the Group. He is a brother of Mr. Chen Zhuo Lin, Mr. Chan Cheuk Yin, Mr. Chan Cheuk Hung and Mr. Chan Cheuk Nam.

Chan Cheuk Nam (陳卓南), aged 45, has been Executive Director and Senior Vice-President of the Company since August 2005. Mr. Chan has over 16 years experience in the real estate development and related businesses. Mr. Chan is responsible for quality control of suppliers of construction materials and cost control of the Group. He is a brother of Mr. Chen Zhuo Lin, Mr. Chan Cheuk Yin, Mr. Chan Cheuk Hung and Mr. Chan Cheuk Hei.

Cheng Hon Kwan (鄭漢鈞) *GBS, OBE, JP*, aged 81, has been Independent Non-executive Director of the Company since October 2005. Dr. Cheng has also been serving as a member of the audit committee and the nomination committee of the Company and the chairman of the remuneration committee of the Company. Dr. Cheng graduated with a Bachelor of Science in Engineering from Tianjin University and a postgraduate diploma from Imperial College of Science and Technology, London. He was awarded Honorary Doctorate Degrees from Hong Kong University of Science and Technology, City University of Hong Kong, Open University of Hong Kong and Open University, United Kingdom. He is a Fellow of Imperial College and City and Guilds London Institute. He is a Past President, Honorary Fellow and Gold Medallist of the Hong Kong Institution of Engineers; Past Vice President, Fellow and Gold Medallist of the Institution of Structural Engineers; Fellow of the Institution of Civil Engineers, United Kingdom and of the American Society of Civil Engineers and Honorary Fellow of Engineers Australia. He is also an Honorary Member of the Hong Kong Institute of Planners and the Hong Kong Institute of Architects. Dr. Cheng is an authorised person and a registered structural engineer; and a Former Chairman of Hong Kong Housing Authority and Transport Advisory Committee. He was formerly a member of the Standing Committee of the Tianjin CPPCC and is now a permanent Honorary Chairman of the Hong Kong Tianjin Friendship Association. He was a member of both the Executive and Legislative Councils. Dr. Cheng is currently an independent non-executive director of a number of companies listed on the Stock Exchange including Wing Hang Bank, Limited, Tianjin Development Holdings Limited, Hang Lung Group Limited and Hang Lung Properties Limited.

Kwong Che Keung, Gordon (鄺志強), aged 59, has been Independent Non-executive Director of the Company since October 2005. Mr. Kwong has also been serving as a member of the remuneration committee, the nomination committee of the Company and the chairman of the audit committee of the Company. He has a Bachelor of Social Science degree from the University of Hong Kong and is a fellow member of the Institute of Chartered Accountants in England and Wales and the Hong Kong Institute of Certified Public Accountants. He is also an independent non-executive director of a number of companies listed on the Stock Exchange, including COSCO International Holdings Limited, Tianjin Development Holdings Limited, Beijing Capital International Airport Company Limited, Frasers Property (China) Limited, NWS Holdings Limited, China Oilfield Services Limited, OP Financial Investment Limited, China Chengtong Development Group Limited, Global Digital Creations Holdings Limited, Ping An Insurance (Group) Company of China, Limited, Quam Limited, China Power International Development Limited, Henderson Land Development Company Limited, Henderson Investment Limited and CITIC 1616 Holdings Limited. From 1984 to 1998, Mr. Kwong was a partner of Price Waterhouse and was a council member of the Stock Exchange from 1992–1997.

Cheung Wing Yui (張永銳), aged 59, has been Independent Non-executive Director of the Company since October 2005. Mr. Cheung has also been serving as a member of the audit committee and remuneration committee of the Company and chairman of the nomination committee of the Company. He received a Bachelor of Commerce degree in accountancy from the University of New South Wales, Australia in 1973. Mr. Cheung is a member of CPA Australia. He has been a practising solicitor in Hong Kong since 1979 and is a consultant of the law firm Woo, Kwan, Lee & Lo. He has been admitted as a solicitor in the United Kingdom and as an advocate and solicitor in Singapore. Mr. Cheung is a non-executive director of a number of companies listed on the Stock Exchange including Tianjin Development Holdings Limited, Sunevision Holdings Limited, Tai Sang Land Development Limited, SRE Group Limited (formerly known as Shanghai Real Estate Limited) and SmarTone Telecommunications Holdings Limited. He is also an independent non-executive director of Ping An Insurance (Group) Company of China, Limited and Hop Hing Group Holdings Limited (new company of reorganization of Hop Hing Holdings Limited).

Senior Management's Profile

Wu Xiao Ping (吳小平), aged 45, is our Vice-President. Mr. Wu is mainly responsible for the Group's property development, sales and property management in the Zhongshan District. Since joining the Group in 1993, Mr. Wu has been the business manager and assistant to general manager, vice-general manager and general manager of the Group. Prior to joining the Group, Mr. Wu worked for China Shenzhen Foreign Trade (Group) Corp. Ltd. during the period from 1987 to 1993. Mr. Wu graduated from the South China Normal University majoring in Foreign Languages. Currently, he also serves in the following positions: Member of the 13th People's Congress of Zhongshan City; Member of the Standing Committee of Zhongshan City Industry and Commerce Confederation (General Chamber); Vice-Chairman of Zhongshan City Real Estate Association; Vice-President of the Standing Committee of Commerce Chamber in East District, Zhongshan City; Vice-Chairman of the Standing Committee of Commerce Chamber in Huoju Development Zone, Zhongshan City; Honourable President of Euro Asia Chinese Golf Association; Honourary President of Zhongshan Golf Association; Vice-President of Zhongshan Table Tennis Association; Deputy Secretary-General of the 3rd Committee of Sports Headquarters of Zhongshan City; Director of Zhongshan Overseas Friendship Association; Honourable Principal of Zhongshan West District Central Primary School and Director of Alumni Association of South China Normal University.

Huang Feng Chao (黃奉潮), aged 47, is our Vice-President. Mr. Huang is mainly responsible for the management of the Group's property projects outside Guangdong Province. Since joining the Group in 1999, Mr. Huang has been the general manager of our property management division and property development projects in Huadu & Nanhu. Before joining the Group, Mr. Huang had worked for foreign oil companies, such as ExxonMobil (China) Co. Ltd. & France TOTAL (China) Ltd.

Liang Zhang Jian (梁正堅), aged 44, is our Vice-President. Mr. Liang is mainly responsible for the management and business operation of the Group's property projects in Guangzhou and Eastern Guangdong areas. Since joining the Group in 1996, Mr. Liang has been the manager, deputy general manager, general manager of the Group's property projects. Before joining the Group, Mr. Liang had worked for Traffic Bureau of Zhongshan City and China Travel Service of Zhongshan from 1982 to 1995.

Zheng Liqing (鄭麗清), aged 45, is our Vice-President. Ms. Zheng is mainly responsible for the management of project planning, construction and landscape design of the Group. Since joining the Group in 1994, Ms. Zheng has been the head of administrative office, assistant to president and deputy director of the Real Estate Management Center of the Group. Prior to joining the Group, Ms. Zheng ran her own business in Costa Rica from 1987 to 1994.

Liu Huaxi (劉華錫), aged 34, is our Vice-President. Mr. Liu is mainly responsible for the management of the Group's project development, hotel business development, property management and corporate communications. Since joining the Group in 1995, Mr. Liu has been the head of the business development department, head of administrative office, assistant to vice-president and deputy director of the Real Estate Management Centre of the Group. Mr. Liu graduated from the Hohai University in 1995 majoring in Enterprise Management.

Chu Hau Lim (朱孝廉), aged 43, joined the Group in July 2006. He is Chief Financial Officer and qualified accountant of the Company in charge of supervision of accounting, corporate finance and investor relations since July 2006. Mr. Chu has more than 20 years of experience in auditing, accounting and corporate finance. Prior to joining the Company, Mr. Chu worked in one of the major international accounting firms for over 10 years where he accumulated experience in floatation and business advisory of a wide variety of business. He obtained a master degree in Business Administration and is a fellow member of the Association of Chartered Certified Accountants and a member of the Hong Kong Institute of Certified Public Accountants.

Chen Zhongqi (陳忠其), aged 41, is our Vice-President. He is a budgeting engineer and registered quantity surveyor, has been the Company's Project Controller and Chief Engineer. Mr. Chen is mainly responsible for the management of the project development of the Group's real estate business, including monitoring the project quality, progress, technology, contract and quantity survey. Since joining the Group in 1993, he has been the head of the project engineering department, deputy manager of project management department and deputy director of the Real Estate Management Center of the Group. Mr. Chen graduated from Neijiang Institute of Education, Sichuan (now is known as Neijiang Normal University) in 1991.

Wu Jinhong (吳錦鴻), aged 39, is our Financial Controller of the Company. Mr. Wu is mainly responsible for the financial management and supervision of the Group's projects outside Guangdong Province. Since joining the Group in 1998, he has been the project finance officer, manager and deputy director of the Finance Centre of the Group. Prior to joining the Group, Mr. Wu was an auditor of an accounting firm and finance manager of a property development company. Mr. Wu graduated from the Guangdong Radio & TV University in 1995 majoring

in finance and accounting. He obtained a postgraduate diploma from Guangdong Institute of Social Science in economic management in 2002 and became a Registered Financial Planners in 2007.

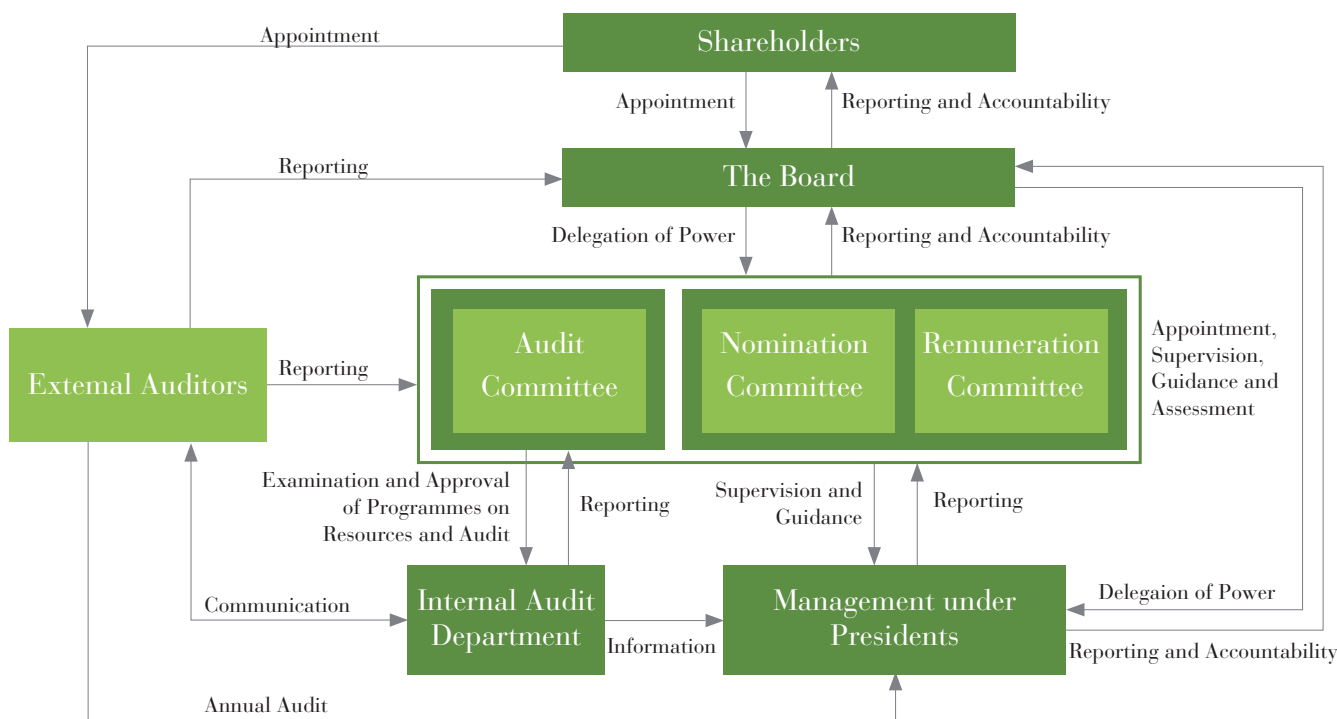
Chen Weike (陳偉科), aged 35, is our Deputy General Manager. Mr. Chen is mainly responsible for the Group's capital operations and project investments. Since joining the Group in 2000, he has been the officer and deputy manager of the capital department and manager of the investment department of the Group. Prior to joining the Group, from 1996 to 2000, he worked for the Agricultural Bank of China of Zhongshan City. Mr. Chen graduated from Shanghai University of Finance and Economics in 1996 with a bachelors' degree in Economics.

Huang Zejun (黃澤軍), aged 44, is our Deputy General Manager. He is mainly responsible for project planning, public affairs and investor relations of the Group. Since joining the Group in 1996, he has been the manager of the Agile Golf and Country Club, assistant to vice-chairman and assistant to chairman of the Group. Prior to joining the Group, he worked for China Travel Group in Zhongshan. Mr. Huang obtained a postgraduate diploma in the foreign languages from South China University of Technology in 1989.

Wai Ching Sum (衛靜心), aged 41, joined the Group in 2005. She is Deputy General Manager and Company Secretary of the Company. She is mainly responsible for corporate governance and Hong Kong affairs of the Group. She is a fellow member of The Institute of Chartered Secretaries and Administrators in the United Kingdom and The Hong Kong Institute of Chartered Secretaries. Ms. Wai obtained a Master of Science degree in Financial Economics from University of London, England in 1997 and a Master of Laws degree in Chinese Law and Comparative Law from the City University of Hong Kong in 2002. She has over 10 years of professional experience in a number of listed companies in Hong Kong.

Corporate Governance Report

Corporate governance structure



The Board has adopted Corporate Governance Policy (available on <http://www.agile.com.cn>) with reference to the principles set out in the CG Code and updated regularly to maintain the high standard.

Throughout the financial year ended 31 December 2008, the Company confirmed its full compliance with the CG Code. The Company reviews and enriches its corporate governance policy ceaselessly in order to comply with statutory requirements and to meet international best practices.

Compliance with Model Code

The Company has adopted the Model Code as the code of conduct for Directors in their dealings in the Company's securities. The Company made specific enquiries with each Director and each of them confirmed that he or she had complied with the Model Code during the year under review.

The Board

The Board is responsible for providing the Shareholders with a long-term return with stable and continuous growth, formulating strategies and management policies of the Group, approving strategic objectives of the Group and ensuring the availability of necessary financial and other resources to meet such objectives. Directors perform their duties in a faithful and diligent manner and act to the best interest of the Company and its Shareholders.

The Board currently comprises six executive Directors and three independent non-executive Directors. The executive Directors are Mr. Chen Zhuo Lin, Mr. Chan Cheuk Yin, Ms. Luk Sin Fong, Fion, Mr. Chan Cheuk Hung, Mr. Chan Cheuk Hei and Chan Cheuk Nam whereas the independent non-executive directors are Dr. Cheng Hon Kwan, Mr. Kwong Che Keung, Gordon and Mr. Cheung Wing Yui. The biographical details of each Director is set out on pages 96 and 97. The Board believes that the independent non-executive Directors are able to offer their independent judgment on issues relating to strategies, performance and management processes so that the interests of all Shareholders can be considered and safeguarded.

Operationally, the Board formulates business policies and strategies of the Group so as to ensure the availability of various resources as well as the effectiveness of its internal control, including financial control.

The Board is also responsible for presenting a clear and balanced assessment of the Group's performance and prospects. It is also responsible for preparing accounts that give a true and fair view of the Group's financial position on a going concern basis and disclosing other price-sensitive announcements and financial information. The management provides the Board with all relevant information it needs to discharge these responsibilities.

Directors and officers' liability insurance

The Company has arranged appropriate insurance coverage on Directors' and officers' liabilities in respect of legal actions against Directors and senior management arising out of corporate activities. The coverage will be reviewed annually.

Chairman and Co-Presidents

The division of responsibilities between the Chairman of the Board, Mr. Chen Zhuo Lin, and the Vice-Chairpersons and Co-Presidents, Mr. Chan Cheuk Yin and Ms. Luk Sin Fong, Fion, are clearly defined and have been approved by the Board.

The Chairman leads the Board in the determination of its strategies and the achievement of its objectives. The Chairman is responsible for organising the functions of the Board, ensuring its effectiveness and setting its agenda. The Chairman facilitates the effective contribution of non-executive Directors, ensuring that Directors can receive accurate, timely and clear information and have effective communication with the Shareholders.

Corporate Governance Report

The Vice-Chairpersons and Co-Presidents are responsible for day-to-day management and operations including the execution of business policies, strategies, objectives and plans adopted by the Board.

Independence of independent non-executive directors

The Company has appointed three independent non-executive Directors. All of them possess respectively professional qualifications and related management experience in the areas of financial accounting, law and real estate. They have offered sufficient time and efforts to serve the business affairs of the Company and have contributed to the Board with their professional opinions. In addition, they have supervised the day-to-day operation of the Board, serving as a check and balance against the executive Directors.

Each independent non-executive Director has given the Group an annual confirmation of his independence. The Group considers these Directors to be independent under the guidelines set out in rules 3.13 of the Listing Rules. No independent non-executive Director has served the Group for more than nine years.

Professional development

Upon appointment, Directors will receive information about the Group, the role of the Board, the terms of reference and composition of Board committees, corporate governance policies and the latest financial information of the Group. The newly appointed Directors will also visit to major projects and have meetings with key senior management. The Company continuously updates all Directors on the latest development regarding the Listing Rules and other applicable regulatory requirements in order to ensure compliance and to enhance their awareness of good corporate governance.

In order for Directors to fully understand their duties in performing their functions, the Company has dispatched to Directors and Directors had confirmed to have read through the “Non-statutory Guidelines on Directors’ Duties” issued by the Companies Registry.

Appointment and re-election

Directors are appointed based on their merit and experiences relevant to the business of the Group and are subject to re-election by the Shareholders at regular intervals. In accordance with provisions of the CG Code, all Directors are subject to retirement by rotation at least once every three years.

The CG Code provides that non-executive Directors shall be appointed for a specific term and subject to re-election. In this regard, the Company has entered into a service contract with each independent non-executive Director, who is subject to retirement by rotation and re-election at the annual general meeting in accordance with the Company's articles of association.

Board meetings

Four full Board meetings have been held during the year under review. At the meetings, Directors discussed and formulated overall strategies for the Group, discussed and approved the financial budgets, the annual and interim results, determining dividends and other significant events. Issues relating to daily operations have been delegated to the management.

Notices of Board meetings shall be given to all Directors at least 14 days prior to the meetings and all Directors are entitled to include items which they think fit for discussion in the agenda.

The Company Secretary assists the Chairman in preparing the agenda for meetings and ensures the compliance of all applicable rules and regulations. Agenda and board papers are sent to all Directors at least 3 days before the date of Board meeting or committee meeting. She also keeps detailed minutes of each meeting, which are available for inspection to all Directors. Drafts of the minutes are circulated to all Directors for comment and approval as soon as practicable after the meeting.

All Directors have access to relevant and timely information, and they can request for further information or consult independent professional advisors, if necessary, at the cost and expense of the Company. They also have unrestricted access to the advice and services of the Company Secretary, who is responsible for providing Directors with Board papers and related materials and ensuring the compliance of Board practices.

Corporate Governance Report

Should there be a potential conflict of interests involving the substantial shareholders or Directors, the issue shall be discussed by way of a physical meeting instead of by written resolutions. Directors present in the meeting with interest in the matters discussed in the meetings will not be counted towards the quorum and will be abstained from voting.

Board committees include the Audit Committee, the Remuneration Committee and the Nomination Committee. All relevant practices of Board meetings are applicable to committee meetings.

The attendance rate of Directors at full Board meetings during the year was over 97%. The attendance of each Director is as follow:

	Attendance (Number of meeting)
Executive Directors	
Mr. Chen Zhuo Lin (<i>Chairman</i>)	4(4)
Mr. Chan Cheuk Yin (<i>Vice-Chairman & Co-President</i>)	4(4)
Ms. Luk Sin Fong, Fion (<i>Vice-Chairlady & Co-President</i>)	4(4)
Mr. Chan Cheuk Hung	4(4)
Mr. Chan Cheuk Hei	3(4)
Mr. Chan Cheuk Nam	4(4)
Independent Non-executive Directors	
Dr. Cheng Hon Kwan	4(4)
Mr. Kwong Che Keung, Gordon	4(4)
Mr. Cheung Wing Yui	4(4)

Remuneration Committee

The Remuneration Committee was established since November 2005. Majority of the members of the Remuneration Committee are independent non-executive Directors. During the year, the Remuneration Committee comprised Dr. Cheng Hon Kwan, Mr. Kwong Che Keung, Gordon, Mr. Cheung Wing Yui and Ms. Luk Sin Fong, Fion. The Remuneration Committee is chaired by Dr. Cheng Hon Kwan, an independent non-executive Director. The Remuneration Committee shall meet not less than once a year and non-committee members may be invited to attend its meetings, if necessary.

The Remuneration Committee is mainly responsible for providing recommendation on remuneration policies and structure of all Directors and senior management and on the establishment of a formal and transparent approach for developing such remuneration policy. The Committee is entitled to have access to professional advice if necessary and is provided sufficient resources to discharge its duties. The Company Secretary keeps minutes of each meeting, which are available for inspection to all members. Drafts of the minutes are circulated to all members for comment and approval as soon as practicable after the meeting. Report of the Remuneration Committee is submitted to Board for its discussion and adoption (if appropriate) at the following Board meeting. The specific terms of reference of the Remuneration Committee are posted on the Company's website.

The Remuneration Committee met once during the year. In the meeting, the Remuneration Committee reviewed and discussed and approved the remuneration of Directors.

The Remuneration Committee recorded an attendance rate of 100%. The attendance of each member is as follow:

	Attendance (Number of meeting)
Remuneration Committee	
Dr. Cheng Hon Kwan (<i>Chairman</i>)	1(1)
Mr. Cheung Wing Yui	1(1)
Mr. Kwong Che Keung, Gordon	1(1)
Ms. Luk Sin Fong, Fion	1(1)

Nomination Committee

The Nomination Committee was established since December 2006 and comprised Dr. Cheng Hon Kwan, Mr. Kwong Che Keung, Gordon, Mr. Cheung Wing Yui and Ms. Luk Sin Fong, Fion. The Nomination Committee is chaired by Mr. Cheung Wing Yui, an independent non-executive Director. Majority of the members of the Nomination Committee are independent non-executive Directors. The Nomination Committee shall meet not less than once a year and non-committee members may be invited to attend the meeting, if necessary. The Company Secretary keeps detailed minutes of each meeting, which are available for inspection to all members. Drafts of the minutes are circulated to all members for comment and approval as soon as practicable after the meeting. Report of the Committee is submitted to Board for its discussion and adoption (if appropriate) at the following Board meeting. The specific terms of reference of the Nomination Committee are posted on the Company's website.

The Nomination Committee is responsible for establishing a formal and transparent approach for the appointment or re-appointment of Directors, providing recommendation to the Board for new appointments or re-election of executive and non-executive Directors, evaluating the performance of existing Directors and their contribution towards the Company and dealing with all significant issues concerning the nomination of Directors during the year. The Nomination Committee discussed and recommended re-election of three Directors during the year under review.

Corporate Governance Report

In 2008, the Nomination Committee recorded an attendance rate of 100%. The attendance of each member is as follow:

	Attendance (Number of meeting)
Nomination Committee	
Mr. Cheung Wing Yui (<i>Chairman</i>)	1(1)
Dr. Cheng Hon Kwan	1(1)
Mr. Kwong Che Keung, Gordon	1(1)
Ms. Luk Sin Fong, Fion	1(1)

Audit Committee

The Audit Committee was established since November 2005. The Audit Committee comprised Mr. Kwong Che Keung, Gordon, Dr. Cheng Hon Kwan and Mr. Cheung Wing Yui. The Audit Committee is chaired by Mr. Kwong Che Keung, Gordon, an independent non-executive Director. All members of the Audit Committee are independent non-executive Directors.

Under its terms of reference, the functions of the Audit Committee are to review important accounting policies, supervise the Company's financial reporting processes, monitor the performance of the external auditor and the internal audit department, review and evaluate the effectiveness of the Company's financial reporting procedures and internal control and ensure the compliance with applicable statutory accounting and reporting requirements, legal and regulatory requirements, internal rules and procedures approved by the Board. The terms of reference has been amended on 14 April 2009 in view of the recent Listing Rules amendments. The Committee is provided with sufficient resources to perform its duties. The specific terms of reference of the Audit Committee are posted on the Company's website.

The Audit Committee held two meetings during the year and all minutes were kept by the Company Secretary. In accordance with the Board practice, minutes of the meetings are circulated to all members for comments, approval and record as soon as practicable after the meetings. PricewaterhouseCoopers, the external auditor of the Company, were invited to send representatives to attend all Audit Committee meetings to discuss the draft annual and interim reports and various issues. Report of the Audit Committee is submitted to the Board for its discussion and recommendations at the following Board meeting. The Audit Committee reported that no material uncertainty having impacts on Company's going concern ability had been identified. There was no disagreement between the Board and the Audit Committee on the selection and appointment of the external auditor.

In 2008, the Audit Committee recorded an attendance rate of 100%. The attendance of each member is as follow:

	Attendance (Number of meeting)
Audit Committee	
Mr. Kwong Che Keung, Gordon (<i>Chairman</i>)	2(2)
Dr. Cheng Hon Kwan	2(2)
Mr. Cheung Wing Yui	2(2)

External auditor

The Audit Committee is responsible for the appointment, remuneration and resignation or removal of external auditor. PricewaterhouseCoopers, appointed since the listing of the Company in November 2005, was re-appointed as the Company's auditor at the AGM held on 5 June 2008. Remunerations paid to PricewaterhouseCoopers for the assurance services rendered for the years ended 31 December 2007 and 2008 are detailed as follows:

	2008	2007
	RMB	RMB
Fee for annual audit services	4,500,000	4,200,000
Fee for non-audit services	—	1,450,000
Fee for other assurance services	320,000	—

Corporate Governance Report

Internal control

The Board is responsible for the system of internal control of the Company and its subsidiaries. It formulates appropriate internal control policies, seeks regular assurance enabling it to satisfy itself that the system functions effectively and ensures that the internal control system is effective in managing risks in an approved manner. Accounting and financial reporting competency has been reviewed in the first Board meeting in 2009.

The Board evaluates the effectiveness of internal control by considering reviews performed by the Audit Committee, the management and the external and internal auditors. The internal audit department of the Company reports directly to the Audit Committee. The department assists the Board in performing regular financial and operational risks reviews of the Group and formulate risk management policies and risk assessment modes. Summaries of major audit findings and control weaknesses (if any) are submitted to and reviewed by the Audit Committee. The internal audit department monitors the follow-up actions agreed upon in response to its recommendations.

To maintain a healthy internal control system, all departments of the Company have formulated operational management guidelines, which clearly define the work flow of each department and functions and responsibilities and scope of power of each position. The guidelines are reviewed and updated regularly to achieve higher accuracy in the work flow.

To promote corporate integrity, the Company has formulated a sound system for monitoring business integrity to prevent any illegal act that may arise from any business activity.

Relations with shareholders and investors

The Company understands the importance of maintaining effective mutual communication with its Shareholders and values every opportunity to communicate with them. The Board has adopted its own Information Management System in order to assure the reality, accuracy, completeness of the information and timely protection of the legal rights of the Company and its Shareholders, creditors and other related interested parties. The Group therefore uses various channels to ensure timely and fair disclosure and comprehensive and transparent reporting of its performance and activities. Annual and interim reports are printed and sent to all Shareholders by post or email as requested. Besides, the Company has complied with provisions of Listing Rules by posting announcements, annual reports, interim reports and shareholders' circulars on the websites of the Stock Exchange for the designated period. These documents have also been posted on the website of the Company within an hour thereafter. Press releases and newsletters are also posted on Agile's website (<http://www.agile.com.cn>). Being constantly updated in a timely manner, the website also contains a wide range of additional information on the Group's business activities.

We not only explain the Group's corporate development strategy to investors but also have individual meetings with investors and financial analysts by holding regular meetings, attending conferences including Hong Kong, Singapore, the US and Europe. From time to time, the Company invites investors and financial analysts to pay visits to projects to make them know more about the Company.

The Company communicates with the shareholders in AGM in a constructive way and encourages the Shareholders to attend AGM to ensure a high level of accountability. The briefing on the Company's businesses and the questions and answers session at the meetings allow the Shareholders to stay informed of the Group's strategies and goals.

The Company keeps the shareholders informed of the procedures for voting by poll through notices of general meetings attached to shareholders circulars of the Company from time to time. The Company has taken measures to ensure the compliance with the requirements about voting by poll included in the Listing Rules and the constitutional documents of the Company. The Company has followed the best practice of corporate governance, a resolution put to the vote by way of a poll since 2006. Regarding the circular to the Shareholders for convening AGM 2009, the Company will also state in such circular that arrangements have been made for the voting of resolutions being put to the AGM 2009 for voting by poll. Directors and external auditor will attend the annual general meetings to answer shareholders' questions. Poll results are posted on the Stock Exchange and the Company's website after the meetings.

Report of the Directors

The Directors are pleased to present this report together with the audited financial statements of the Company for the year ended 31 December 2008.

Principal activities

The Company is an investment holding company. Its subsidiaries are principally engaged in property development, property management, hotels operation and decoration service.

An analysis of the Group's turnover and operating profit for the year by principal activities is set out in note 5 to the consolidated financial statements.

Subsidiaries

Particulars of the Group's principal subsidiaries as at 31 December 2008 are set out in note 40 to the consolidated financial statements.

Major customers and suppliers

The Directors believe that five largest customers of the Group accounted for less than 30% of the Group's sales in the year while five largest suppliers of the Group accounted for less than 30% of the Group's purchases in the year.

None of the Directors, their associates or any shareholders (which to the knowledge of the Director owned more than 5% of the Company's issued share capital) has a beneficial interest in the Group's five largest customers or suppliers.

Results

The results of the Group for the year ended 31 December 2008 are set out on page 131.

Final dividend

The Board proposed the payment of a final dividend of HK6.4 cents (2007: HK15.3 cents) per Share for the year ended 31 December 2008 to Shareholders whose names appear on the register of members of the Company on 3 June 2009. The proposed final dividend will be paid on or about 10 June 2009 after receipt of approval by the Shareholders at AGM 2009.

An interim dividend of HK27.1 cents (2007: HK5.5 cents) per Share had been paid on 10 October 2008. The said interim dividend together with the proposed final dividend added up to a total dividend of HK33.5 cents per Share for the full year ended 31 December 2008 (2007: HK20.8 cents).

Property, plant and equipment

Details of the movements in property, plant and equipment of the Company during the year are set out in note 6 to the consolidated financial statements.

Borrowings and interest capitalised

Borrowings repayable on demand or within one year are classified under current liabilities. Details of the long-term borrowings are set out in note 19 to the consolidated financial statements. Interest and other borrowing costs capitalised by the Group during the year are set out in note 29 to the consolidated financial statements.

Share capital

Details of movements in the share capital of the Company during the year are set out in note 17 to the consolidated financial statements.

Senior notes

The Company issued 7-year senior notes worth US\$400 million at an interest rate of 9% per annum in September 2006, for the purpose of providing financial support for the Group for their property development business and expansion. Details of the senior notes of the Company are set out in note 19 to the consolidated financial statements.

Reserves

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

As at 31 December 2008, the distributable reserve of the Company amounted to approximately RMB7.9 billion (2007: RMB5.7 billion).

Charitable donations

The charitable donations made by the Group during the year amounted to RMB109 million (2007: RMB14 million).

Five-year financial summary

A five-year financial summary of the Group is set out on pages 196 to 198.

Report of the Directors

Directors and Directors' service contracts

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

Executive Directors

Mr. Chen Zhuo Lin (*Chairman*)

Mr. Chan Cheuk Yin (*Vice-Chairman & Co-President*)

Ms. Luk Sin Fong, Fion (*Vice-Chairlady & Co-President*)

Mr. Chan Cheuk Hung

Mr. Chan Cheuk Hei

Mr. Chan Cheuk Nam

Independent Non-executive Directors

Dr. Cheng Hon Kwan

Mr. Kwong Che Keung, Gordon

Mr. Cheung Wing Yui

In accordance with Article 87 of the Company's articles of association, Mr. Chen Zhuo Lin, Ms. Luk Sin Fong, Fion and Dr. Cheng Hon Kwan will retire from office by rotation and being eligible, offer themselves for re-election at the forthcoming annual general meeting.

None of the Directors has a service contract with the Company or any of its subsidiaries which is not terminable within one year without payment of compensation other than statutory compensation.

Directors' interests in contracts

No contracts of significance in relation to the Company's business to which the Company, its subsidiaries, its fellow subsidiaries or its holding companies was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Directors' interests in competing business

To eliminate competing business with the Group, on 23 November 2005, Mr. Chen Zhuo Lin, Mr. Chan Cheuk Yin, Ms. Luk Sin Fong, Fion, Mr. Chan Cheuk Hung, Mr. Chan Cheuk Hei and Mr. Chan Cheuk Nam (the "Executive Directors") entered into a deed of non-competition and compensation with the Company to undertake that they will not, and shall procure their controlled affiliates not to engage in any possible competing business (the "Deed").

Pursuant to Rule 8.10 of the Listing Rules, the Company disclosed that during the year ended 31 December 2008 and up to the date of this report, the Executive Directors were considered to have interests in the following businesses, being businesses which competed or were likely to compete, either directly or indirectly, with the businesses of the Group, other than those businesses in which (a) the Group was interested and (b) the Directors' only interests were as directors appointed to represent the interests of the Group.

Pursuant to the Clause 2.2 of the Deed, the Company has a priority to participate in such business that the Executive Directors would not directly or indirectly participate in any competing business with the Group from time to time operated. Any decision on acquisition of such business will be made by the independent non-executive Directors and the Executive Directors will abstain from voting.

While the Group was running its hotels business, the Executive Directors had interests in shares in and/or were directors of Zhongshan Agile Hotel Co., Ltd. ("Zhongshan Agile"), and Zhongshan Agile Changjiang Hotel Co., Ltd. ("Changjiang Hotel"), who owned and ran certain hotel businesses (the "Excluded Businesses"). In complying with the Deed, the Executive Directors issued a letter dated 10 September 2007 to the Company inviting the Company to exercise its rights to acquire the Excluded Businesses. A board committee (the "INED Committee") of the Company comprised of the independent non-executive directors was formed in considering the acquisition of the Excluded Businesses. As the Excluded Businesses was in operation before the Group started its own hotel business and that the size of the Excluded Businesses was considered insignificant when compared with the businesses of the Group as a whole, the INED Committee was of the view that the Excluded Businesses was unlikely competing with the hotel business of the Group and decided not to acquire the Excluded Businesses.

On 29 December 2008, the Group entered into an agreement with Zhongshan Agile to acquire the building of Zhongshan Agile Hotel at a cash consideration of RMB92,820,000 (equivalent to approximately of HK\$105,476,500). The building of Zhongshan Agile Hotel is a composite building situated at Sanxiang Town, Zhongshan, the PRC, comprising a basement and six floor levels. Zhongshan Agile is 100% jointly controlled by the Executive Directors. The consideration represents 15% discount to the appraised market value prepared by an independent third party valuer, which is RMB109,200,000.

Changjiang Hotel is operated and managed by companies with independent management and administration. On this basis, the Directors believe that the Group is capable of carrying on its businesses independently and at arm's length from Changjiang Hotel.

The Directors, including those interested in Changjiang Hotel, will, as and when required under the Company's articles and association and the Company's Corporate Governance Statement of Policy, abstain from voting on any resolution of the Board in respect of any contract, arrangement or proposal in which he or any of his associates has a material interest.

Report of the Directors

Connected transactions

Pursuant to Chapter 14A of the Listing Rules, the following connected transactions were disclosed in this report. The connected transactions also constituted significant related party transaction and is set out in note 38 to the consolidated financial statements.

Acquisitions of Building of Zhongshan Agile Hotel and Building of Bailecheng

As disclosed in the Company's announcement dated 30 December 2008, the Group entered into agreements to acquire (i) the building of Bailecheng from Mr. Chen Zhuo Lin and Ms. Luk Sin Fong, Fion at a consideration of RMB34,000,000 (equivalent to approximately of HK\$38,636,750); and (ii) the building of Zhongshan Agile Hotel from Zhongshan Agile at a consideration of RMB92,820,000 (equivalent to approximately of HK\$105,476,500) on 29 December 2008, respectively. Completion of the acquisitions are expected to take place within 7 business days after the ownership title of the building of Bailecheng and the building of Zhongshan Agile Hotel are transferred from Zhongshan Agile to Zhongshan Yaxin Real Estate Development Co., Ltd.

Specific performance obligations of the controlling shareholder

As disclosed in the Company's announcement dated 27 June 2007, the Company as the borrower, has obtained a US\$200,000,000 dual-currency revolving credit facility for a term of 36 months from June 2007 (the "Facility") from a syndicate of banks under the respective several guarantees given by the subsidiaries of the Company. The Facility will become mature in June 2010.

In connection with the Facility, it will be an event of default if (i) Mr. Chen Zhuo Lin, Mr. Chan Cheuk Yin, Ms. Luk Sin Fong, Fion, Mr. Chan Cheuk Hung, Mr. Chan Cheuk Hei and Mr. Chan Cheuk Nam (collectively referred to as the "Controlling Shareholders") do not or cease to collectively own, directly or indirectly, at least 50% of the shares of, and equity interest, in the Company; and/or (ii) the Controlling Shareholders do not or cease to be entitled to exercise management control of the Company. In case of an occurrence of an event of default, the agreement relating to the Facility may be terminated by the agent as defined therein, if directed by the majority lenders, and the loan may become immediately due and repayable.

Share options

On 23 November 2005, the Company adopted a Share Option Scheme (the “Share Option Scheme”). So far no option has been granted under the Share Option Scheme since its adoption.

Pursuant to the Share Option Scheme approved and adopted by the Shareholder on 23 November 2005, the following is a summary of the Share Option Scheme and disclosed in accordance with the Listing Rules:

1. Purpose of the Share Option Scheme:
 - a. to motivate the eligible participants to optimise their performance efficiency for the benefit of the Group; and
 - b. to attract and retain or otherwise maintain on-going business relationship with the eligible participants whose contributions are or will be beneficial to the long-term growth of the Group.
2. Participants of the Share Option Scheme:
 - a. any full-time or part-time employees, executives or officers of the Company or any of its subsidiaries;
 - b. any directors (including non-executive directors and independent non-executive directors) of the Company or any of its subsidiaries;
 - c. any advisors, consultants, suppliers, customers and agents to the Company or any of its subsidiaries; and
 - d. such other persons who, in the sole opinion of the Board, will contribute or have contributed to the Group, the assessment criteria of which are:
 - (i) contribution to the development and performance of the Group;
 - (ii) quality of work performed for the Group;
 - (iii) initiative and commitment in performing his/her duties; and
 - (iv) length of service or contribution to the Group.
3. Total number of Shares available for issue under the Share Option Scheme and percentage of issued share capital at 31 December 2008:

The number of Share options available for issue under the Share Option Scheme is 332,200,000 Shares representing 9% of the issued share capital at 31 December 2008.

Report of the Directors

4. Maximum entitlement of each participant under the Share Option Scheme:

The maximum entitlement for each participant is that the total number of shares of the Company issued and to be issued upon exercise of the options granted to each participant (including exercised, cancelled and outstanding options) in any 12-month period shall not exceed 1% of the total number of shares of the Company in issue. Any grant of further options above this limit shall be subject to certain requirements as stipulated in the rules of the Scheme.

5. The period within which the shares must be taken up under an option:

Commencing on the date of grant of an option and expiring at 10 years from that date.

6. The minimum period for which an option must be held before it can be exercised:

A grantee may be required to achieve any performance targets as the Board may then specify in the grant before any options granted under the Share Option Scheme can be exercised.

7. The amount payable on application or acceptance of the option and the period within which payments or calls must or may be made, or loans for such purposes must be paid:

Upon acceptance of the option, the grantee shall pay HK\$1.00 to the Company by way of consideration for the grant. Any offer to grant an option to subscribe for Shares may be accepted in respect of less than the number of Shares for which it is offered provided that it is accepted in respect of a board lot of dealing in Shares on the Stock Exchange or an integral multiple thereof and such number is clearly stated in the duplicate offer document constituting acceptance of the option. To the extent that the offer to grant an option is not accepted by any prescribed acceptance date, it shall be deemed to have been irrevocably declined.

8. The basis of determining the exercise price:

The subscription price of a Share in respect of any particular option granted under the Share Option Scheme shall be such price as the Board in its absolute discretion shall determine, save that such price will not be less than the highest of:

- (i) the closing price of the Shares as stated in the Stock Exchange's daily quotation sheets on the date of grant, which must be a day on which the Stock Exchange is open for the business of dealing in securities;
- (ii) the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant; and
- (iii) the nominal value of a Share.

9. The remaining life of the Share Option Scheme:

The Scheme is valid and effective for a period of 10 years, it commenced on 23 November 2005 and will expire on 22 November 2015.

Directors' interests in securities

As at 31 December 2008, the interests and short positions of the Directors in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO as recorded in the register required to be kept under section 352 of the SFO; or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

Name of Director	Company/name of associated corporation	Long positions in the shares of the Company				Capacity	Total number of shares	Approximate shareholding percentage %
		Personal Interests	Family Interests	Corporate Interests				
Mr. Chen Zhuo Lin	Company	Nil	2,180,530,000	12,190,000 <i>(note 1)</i>	Beneficiary of a trust/ Owner of controlled corporation	2,192,720,000	59.43	
Mr. Chan Cheuk Yin	Company	Nil	2,180,530,000	10,000,000	Beneficiary of a trust/ Owner of controlled corporation	2,190,530,000	59.37	
Ms. Luk Sin Fong, Fion	Company	Nil	2,180,530,000	12,190,000 <i>(note 1)</i>	Beneficiary of a trust/ Owner of controlled corporation	2,192,720,000	59.43	
Mr. Chan Cheuk Hung	Company	Nil	2,180,530,000	Nil	Beneficiary of a trust	2,180,530,000	59.10	
Mr. Chan Cheuk Hei	Company	7,000,000 <i>(note 2)</i>	2,180,530,000	Nil	Beneficial interests/ Beneficiary of a trust	2,187,530,000	59.29	
Mr. Chan Cheuk Nam	Company	6,028,000 <i>(note 3)</i>	2,180,530,000	Nil	Beneficial interests/ Beneficiary of a trust	2,186,558,000	59.26	

Report of the Directors

Notes:

1. *The Shares were held by Brilliant Hero Capital Limited (“Brilliant Hero”) and Famous Tone Investments Limited (“Famous Tone”). Mr. Chen Zhuo Lin and Ms. Luk Sin Fong, Fion were shareholders of the Brilliant Hero and Famous Tone, holding a total of 100% of their equity interest respectively.*
2. *The Shares were jointly held by Mr. Chan Cheuk Hei and his spouse, Ms. Lu Yanping.*
3. *The Shares were jointly held by Mr. Chan Cheuk Nam and/or his spouse, Ms. Chan Siu Na.*
4. *All interest in the Shares were long positions.*

Save as disclosed above as at 31 December 2008, none of the Directors and the chief executives of the Company had any interest and short positions in the Shares, underlying Shares or, the equity interest and debentures of the Company or any associated corporations (within the meaning of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Director has taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code for Securities Transactions by Directors or Listed Issuers to be notified to the Company and the Stock Exchange.

Management contracts

No contract concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed during the year.

Substantial Shareholders

As at 31 December 2008, the interests of those persons in the share capital of the Company as recorded in the register kept under section 336 of the SFO were as follows:

Name of Shareholder	Capacity	Number and class of securities		Approximate shareholding percentage %
			Total	
Top Coast Investment Limited	Trustee	2,180,530,000	2,180,530,000	59.10
Ms. Zheng Huiqiong	Family Interests (note 1)	2,190,530,000	2,190,530,000	59.37
Ms. Lu Liqing	Family Interests (note 2)	2,180,530,000	2,180,530,000	59.10
Ms. Lu Yanping	Family Interests (note 3)	2,180,530,000	2,187,530,000	59.29
	Beneficial Interests (note 4)	7,000,000		
Ms. Chan Siu Na	Family Interests (note 5)	2,180,530,000	2,180,530,000	59.10

Notes:

1. Ms. Zheng Huiqiong, spouse of Mr. Chan Cheuk Yin, Director.
2. Ms. Lu Liqing, spouse of Mr. Chan Cheuk Hung, Director.
3. Ms. Lu Yanping, spouse of Mr. Chan Cheuk Hei, Director.
4. The shares are jointly held by Ms. Lu Yanping and her spouse Mr. Chan Cheuk Hei, Director. Ms. Lu Yanping is deemed or taken to be interested in such shares.
5. Ms. Chan Siu Na, spouse of Mr. Chan Cheuk Nam, Director.
6. All interest in the Shares were long positions.

Biography of Directors and senior management

Biography of Directors and senior management are set out on pages 96 to 99.

Report of the Directors

Provident fund schemes

Particulars of provident fund schemes of the Group are set out in note 27 to the consolidated financial statements.

Purchase, sale or redemption of listed securities

During the year ended 31 December 2008, the Company had repurchased from the market a total of 65,828,000 shares at price per share ranging from HK\$2.00 to HK\$3.74 with a total amount of about HK\$188,257,923, in which 55,828,000 shares had been cancelled.

Save as disclosed above, neither the Company nor any of its subsidiaries has purchased or sold or redeemed any of the Company's listed securities during the year ended 31 December 2008.

Particulars of purchase, sale or redemption of listed securities are also set out in note 17 to the consolidated financial statements.

Pre-emptive rights

No pre-emptive rights exist in the Cayman Islands being the jurisdiction in which the Company is incorporated.

Model Code for Securities Transactions by the Directors

The Company has adopted a code of conduct regarding securities transactions of the directors (the "Securities Code") on no less exacting the required standard set out in the Model Code contained in Appendix 10 to the Listing Rules. The Company has made specific enquiry of all Directors regarding any non-compliance with the Securities Code during the year ended 31 December 2008, all Directors confirmed that they have complied with the required standard set out in the Securities Code during the year.

Interests of any other persons

As at 31 December 2008, other than the interests in shares and underlying shares of the Company and its associated corporations held by the Directors, the chief executive and substantial shareholders of the Company stated above, there were no other persons with interests recorded in the register required to be recorded in the register required to be kept under Section 336 of Part XV of SFO.

Corporate governance

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

Audit Committee

The Audit Committee comprised of all three independent non-executive Directors. The Audit Committee had reviewed with the management regarding the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including a review of the audited consolidated financial statements for the year ended 31 December 2008.

Sufficiency of public float

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

Auditor

The financial statements for the year have been audited by PricewaterhouseCoopers. A resolution for the re-appointment of PricewaterhouseCoopers as the Company's auditor for the ensuing year will be proposed at the forthcoming annual general meeting.

On behalf of the Board

CHEN Zhuo Lin

Chairman

Hong Kong, 14 April 2009

“ Prudent Financial Management

*Maximise Shareholders’
Value ”*



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Independent Auditor's Report



羅兵咸永道會計師事務所

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To the shareholders of AGILE PROPERTY HOLDINGS LIMITED
(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Agile Property Holdings Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 128 to 195, which comprise the consolidated and company balance sheets as at 31 December 2008, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

The directors of the Company are responsible for the preparation and the true and fair presentation of these consolidated financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2008 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 14 April 2009

Consolidated Balance Sheet

(All amounts in RMB thousands unless otherwise stated)

	Note	As at 31 December	
		2008	2007
ASSETS			
Non-current assets			
Property, plant and equipment	6	260,813	127,798
Land use rights	7	6,967,202	5,384,418
Intangible assets	8	10,718	3,152
Prepayment for acquisition of a non-current asset	9, 38(c)	92,820	—
Deferred income tax assets	20	54,898	33,100
		7,386,451	5,548,468
Current assets			
Land use rights	7	5,797,924	3,584,556
Properties under development	11	8,252,303	4,661,599
Completed properties held for sale	12	2,203,357	1,740,137
Prepayments for acquisition of land use rights	13	4,558,833	6,004,034
Prepayments for acquisition of subsidiaries		—	2,164,771
Trade and other receivables	14	1,478,535	1,056,880
Prepaid taxes		47,911	—
Restricted cash	15	2,208,171	1,362,945
Cash and cash equivalents	16	3,044,292	2,582,513
		27,591,326	23,157,435
Total assets		34,977,777	28,705,903
EQUITY			
Capital and reserves attributable to the shareholders of the Company			
Share capital and premium	17	4,937,054	5,102,222
Other reserves	18	684,062	684,062
Retained earnings			
— Proposed final dividend		206,756	514,058
— Unappropriated retained earnings		7,088,079	2,714,555
		12,915,951	9,014,897
Minority interests		878,675	18,808
Total equity		13,794,626	9,033,705

	Note	As at 31 December	
		2008	2007
LIABILITIES			
Non-current liabilities			
Borrowings	19	6,559,055	6,647,311
Deferred income tax liabilities	20	1,023,414	833,298
		7,582,469	7,480,609
Current liabilities			
Borrowings	19	3,509,518	1,375,100
Trade and other payables	21	7,317,761	8,428,464
Current income tax liabilities	22	2,773,403	2,388,025
		13,600,682	12,191,589
Total liabilities		21,183,151	19,672,198
Total equity and liabilities		34,977,777	28,705,903
Net current assets		13,990,644	10,965,846
Total assets less current liabilities		21,377,095	16,514,314

Chen Zhuo Lin
Director

Luk Sin Fong, Fion
Director

The notes on pages 134 to 195 are an integral part of these financial statements.

Balance Sheet

(All amounts in RMB thousands unless otherwise stated)

	Note	As at 31 December	
		2008	2007
ASSETS			
Non-current assets			
Investments in subsidiaries	40	448,520	448,520
Current assets			
Amounts due from subsidiaries	14	14,476,898	10,598,333
Other receivables and prepayments	14	2,767	28,424
Restricted cash	15	1,057,474	778,675
Cash and cash equivalents	16	602,870	1,140,307
		16,140,009	12,545,739
Total assets		16,588,529	12,994,259
EQUITY			
Capital and reserves attributable to the Company's shareholders			
Share capital and premium	17	4,937,054	5,102,222
Other reserves	18	427,512	427,512
Retained earnings	31		
— Proposed final dividend		206,756	514,058
— Unappropriated retained earnings		2,685,058	51,005
Total equity		8,256,380	6,094,797
LIABILITIES			
Non-current liabilities			
Borrowings	19	2,673,385	2,851,641
Current liabilities			
Borrowings	19	1,348,828	342,350
Amounts due to subsidiaries	21	3,058,106	2,420,283
Other payables and accruals	21	1,251,830	1,285,188
		5,658,764	4,047,821
Total liabilities		8,332,149	6,899,462
Total equity and liabilities		16,588,529	12,994,259
Net current assets		10,481,245	8,497,918
Total assets less current liabilities		10,929,765	8,946,438

Chen Zhuo Lin

Director

Luk Sin Fong, Fion

Director

The notes on pages 134 to 195 are an integral part of these financial statements.

Consolidated Income Statement

(All amounts in RMB thousands unless otherwise stated)

	Note	Year ended 31 December	
		2008	2007
Turnover	5	9,326,292	10,312,324
Cost of sales		(5,889,994)	(5,105,342)
Gross profit		3,436,298	5,206,982
Other gains	23	4,237,956	140,036
Selling and marketing costs		(462,539)	(326,908)
Administrative expenses		(619,139)	(381,731)
Other expenses	24	(120,433)	(50,143)
Exchange gain/(losses), net	25	64,777	(70,506)
Operating profit		6,536,920	4,517,730
Finance income/(costs)	29	92,437	(63,216)
Profit before income tax		6,629,357	4,454,514
Income tax expenses	30	(1,171,919)	(2,343,729)
Profit for the year		5,457,438	2,110,785
Attributable to:			
Shareholders of the Company		5,466,905	2,102,824
Minority interests		(9,467)	7,961
		5,457,438	2,110,785
Basic and diluted earnings per share for profit attributable to the shareholders of the Company during the year (expressed in Renminbi per share)	32	1.465	0.561
Dividends	33	1,093,381	713,065

The notes on pages 134 to 195 are an integral part of these financial statements.

Consolidated Statement of Changes in Equity

(All amounts in RMB thousands unless otherwise stated)

	Attributable to the shareholders of the Company					Minority interests	Total equity
	Share capital and premium (note 17)	Other reserves (note 18)	Retained earnings	Total			
Balance at 1 January 2007	5,102,222	554,725	1,712,584	7,369,531	14,659	7,384,190	
Transfer to statutory reserve and enterprise expansion fund	—	129,337	(129,337)	—	—	—	
Profit for the year	—	—	2,102,824	2,102,824	7,961	2,110,785	
Dividends	—	—	(457,458)	(457,458)	(3,812)	(461,270)	
Balance at 31 December 2007	5,102,222	684,062	3,228,613	9,014,897	18,808	9,033,705	
Balance at 1 January 2008	5,102,222	684,062	3,228,613	9,014,897	18,808	9,033,705	
Repurchase of shares of the Company (note 17(a))	(165,168)	—	—	(165,168)	—	(165,168)	
Profit for the year	—	—	5,466,905	5,466,905	(9,467)	5,457,438	
Partial disposal of interest in a subsidiary (note 23(a))	—	—	—	—	884,656	884,656	
Acquisition of minority interests of subsidiaries (note 23(b))	—	—	—	—	(15,322)	(15,322)	
Dividends (note 33)	—	—	(1,400,683)	(1,400,683)	—	(1,400,683)	
Balance at 31 December 2008	4,937,054	684,062	7,294,835	12,915,951	878,675	13,794,626	

The notes on pages 134 to 195 are an integral part of these financial statements.

Consolidated Cash Flow Statement

(All amounts in RMB thousands unless otherwise stated)

	Note	Year ended 31 December	
		2008	2007
Cash used in operations			
Cash used in operations	34	(865,665)	(3,865,572)
Interest paid		(737,108)	(525,309)
PRC corporate income tax paid		(793,182)	(730,596)
PRC land appreciation tax paid		(226,133)	(110,342)
Net cash used in operating activities		(2,622,133)	(5,231,819)
Investing activities			
Acquisition of a subsidiary, net of cash acquired	37	267,386	(716,573)
Prepayments for acquisition of subsidiaries		—	(2,164,771)
Deposits received for partial disposal of subsidiaries		—	3,607,863
Partial disposal of equity interests of a subsidiary		2,771,336	—
Payment of guarantee deposits		—	(477,136)
Purchase of property, plant and equipment		(156,936)	(54,453)
Purchase of intangible assets		(9,442)	(1,310)
Interest received		77,842	101,777
Repayments of cash advances from related parties to the Group		9	141
Net cash generated from investing activities		2,950,195	295,538
Financing activities			
Repurchase of shares of the Company	17(a)	(165,168)	—
Proceeds from borrowings		3,133,432	3,397,020
Repayments of borrowings		(1,356,250)	(540,450)
Repayments of cash advances from the Group to related parties		(362)	(508)
Dividends paid to shareholders of the Company		(1,400,683)	(457,458)
Dividends paid to minority interests		—	(3,812)
Net cash generated from financing activities		210,969	2,394,792
Increase/(decrease) in cash and cash equivalents		539,026	(2,541,489)
Cash and cash equivalents at beginning of year		2,582,513	5,194,508
Exchange losses on cash and cash equivalents		(77,247)	(70,506)
Cash and cash equivalents at end of the year	16	3,044,292	2,582,513

The notes on pages 134 to 195 are an integral part of these financial statements.

Notes to the Consolidated Financial Statements

(All amounts in RMB thousands unless otherwise stated)

1 General information

Agile Property Holdings Limited (the “Company”) is a limited liability company incorporated in the Cayman Islands on 14 July 2005 and is principally engaged in investment holding. The address of its registered office is Cricket Square, Hutchins Drive, P. O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The Company and its subsidiaries (the “Group”) are principally engaged in property development in the People’s Republic of China (the “PRC”).

The Company’s shares were listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 15 December 2005.

These consolidated financial statements have been approved for issue by the Board of Directors on 14 April 2009.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of the Company have been prepared in accordance with Hong Kong Financial Reporting Standards (the “HKFRS”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). The consolidated financial statements have been prepared under the historical cost convention.

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

(a) Amendments effective in 2008

The HKAS 39, ‘Financial instruments: Recognition and measurement’, amendment on reclassification of financial assets permits reclassification of certain financial assets out of the held-for-trading and available-for-sale categories if specified conditions are met. The related amendment to HKFRS 7, ‘Financial instruments: Disclosures’, introduces disclosure requirements with respect to financial assets reclassified out of the held-for-trading and available-for-sale categories. The amendment is effective prospectively from 1 July 2008. This amendment does not have any impact on the Group’s financial statements, as the Group has not reclassified any financial assets.

2 Summary of significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

(b) Interpretations effective in 2008 but not relevant

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

- HK(IFRIC) — Int 11, 'HKFRS 2 — Group and treasury share transactions';
- HK(IFRIC) — Int 12, 'Service Concession arrangements'; and
- HK(IFRIC) — Int 14, 'HKAS 19 — The limit on a defined benefit asset, minimum funding requirements and their interaction'.

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

The following standards, amendments and interpretations to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after 1 January 2009 or later periods, but the Group has not early adopted them:

- HKFRS 8, 'Operating segments' (effective from 1 January 2009). HKFRS 8 replaces HKAS 14 and aligns segment reporting with the requirements of the US standard SFAS 131, 'Disclosures about segments of an enterprise and related information'. The new standard requires a "management approach", under which segment information is presented on the same basis as that used for internal reporting purposes. The Group will apply HKFRS 8 from 1 January 2009 but it is not expected to result in substantial impact on the Group's accounting policies;
- HKAS 1 (Revised), 'Presentation of financial statements' (effective from 1 January 2009). The revised standard will prohibit the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity. All non-owner changes in equity will be required to be shown in a performance statement, but entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the consolidated income statement and statement of comprehensive income). Where entities restate or reclassify comparative information, they will be required to present a restated balance sheet as at the beginning comparative period in addition to the current requirement to present balance sheets at the end of the current period and comparative period. The Group will apply HKAS 1 (Revised) from 1 January 2009;

Notes to the Consolidated Financial Statements

(All amounts in RMB thousands unless otherwise stated)

2 Summary of significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

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

- HKAS 23 (Revised), 'Borrowing costs' (effective from 1 January 2009). The amendment requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. The option of immediately expensing those borrowing costs will be removed. The Group will apply HKAS 23 (Revised) from 1 January 2009, but it is not expected to result in substantial impact on the Group's accounting policies because the Group is already applying the capitalisation option on the borrowing costs for qualifying assets;
- HKAS 27 (Revised), 'Consolidated and separate financial statements' (effective from 1 July 2009). The revised standard requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value and a gain or loss is recognised in profit or loss. The Group will apply HKAS 27 (Revised) prospectively to transactions with non-controlling interests from 1 January 2010;
- HKFRS 1 (Amendment), 'First time adoption of HKFRS' and HKAS 27 'Consolidated and separate financial statements' (effective from 1 July 2009). The amended standard allows first-time adopters to use a deemed cost of either fair value or the carrying amount under previous accounting practice to measure the initial cost of investments in subsidiaries, jointly controlled entities and associates in the separate financial statements. The amendment also removes the definition of the cost method from HKAS 27 and replaces it with a requirement to present dividends as income in the separate financial statements of the investor. The Company will apply HKAS 27 (Amendment) prospectively from 1 January 2010 in its separate financial statements. This amendment is not relevant to the Group;

2 Summary of significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

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

- HKFRS 3 (Revised), ‘Business combinations’ (effective from 1 July 2009). The revised standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the consolidated income statement. There is a choice on an acquisition by acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest’s proportionate share of the acquiree’s net assets. All acquisition-related costs should be expensed. The Group will apply HKFRS 3 (Revised) prospectively to all business combinations from 1 January 2010;
- HK(IFRIC) — Int 15, ‘Agreements for construction of real estates’ (effective from 1 January 2009). HK(IFRIC) — Int 15 clarifies whether HKAS 18, ‘Revenue’ or HKAS 11, ‘Construction contracts’ should be applied to particular transactions. It is likely to result in HKAS 18 being applied to a wider range of transactions. HK(IFRIC) — Int 15 is unlikely to impact the Group’s financial statements as all revenue transactions are accounted for under HKAS 18 and not HKAS 11;
- HKICPA’s improvements to HKFRS published in October 2008
 - HKAS 1 (Amendment), ‘Presentation of financial statements’ (effective from 1 January 2009). The amendment clarifies that some rather than all financial assets and liabilities classified as held for trading in accordance with HKAS 39, ‘Financial instruments: Recognition and measurement’ are examples of current assets and liabilities respectively. The Group will apply the HKAS 1 (Amendment) from 1 January 2009. It is not expected to have an impact on the Group’s financial statements;

Notes to the Consolidated Financial Statements

(All amounts in RMB thousands unless otherwise stated)

2 Summary of significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

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

- HKICPA's improvements to HKFRS published in October 2008 (Continued)
 - HKAS 23 (Amendment), 'Borrowing costs' (effective from 1 January 2009). The definition of borrowing costs has been amended so that interest expense is calculated using the effective interest method defined in HKAS 39 'Financial instruments: Recognition and measurement'. This eliminates the inconsistency of terms between HKAS 39 and HKAS 23. The Group will apply the HKAS 23 (Amendment) prospectively from 1 January 2009 but it is not expected to result in substantial impact on the Group's accounting policies because the Group is already applying the effective interest method;
 - HKAS 36 (Amendment), 'Impairment of assets' (effective from 1 January 2009). Where fair value less costs to sell is calculated on the basis of discounted cash flows, disclosures equivalent to those for value-in-use calculation should be made. The Group will apply the HKAS 36 (Amendment) and provide the required disclosure where applicable for impairment tests from 1 January 2009;
 - HKAS 38 (Amendment), 'Intangible assets' (effective from 1 January 2009). A prepayment may only be recognised in the event that payment has been made in advance of obtaining right of access to goods or receipt of services. The Group will apply the HKAS 38 (Amendment) from 1 January 2009. It is not expected to have a material impact on the Group's financial statements;
 - HKAS 39 (Amendment), 'Financial instruments: Recognition and measurement' (effective from 1 January, 2009)
 - When remeasuring the carrying amount of a debt instrument on cessation of fair value hedge accounting, the amendment clarifies that a revised effective interest rate (calculated at the date fair value hedge accounting ceases) are used;

The Group will apply the HKAS 39 (Amendment) from 1 January 2009. It is not expected to have an impact on the Group's consolidated financial statements.

2 Summary of significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

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

- HKICPA's improvements to HKFRS published in October 2008 (Continued)
 - HKAS 40 (Amendment), 'Investment property' (and consequential amendments to HKAS 16) (effective from 1 January 2009). Property that is under construction or development for future use as investment property is within the scope of HKAS 40. Where the fair value model is applied, such property is, therefore, measured at fair value. However, where fair value of investment property under construction is not reliably measurable, the property is measured at cost until the earlier of the date construction is completed and the date at which fair value becomes reliably measurable. The amendment will not have an impact on the Group's operations, as no investment properties are held by the Group;
 - HKFRS 5 (Amendment), 'Non-current assets held for sale and discontinued operations' (and consequential amendment to HKFRS 1, 'First-time adoption') (effective from 1 July 2009). The amendment clarifies that all of a subsidiary's assets and liabilities are classified as held for sale if a partial disposal sale plan results in loss of control, and relevant disclosure should be made for this subsidiary if the definition of a discontinued operation is met. A consequential amendment to HKFRS 1 states that these amendments are applied prospectively from the date of transition to HKFRSs. The Group will apply the HKFRS 5 (Amendment) prospectively to all partial disposals of subsidiaries from 1 January 2010;
 - There are a number of minor amendments to HKFRS 7, 'Financial instruments: Disclosures', HKAS 8, 'Accounting policies, changes in accounting estimates and errors', HKAS 10, 'Events after the balance sheet date', HKAS 18, 'Revenue' and HKAS 34, 'Interim financial reporting' which are not addressed above. These amendments are unlikely to have an impact on the Group's financial statements and have therefore not been analysed in detail.

Notes to the Consolidated Financial Statements

(All amounts in RMB thousands unless otherwise stated)

2 Summary of significant accounting policies (Continued)

2.2 Consolidation

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

(a) Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

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

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

In the Company's balance sheet the investments in subsidiaries are stated at cost less provision for impairment losses (note 2.7). The results of subsidiaries are accounted by the Company on the basis of dividend received and receivable.

(b) Transactions with minority interests

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

2 Summary of significant accounting policies (Continued)

2.3 Segment reporting

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

2.4 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Renminbi (the "RMB"), which is the Company's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated income statement, except when deferred in equity as qualifying cash flow hedges or qualifying net investment hedges.

(c) Group companies

Foreign exchange gain and losses that relate to senior notes and syndicated loans are presented in the consolidated income statement within 'finance income or costs'. All other foreign exchange gain and losses are presented in the consolidated income statement within 'Exchange gain/(losses), net'.

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- Income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- All resulting exchange differences are recognised as a separate component of equity.

Notes to the Consolidated Financial Statements

(All amounts in RMB thousands unless otherwise stated)

2 Summary of significant accounting policies (Continued)

2.4 Foreign currency translation (Continued)

(c) Group companies (Continued)

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the income statement as part of the gain or loss on sale.

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

2.5 Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation and any impairment loss. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Property, plant and equipment mainly comprise motor vehicles and office equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the consolidated income statement during the period in which they are incurred.

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Buildings	20 years
Office equipment	5–8 years
Motor vehicles	5–10 years
Machinery	5–10 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

2 Summary of significant accounting policies (Continued)

2.5 Property, plant and equipment (Continued)

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 2.7).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised with 'other (losses)/gains — net' in the consolidated income statement.

2.6 Intangible assets

Intangible assets mainly comprise acquired software license. Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives (two to ten years).

2.7 Impairment of investments in subsidiaries and non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating unit).

2.8 Financial assets

(i) Classification

The Group classifies its financial assets as loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. The Group's loans and receivables are classified as "trade and other receivables" and "cash and cash equivalents" in the balance sheet (note 2.11 and 2.12).

Notes to the Consolidated Financial Statements

(All amounts in RMB thousands unless otherwise stated)

2 Summary of significant accounting policies (Continued)

2.8 Financial assets (Continued)

(ii) Recognition and measurement

Regular way purchases and sales of financial assets are recognised on the trade-date — the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Loans and receivables are carried at amortised cost using the effective interest method.

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. Impairment testing of trade and other receivables is described in note 2.11.

2.9 Properties under development

Properties under development are stated at the lower of cost and net realisable value. Net realisable value takes into account the price ultimately expected to be realised, less applicable variable selling expenses and the anticipated costs to completion.

Development cost of property comprises construction costs, amortisation of land use rights, borrowing costs and professional fees incurred during the development period. On completion, the properties are transferred to completed properties held for sale.

Properties under development are classified as current assets unless those will be realised beyond one normal operating cycle from the balance sheet.

2.10 Completed properties held for sale

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

Cost comprises development costs attributable to the unsold properties.

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

2 Summary of significant accounting policies (Continued)

2.11 Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The carrying amount of the assets is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement. When a receivable is uncollectible, it is written off against the allowance account for receivables. Subsequent recoveries of amounts previously written off are credited against the consolidated income statement.

2.12 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

2.13 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where any group company purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's shareholders.

2.14 Trade and other payables

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

Notes to the Consolidated Financial Statements

(All amounts in RMB thousands unless otherwise stated)

2 Summary of significant accounting policies (Continued)

2.15 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

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

Borrowing costs incurred for the construction of any qualifying assets are capitalised during the period of time that is required to complete and prepare the asset for its intended use.

2.16 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the consolidated income statement, except to the extent that it relates to items recognised directly in equity. In this case, the tax is also recognised in equity.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using the tax rates that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

2 Summary of significant accounting policies (Continued)

2.16 Current and deferred income tax (Continued)

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

2.17 Employee benefits

(i) Employee leave entitlements

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

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

(ii) Pension obligations

The Group participates in a defined contribution scheme administrated by the relevant authority of the PRC.

Contributions to the schemes are calculated as a percentage of employees' salaries. The Group's contributions to the defined contribution retirement scheme are expensed as incurred.

(iii) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after balance sheet date are discounted to present value.

Notes to the Consolidated Financial Statements

(All amounts in RMB thousands unless otherwise stated)

2 Summary of significant accounting policies (Continued)

2.18 Provisions

Provisions for environmental restoration, restructuring costs and legal claims are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.19 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of properties and services in the ordinary course of the Group's activities. Revenue is shown net of discount and after eliminating revenue made between the Group entities.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(i) Sales of properties

Revenue from sales of properties is recognised when a Group entity has delivered the relevant properties to the purchaser and collectibility of related receivable is reasonably assured. Deposits and instalments received on properties sold prior to the date of revenue recognition are included in the balance sheets under current liabilities.

2 Summary of significant accounting policies (Continued)

2.19 Revenue recognition (Continued)

(ii) Property management

Revenue arising from property management is recognised in the accounting period in which the services are rendered.

(iii) Hotel operations

Hotel revenue from room rentals, food and beverage sales and other ancillary services are recognised when the services are rendered.

(iv) Interest income

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

2.20 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

(i) The Group is the lessee

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

(ii) The Group is the lessor

Assets leased out under operating leases are included in property, plant and equipment in the balance sheet. They are depreciated over their expected useful lives on a basis consistent with similar owned property, plant and equipment.

Notes to the Consolidated Financial Statements

(All amounts in RMB thousands unless otherwise stated)

2 Summary of significant accounting policies (Continued)

2.21 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders.

2.22 Insurance contracts

An insurance contract is a contract under which one party (the insurer) accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder. Insurance risk is a pre-existing risk transferred from the policyholder to the insurer, and is significant only if an insured event could cause an insurer to pay significant additional benefits in any scenario, excluding scenarios that lack commercial substance (i.e. have no discernible effect on the economics of the transaction).

The Group assesses at each reporting date whether its recognised insurance liabilities are adequate, using current estimates of future cash flows under its insurance contracts. If that assessment shows that the carrying amount of its insurance liabilities is inadequate in the light of the estimated future cash flows, the entire deficiency is recognised in the consolidated income statement.

The Group regards its financial guarantee contracts provided in respect of mortgage facilities for certain property purchasers as insurance contracts.

3 Financial risk management

3.1 Financial risk factor

The Group's activities expose it to a variety of financial risks: market risk (including currency risk and interest rate risk), credit risk, and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The global financial turmoil in 2008 has brought adverse impact on the economic conditions. The property industry is highly sensitive to the economic environment in the PRC. The Group finances its operations from cash on hand, sales of properties and bank borrowings. The Group has alternative plans to monitor liquidity risk should there be significant adverse changes on the Group's cash flow projections.

(i) Currency risk

The Group's businesses are principally conducted in RMB, except that certain receipts of proceeds from sales of properties and fees of property management services are in other foreign currencies. As at 31 December 2008, major non-RMB assets and liabilities are cash and cash equivalents, senior notes, syndicated loans dominated in either HK dollar ("HK\$") or US dollar ("US\$"). Fluctuation of the exchange rates of RMB against foreign currencies could affect the Group's results of operations. The Group has not entered into any forward exchange contracts to hedge its exposure to foreign exchange risk since 1 January 2008.

The carrying amount of the Group's and the Company's foreign currency denominated monetary assets and liabilities at the respective balance sheet dates are as follows:

	Group		Company	
	2008	2007	2008	2007
Monetary assets				
— HK\$	1,345,777	1,700,231	991,516	1,211,282
— US\$	672,908	712,306	668,828	707,699
	2,018,685	2,412,537	1,660,344	1,918,981
Monetary liabilities				
— HK\$	1,348,828	342,350	1,348,828	342,350
— US\$	3,905,716	2,922,805	3,905,716	2,922,805
	5,254,544	3,265,155	5,254,544	3,265,155

Notes to the Consolidated Financial Statements

(All amounts in RMB thousands unless otherwise stated)

3 Financial risk management (Continued)

3.1 Financial risk factor (Continued)

(i) Currency risk (Continued)

The following table shows the sensitivity analysis of a 5% change in RMB against the relevant foreign currencies. The sensitivity analysis includes only foreign currency denominated monetary items and adjusts their translation at the year end for a 5% change in foreign currency rates. If there is a 5% increase in RMB against the relevant currencies, the effect in the profit for the year is as follows:

	Group		Company	
	2008	2007	2008	2007
HK\$				
— Increase/(decrease) in profit for the year	153	(67,893)	17,865	(43,446)
US\$				
— Increase in profit for the year	161,640	110,525	161,844	110,755

If there is a 5% decrease in RMB against the relevant currencies, the effect in the profit for the year is as follows:

	Group		Company	
	2008	2007	2008	2007
HK\$				
— (Decrease)/increase in profit for the year	(153)	67,893	(17,865)	43,446
US\$				
— Decrease in profit for the year	(161,640)	(110,525)	(161,844)	(110,755)

(ii) Interest rate risk

As the Group has no significant interest-bearing assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates.

The Group's exposure to changes in interest rates is mainly attributable to its borrowings. Borrowings at variable rates expose the Group to cash flow interest-rate risk. The Group closely monitors trend of interest rate and its impact on the Group's interest rate risk exposure. The Group currently has not used any interest rate swap arrangements but will consider hedging interest rate risk should the need arise.

As at 31 December 2008 and 2007, if interest rates on borrowings had been 1% higher or lower with all other variables held constant, profit for the years ended 31 December 2008 and 2007 would have been RMB10,949,000 and RMB22,086,000 lower or higher respectively, mainly as a result of higher or lower interest expense on floating rate borrowings.

3 Financial risk management (Continued)

3.1 Financial risk factor (Continued)

(iii) Credit risk

The Group is exposed to credit risk in relation to its trade and other receivables, and cash deposits with banks.

The carrying amounts of trade and other receivables, restricted cash, cash and cash equivalents represent the Group's maximum exposure to credit risk in relation to financial assets.

To manage this risk, deposits are mainly placed with licensing banks which are all high-credit-quality financial institutions. For the trade receivables arising from sales of properties, the Group managed the credit risk by fully receiving cash before delivery of properties unless strong credit records of the customers could be established. The Group has policies in place to ensure that sales are made to purchasers with an appropriate financial strength and appropriate percentage of down payments. It also has other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews regularly the recoverable amount of each individual trade receivables to ensure that adequate impairment provisions are made for irrecoverable amounts. The Group has no significant concentrations of credit risk, with exposure spread over a number of counterparties and customers.

The Group typically provides guarantees to banks in connection with the customers' borrowing of mortgage loans to finance their purchase of properties for an amount up to 70% of the total purchase price of the property. If a purchaser defaults on the payment of its mortgage loan during the guarantee period, the bank holding the guarantee may demand the Group to repay the outstanding amount under the loan and any interest accrued thereon. Under such circumstances, the Group is able to retain the customer's deposit and re-sell the property to recover any amounts paid by the Group to the bank. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The Group has arranged bank financing for certain purchasers of property units and provided guarantees to secure obligations of such purchasers for repayments. Detailed disclosure of these guarantees is made in note 35.

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

Notes to the Consolidated Financial Statements

(All amounts in RMB thousands unless otherwise stated)

3 Financial risk management (Continued)

3.1 Financial risk factor (Continued)

(iv) Liquidity risk

Management aims to maintain sufficient cash and cash equivalents or have available funding through an adequate amount of available financing, including proceeds from pre-sale of properties, credit facilities and short-term and long-term loans from banks to meet its construction commitments.

The Group has a number of alternative plans to mitigate the potential impacts on anticipated cash flows should there be significant adverse changes in economic environment. These include control on investment in land bank, adjusting project development timetable to adapt the changing local real estate market environment, implementing cost control measures, promotion of sales of completed properties, accelerating sales with more flexible pricing. The Group will pursue such options basing on its assessment of relevant future costs and benefits. In addition, with more favourable policies being implemented by the Central Government and the Guangdong Provincial Government, management is of the view that the Group can properly manage the Group's cash flow to sustain the Group's business development.

The table below depicts the Group's financial liabilities maturity profile at the balance sheet date. The amounts disclosed thereon are the contractual undiscounted cash flows. Balances due within 12 months from the balance sheet date equal to their carrying amounts in the balance sheets, as the impact of discount should not be significant.

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
At 31 December 2008				
Bank borrowings	2,450,063	1,754,835	2,444,997	—
Senior notes	247,037	247,037	3,406,594	—
Syndicated loans	1,353,094	—	—	—
Trade and other payables excluding receipt in advance	6,248,228	—	—	—
At 31 December 2007				
Bank borrowings	1,339,347	1,988,073	2,150,517	—
Senior notes	270,474	270,474	811,421	3,060,393
Syndicated loans	343,760	—	—	—
Trade and other payables excluding receipt in advance	4,380,375	—	—	—

3 Financial risk management (Continued)

3.2 Capital risk management

The Group's objectives of capital management are to ensure that the Group continues to operate as a going concern. Besides, the Group is able to provide returns for shareholders and benefits for other stakeholders. Accordingly, the Group has maintained an optimal capital structure in order to reduce any unnecessary cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of any returns to shareholders, issue new shares or sell assets to reduce debt.

Consistent with the practices adopted by other similar real estate enterprises in the PRC, the Group monitors its capital structure on a basis of gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including current and non-current borrowings as shown in the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as "equity", as shown in the consolidated balance sheet, plus net debt.

	2008	2007
Total borrowings (including amount due to related parties)	10,072,300	8,026,500
Less: Cash and cash equivalents (note 16)	(3,044,292)	(2,582,513)
Net debt	7,028,008	5,443,987
Total equity attributable to shareholders of the Company	12,915,951	9,014,897
Total capital	19,943,959	14,458,884
Gearing ratio	35.2%	37.7%

3.3 Fair value estimation

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at respective balance sheet date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt. Other techniques, such as estimated discounted cash flows, are used to determine fair value of the remaining financial instruments.

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

Notes to the Consolidated Financial Statements

(All amounts in RMB thousands unless otherwise stated)

4 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Current and deferred income tax

The Group is subject to income taxes in the PRC. Significant judgement is required in determining the amount of the provision for taxation and the timing of payment of the related taxations. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Deferred tax assets relating to certain temporary differences and tax losses are recognised as management considers it is probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. Where the expectation is different from the original estimate, such differences will impact the recognition of deferred assets and income tax expenses in the periods in which such estimate is changed.

As at 31 December 2008, the deferred income tax assets, deferred income tax liabilities and PRC corporate income tax payable amounted to RMB54,898,000, RMB1,023,414,000 and RMB214,427,000, respectively.

(b) Land appreciation taxes

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 amortisation of land use rights, borrowing costs and all property development expenditures.

The subsidiaries of the Group engaging in property development business in the PRC are subject to land appreciation taxes, which have been included in the income tax expenses. However, the implementation of these taxes varies amongst various PRC cities and the Group has not finalised its land appreciation tax returns with various tax authorities. Accordingly, significant judgement is required in determining the amount of land appreciation and its related taxes. The Group recognises these liabilities based on management's best estimates. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax expenses and provisions of land appreciation taxes in the period in which such determination is made.

As at 31 December 2008, the land appreciation tax payable amounted to RMB2,558,976,000.

4 Critical accounting estimates and judgements (Continued)

(c) Provisions for land use rights, properties under development and completed properties held for sale

For the purpose of assessing provision, land use rights, properties under development and completed properties held for sale are grouped at the lowest levels for which there are separately identifiable cash flows. The recoverability of the carrying amounts of land use rights, properties under development and completed properties held for sale was assessed based on their fair values less costs to sell. The fair values are estimated taking into account costs to completion based on past experience and net sales value based on prevailing market conditions. Provision is made when events or changes in circumstances indicate that the carrying amounts may not be recoverable. The assessment requires the use of judgement and estimates.

As at 31 December 2008, no impairment was provided for land use rights, properties under development or completed properties held for sale.

5 Segment information

The Group's business operations are organised into three business segments, namely property development, property management and hotel operations. As less than 10% of the Group's consolidated turnover and results are attributable to the market outside the PRC, and less than 10% of the Group's consolidated assets are located outside the PRC, geographical segment information is not presented.

Analysis of turnover by the Group's business segments for the years ended 31 December 2008 and 2007 is as follows:

	2008	2007
Property development	9,094,026	10,144,847
Property management	203,340	165,301
Hotel operations	28,926	2,176
	9,326,292	10,312,324

Notes to the Consolidated Financial Statements

(All amounts in RMB thousands unless otherwise stated)

5 Segment information (Continued)

Segment results and capital expenditure for the years ended 31 December 2008 and 2007 are as follows:

Year ended 31 December 2008

	Property development	Property management	Hotel operations	Elimination	Group
Gross segment turnover	9,094,026	222,088	28,926	—	9,345,040
Inter-segment turnover	—	(18,748)	—	—	(18,748)
Turnover	9,094,026	203,340	28,926	—	9,326,292
Segment results	6,561,161	(16,810)	(7,431)	—	6,536,920
Finance income (note 29)					92,437
Profit before income tax					6,629,357
Income tax expenses (note 30)					(1,171,919)
Profit for the year					5,457,438
Segment assets	34,821,559	137,486	42,622	(126,699)	34,874,968
Unallocated assets					102,809
Total assets					34,977,777
Segment liabilities	7,211,202	191,960	41,298	(126,699)	7,317,761
Unallocated liabilities					13,865,390
Total liabilities					21,183,151
Capital expenditure	143,639	4,748	27,053	—	175,440
Depreciation	21,226	6,631	1,027	—	28,884
Amortisation of land use rights and intangible assets	217,163	4	1,494	—	218,661

Segment assets and liabilities are reconciled to total assets and liabilities as follows:

	Assets	Liabilities
Segment assets/liabilities	34,874,968	7,317,761
Unallocated:		
Deferred income taxes	54,898	1,023,414
Prepaid income taxes	47,911	—
Current income taxes	—	2,773,403
Current borrowings	—	3,509,518
Non-current borrowings	—	6,559,055
Total	34,977,777	21,183,151

5 Segment information (Continued)

Year ended 31 December 2007

	Property development	Property management	Hotel operations	Elimination	Group
Gross segment turnover	10,144,847	187,395	2,176	—	10,334,418
Inter-segment turnover	—	(22,094)	—	—	(22,094)
Turnover	10,144,847	165,301	2,176	—	10,312,324
Segment results	4,523,099	969	(6,338)	—	4,517,730
Finance costs (note 29)					(63,216)
Profit before income tax					4,454,514
Income tax expenses (note 30)					(2,343,729)
Profit for the year					2,110,785
Segment assets	28,641,435	116,490	4,155	(89,277)	28,672,803
Unallocated assets					33,100
Total assets					28,705,903
Segment liabilities	8,354,899	152,348	10,494	(89,277)	8,428,464
Unallocated liabilities					11,243,734
Total liabilities					19,672,198
Capital expenditure	53,322	3,287	—	—	56,609
Depreciation	13,002	6,534	—	—	19,536
Amortisation of land use rights and intangible assets	122,221	20	—	—	122,241

Segment assets and liabilities are reconciled to total assets and liabilities as follows:

	Assets	Liabilities
Segment assets/liabilities	28,672,803	8,428,464
Unallocated:		
Deferred income taxes	33,100	833,298
Current income taxes	—	2,388,025
Current borrowings	—	1,375,100
Non-current borrowings	—	6,647,311
Total	28,705,903	19,672,198

Notes to the Consolidated Financial Statements

(All amounts in RMB thousands unless otherwise stated)

5 Segment information (Continued)

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

Pricing policy for inter-segment transactions is determined by reference to market price.

During the year ended 31 December 2007, hotel operations were not identified as a separate segment. However, with the development of hotel business in 2008, management has designated hotel operations as a separate segment. In addition, the management has chosen not to report decoration services as a separate segment in 2008 as it does not generate any external revenue. Comparative information of 2007 have been restated for consistency of disclosure of 2008.

Segment assets consist primarily of property and equipment, land use rights, properties under development, completed properties held for sale, receivables and cash balances. Unallocated assets comprises deferred tax assets and prepaid taxes.

Segment liabilities comprise operating liabilities. Unallocated liabilities comprise items such as taxation and borrowings.

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

6 Property, plant and equipment — Group

	Buildings	Motor vehicles	Office equipment	Machinery	Total
At 1 January 2007					
Cost	29,361	78,136	25,597	16,139	149,233
Accumulated depreciation	(946)	(35,062)	(11,021)	(9,267)	(56,296)
Net book amount	28,415	43,074	14,576	6,872	92,937
Year ended 31 December 2007					
Opening net book amount	28,415	43,074	14,576	6,872	92,937
Acquisition of subsidiaries	—	494	352	—	846
Additions	8,947	23,789	15,435	6,282	54,453
Disposals	—	(592)	(183)	(127)	(902)
Depreciation (note 26)	(1,323)	(12,958)	(850)	(4,405)	(19,536)
Closing net book amount	36,039	53,807	29,330	8,622	127,798
At 31 December 2007					
Cost	38,308	101,185	40,666	21,980	202,139
Accumulated depreciation	(2,269)	(47,378)	(11,336)	(13,358)	(74,341)
Net book amount	36,039	53,807	29,330	8,622	127,798
Year ended 31 December 2008					
Opening net book amount	36,039	53,807	29,330	8,622	127,798
Acquisition of subsidiaries (note 37)	—	—	577	—	577
Transfer from properties under development	101,305	—	—	—	101,305
Additions	21,235	22,616	12,748	7,517	64,116
Disposals	—	(3,428)	(554)	(117)	(4,099)
Depreciation (note 26)	(4,561)	(13,604)	(6,000)	(4,719)	(28,884)
Closing net book amount	154,018	59,391	36,101	11,303	260,813
At 31 December 2008					
Cost	160,848	114,142	52,656	29,236	356,882
Accumulated depreciation	(6,830)	(54,751)	(16,555)	(17,933)	(96,069)
Net book amount	154,018	59,391	36,101	11,303	260,813

Notes to the Consolidated Financial Statements

(All amounts in RMB thousands unless otherwise stated)

6 Property, plant and equipment — Group (Continued)

Depreciation expenses were charged to the following categories in the consolidated income statement:

	2008	2007
Cost of sales	9,574	6,848
Selling and marketing costs	2,809	3,067
Administrative expenses	16,501	9,621
	28,884	19,536

7 Land use rights — Group

	2008	2007
Opening	8,968,974	4,965,376
Acquisition of subsidiaries (note 37)	1,802,994	697,393
Additions (note (a))	3,709,446	4,206,029
Amortisation		
— Capitalised in properties under development	(121,705)	(45,847)
— Recognised as expenses (note 26)	(95,080)	(75,557)
Transfer to cost of sales	(1,499,503)	(778,420)
	12,765,126	8,968,974
Amounts to be realised within one normal operating cycle included under current assets	(5,797,924)	(3,584,556)
	6,967,202	5,384,418
Outside Hong Kong, held on leases of:		
Over 50 years	9,484,372	8,717,817
Between 10 to 50 years	3,280,754	251,157
	12,765,126	8,968,974

Note:

(a) During the year ended 31 December 2008, additions of land use rights of RMB2,641,852,000 were transferred from prepayments for acquisition of land use rights.

Land use rights comprise cost of acquiring rights to use certain land, which are all located in the PRC, mainly for property development over fixed periods. Cost of prepaid lease for land use rights is amortised on a straight-line basis over the unexpired period of the rights and the remaining carrying amount is recognised as cost of sales when the relevant properties are sold.

As at 31 December 2008, land use rights of RMB1,744,908,000 (2007: RMB956,168,000) were pledged as collateral for the Group's borrowings.

8 Intangible assets — Group

Intangible assets mainly comprised acquired computer software licenses:

	2008	2007
Opening net book amount	3,152	2,679
Additions	9,442	1,310
Amortisation (note 26)	(1,876)	(837)
Closing net book amount	10,718	3,152
Cost	14,747	5,305
Accumulated amortisation	(4,029)	(2,153)
Net book amount	10,718	3,152

9 Prepayment for acquisition of a non-current assets

Amounts represent prepayment for acquisition of a hotel building from Zhongshan Agile Hotel Company Limited, a company controlled by the Directors of the Company. The acquisition was not yet completed as at 31 December 2008.

Notes to the Consolidated Financial Statements

(All amounts in RMB thousands unless otherwise stated)

10 Financial instruments by category

The accounting policies for financial instruments have been applied to the line items below:

Group

Assets as per consolidated balance sheet	Loans and receivables
31 December 2008	
Trade and other receivables from third parties and related parties	1,444,136
Restricted cash	2,208,171
Cash and cash equivalents	3,044,292
Total	6,696,599
31 December 2007	
Trade and other receivables from third parties and related parties	1,032,095
Restricted cash	1,362,945
Cash and cash equivalents	2,582,513
Total	4,977,553

Liabilities as per consolidated balance sheet	Other financial liabilities
31 December 2008	
Borrowings	10,068,573
Trade and other payables excluding receipt in advance	6,248,228
Total	16,316,801
31 December 2007	
Borrowings	8,022,411
Trade and other payables excluding receipt in advance	4,380,375
Total	12,402,786

10 Financial instruments by category (Continued)

Company

Assets as per balance sheet	Loans and receivables
31 December 2008	
Receivables from subsidiaries and third parties	14,477,487
Restricted cash	1,057,474
Cash and cash equivalents	602,870
Total	16,137,831
31 December 2007	
Receivables from subsidiaries and third parties	10,626,425
Restricted cash	778,675
Cash and cash equivalents	1,140,307
Total	12,545,407
Liabilities as per balance sheet	Other financial liabilities
31 December 2008	
Borrowings	4,022,213
Amounts due to subsidiaries	3,058,106
Other payable due to a third party and accruals	1,251,830
Total	8,332,149
31 December 2007	
Borrowings	3,193,991
Amounts due to subsidiaries	2,420,283
Other payables	81,232
Total	5,695,506

Notes to the Consolidated Financial Statements

(All amounts in RMB thousands unless otherwise stated)

11 Properties under development — Group

	2008	2007
Properties under development comprises:		
Construction costs and capitalised expenditures	7,784,886	4,438,172
Interests capitalised		
Opening balance	223,427	79,482
Additions (note 29)	568,865	265,140
Transfer to cost of sales	(195,082)	(70,390)
Transfer to properties held for sale	(129,793)	(50,805)
Closing balance	467,417	223,427
	8,252,303	4,661,599

All properties under development are located in the PRC.

As at 31 December 2008 and 2007, no properties under development were pledged as collateral for the Group's borrowings.

The capitalisation rate of borrowings is 7.59% for the year ended 31 December 2008 (2007: 6.98%).

12 Completed properties held for sale — Group

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

As at 31 December 2008, completed properties held for sale of approximately RMB39,364,000 (2007: RMB39,314,000) were pledged as collateral for the Group's bank borrowings.

13 Prepayments for acquisition of land use rights

Amounts represent up-front payments for acquiring land use rights for property development. The amounts will be transferred to land use rights in the balance sheet when the Group obtains contractual usage rights of the land.

14 Trade and other receivables

	Group		Company	
	2008	2007	2008	2007
Trade receivables (note (a))	881,373	799,332	—	—
Other receivables due from:				
— Subsidiaries	—	—	14,476,898	10,598,333
— Related parties (note 38 (c))	141	150	—	—
— Third parties	562,622	232,613	589	28,092
Prepayments	34,399	24,785	2,178	332
	1,478,535	1,056,880	14,479,665	10,626,757

As at 31 December 2008, the fair value of trade and other receivables approximated their carrying amounts.

Note:

(a) Trade receivables mainly arose from sale of properties. Considerations in respect of properties sold are paid in accordance with the terms of the related sales and purchase agreements. At 31 December 2008 and 2007, the ageing analysis of the trade receivables is as follows:

	Group	
	2008	2007
Within 90 days	806,503	782,384
Over 90 days and within 365 days	74,870	16,948
	881,373	799,332

As at 31 December 2008, accounts receivable of RMB61,915,000 (2007: RMB111,207,000) were past due but not impaired. These relate to a number of independent customers who did not have a recent history of default. The ageing analysis of these trade receivables is as follows:

	Group	
	2008	2007
Within 90 days	—	94,259
Over 90 days and within 365 days	61,915	16,948
	61,915	111,207

Notes to the Consolidated Financial Statements

(All amounts in RMB thousands unless otherwise stated)

15 Restricted cash

	Group		Company	
	2008	2007	2008	2007
Guarantee deposits for mortgage loans (note (a))	26,965	30,608	—	—
Guarantee deposits for construction of pre-sale properties (note (b))	1,072,937	472,211	—	—
Deposits for accident compensation (note (c))	50,795	81,451	—	—
Collateral for borrowings (note (d))	1,057,474	778,675	1,057,474	778,675
	2,208,171	1,362,945	1,057,474	778,675

Notes:

- (a) *The amount represents cash deposited in certain banks as guarantee deposits for the benefit of mortgage loan facilities granted by the banks to the purchasers of the Group's properties.*
- (b) *In accordance with relevant documents issued by local State-Owned Land and Resource Bureau, certain property development companies of the Group are required to place certain amount of proceeds from pre-sales of properties at designated bank accounts as guarantee deposits for constructions of related properties. The deposits can only be used for purchase of construction materials and payments of construction fee of the relevant property projects when approval from local State-Owned Land and Resource Bureau is obtained. Such guarantee deposits will only be released after completion of construction of related pre-sold properties or issuance of the real estate ownership certificate.*
- (c) *In accordance with regulation issued by local government in 2005, certain property development companies of the Group are required to maintain certain amount of cash at designated bank accounts solely for medical expenses and compensations to the workers carrying out construction projects.*
- (d) *The amount represents bank deposits pledged as collateral for the Group's borrowings (note 19). Such guarantee will be released after the repayment of the relevant borrowings.*

16 Cash and cash equivalents

	Group		Company	
	2008	2007	2008	2007
Cash and cash equivalent comprises the following:				
Cash at bank and in hand	2,945,508	2,396,657	504,086	1,063,212
Short-term bank deposits	96,925	183,818	96,925	75,057
Highly liquid investment	1,859	2,038	1,859	2,038
	3,044,292	2,582,513	602,870	1,140,307
Denominated in RMB (note (a))	2,083,081	948,651	—	—
Denominated in other currencies	961,211	1,633,862	602,870	1,140,307
	3,044,292	2,582,513	602,870	1,140,307

Note:

(a) The conversion of RMB 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 regulation of foreign exchange control promulgated by the PRC government.

17 Share capital and premium

	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					
At 31 December 2007 and 2008	10,000,000,000	1,000,000	1,040,300	—	1,040,300
Movements were:					
Issued and fully paid					
At 1 January 2007 and 2008	3,745,660,000	374,566	389,135	4,713,087	5,102,222
Repurchase of shares of the Company (note (a))	(65,828,000)	(6,583)	(5,777)	(159,391)	(165,168)
At 31 December 2008	3,679,832,000	367,983	383,358	4,553,696	4,937,054

Note:

(a) During the year ended 31 December 2008, the Company has acquired 65,828,000 of its own shares through purchases on the Stock Exchange. The total amount of approximately RMB165,168,000 paid has been deducted from share capital and premium.

Notes to the Consolidated Financial Statements

(All amounts in RMB thousands unless otherwise stated)

18 Other reserves

Group

	Merger reserve (note (a))	Statutory reserve and enterprise expansion fund (note (b))	Total
Balance at 1 January 2007	442,395	112,330	554,725
Transfer from retained earnings	—	129,337	129,337
Balance at 31 December 2007	442,395	241,667	684,062
Balance at 1 January 2008 and 31 December 2008	442,395	241,667	684,062

Notes:

- (a) Merger reserve of the Group represents the difference between the share capital of subsidiaries acquired pursuant to a group reorganisation undertaken for listing of Company on the mainboard of the Stock Exchange over the nominal value of the shares of the Company issued in exchange.
- (b) Pursuant to the relevant rules and regulation concerning foreign investment enterprise established in the PRC and the articles of association of certain PRC subsidiaries of the Group, the subsidiaries are required to transfer an amount of their profit after taxation to the statutory reserve fund, until the accumulated total of the fund reaches 50% of their registered capital. The statutory reserve fund may be distributed to equity holders in the form of bonus issue.

The appropriation to the enterprise expansion fund is solely determined by the board of directors of the subsidiaries.

Company

Other reserves of the Company represent the difference between the cost of investments in subsidiaries acquired pursuant to the Group's reorganisation over the nominal value of the shares of the Company issued in exchange.

19 Borrowings

	Group		Company	
	2008	2007	2008	2007
Borrowings included in non-current liabilities:				
Senior notes (note (a))	2,673,385	2,851,641	2,673,385	2,851,641
Bank borrowings				
— secured (note (c))	3,792,170	2,417,420	—	—
— unsecured	1,365,000	1,561,000	—	—
Less: current portion of long-term borrowings	(1,271,500)	(182,750)	—	—
	6,559,055	6,647,311	2,673,385	2,851,641
Borrowings included in current liabilities:				
Bank borrowings				
— secured (note (c))	880,000	800,000	—	—
— unsecured	9,190	50,000	—	—
Short-term syndicated loans — unsecured (note (b))	1,348,828	342,350	1,348,828	342,350
Current portion of long-term borrowings	1,271,500	182,750	—	—
	3,509,518	1,375,100	1,348,828	342,350
Total borrowings	10,068,573	8,022,411	4,022,213	3,193,991

Notes:

(a) *The senior notes recognised in the balance sheet are calculated as follows:*

	2008	2007
Carrying amount as at 1 January	2,851,641	3,045,442
Amortisation of issue costs (note 29)	9,744	8,879
Exchange gain	(188,000)	(202,680)
Carrying amount as at 31 December	2,673,385	2,851,641

The senior notes are denominated in US\$ and matured on 22 September 2013. As at 31 December 2008, the senior notes are jointly guaranteed by certain subsidiaries of the Group, and are secured by pledges of the shares of these subsidiaries. The net assets of these subsidiaries were approximately RMB1,038,946,000 as at 31 December 2008 (2007: RMB963,923,000).

Notes to the Consolidated Financial Statements

(All amounts in RMB thousands unless otherwise stated)

19 Borrowings (Continued)

Notes: (Continued)

- (b) The Company has entered into a revolving credit facility agreement with a group of banks and financial institutions pursuant to which a revolving loan facility of US\$200,000,000 has been granted to the Company which will expire on 27 June 2010. The facility is jointly guaranteed by certain subsidiaries of the Group. As at 31 December 2008, the loans drawn down by the Company amounted to HK\$1,529,457,000 (equivalent to US\$197,353,000).
- (c) As at 31 December 2008, the Group's bank borrowings of RMB4,672,170,000 (2007: RMB3,217,420,000) are secured by its land use rights, properties and bank deposits.

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

	6 months or less	6–12 months	1–5 years	Over 5 years
Borrowings included in non-current liabilities:				
At 31 December 2008	215,000	3,670,670	2,673,385	—
At 31 December 2007	565,000	3,230,670	—	2,851,641
Borrowings included in current liabilities:				
At 31 December 2008	2,282,518	1,227,000	—	—
At 31 December 2007	1,213,850	161,250	—	—

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

	Bank borrowings		Senior notes		Total	
	2008	2007	2008	2007	2008	2007
Between 1 and 2 years	1,552,670	1,795,000	—	—	1,552,670	1,795,000
Between 2 and 5 years	2,333,000	2,000,670	2,673,385	—	5,006,385	2,000,670
Over 5 years	—	—	—	2,851,641	—	2,851,641
	3,885,670	3,795,670	2,673,385	2,851,641	6,559,055	6,647,311

19 Borrowings (Continued)

The carrying amounts of the borrowings are denominated in the following currencies with the respective effective interest rates:

	2008		2007	
	RMB'000	Effective interest rate	RMB'000	Effective interest rate
Bank borrowings — RMB	6,046,360	6.90%	4,828,420	6.04%
Senior notes — US\$	2,673,385	9.51%	2,851,641	9.51%
Syndicated loans — HK\$	1,348,828	3.69%	342,350	5.98%
	10,068,573		8,022,411	

The carrying amounts and fair value of the non-current borrowings are as follows:

	2008		2007	
	Carrying amount	Fair value	Carrying amount	Fair value
Bank borrowings (note (a))	3,885,670	3,885,670	3,795,670	3,795,670
Senior notes (note (b))	2,673,385	1,503,612	2,851,641	2,761,139
	6,559,055	5,389,282	6,647,311	6,556,809

Notes:

(a) The fair values of non-current bank borrowings equal their carrying amount as all such borrowings are with floating interest rate.

(b) The fair values of senior notes are determined directly by references to the price quotations published by Singapore Exchange Limited on 31 December 2008, the last dealing date of 2008.

The carrying amounts of short-term borrowings approximate their fair values.

The Group has the following undrawn borrowing facilities:

	2008	2007
Floating rate		
— expiring beyond one year	305,000	1,681,054

Notes to the Consolidated Financial Statements

(All amounts in RMB thousands unless otherwise stated)

20 Deferred income tax — Group

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. As at 31 December 2008, the Group did not have such offset amount (2007: nil) and the amounts shown in the consolidated balance sheet are as follows:

	2008	2007
Deferred income tax assets to be recovered within 12 months	54,898	33,100
Deferred income tax liabilities to be payable after more than 12 months	(1,023,414)	(833,298)

The net movement on the deferred income tax account is as follows:

	2008	2007
Beginning of the year	(800,198)	(550,055)
Credited/(charged) to consolidated income statement (note 30)	184,913	(174,584)
Acquisition of subsidiaries (note 37)	(353,231)	(75,559)
End of the year	(968,516)	(800,198)

The movements in deferred tax assets and liabilities during the year were as follows:

	Deferred tax assets — tax losses	Deferred tax liabilities — temporary difference on recognition of sales and related cost of sales	Net movement
At 1 January 2007	29,417	(579,472)	(550,055)
Credited/(charged) to the consolidated income statement	3,683	(178,267)	(174,584)
Acquisition of subsidiaries	—	(75,559)	(75,559)
At 31 December 2007	33,100	(833,298)	(800,198)
Credited to the consolidated income statement	21,798	163,115	184,913
Acquisition of a subsidiary (note 37)	—	(353,231)	(353,231)
At 31 December 2008	54,898	(1,023,414)	(968,516)

20 Deferred income tax — Group (Continued)

Deferred income tax assets are recognised for tax losses carry-forwards to the extent that the realisation of the related benefit through the future taxable profits is probable. Losses amounting to approximately RMB4,589,000, RMB2,468,000, RMB14,220,000, RMB 57,025,000 and RMB166,793,000 will expire in 2009, 2010, 2011, 2012 and 2013 respectively.

Deferred income tax liabilities arose as a result of differences in timing of recognising certain revenues, costs and expenses between the tax based financial statements and the HKFRS financial statements. This constitutes temporary differences, being the differences between the carrying amount of the assets or liabilities in the consolidated balance sheets and its tax bases in accordance with HKAS 12.

21 Trade and other payables

	Group		Company	
	2008	2007	2008	2007
Trade payables (note (a))	3,989,419	3,647,572	—	—
Other payables due to:				
— Subsidiaries	—	—	3,058,106	2,420,283
— Related parties (note 38 (c))	3,727	4,089	—	—
— Third parties	1,916,202	4,010,765	1,164,922	1,203,956
Advances from customers	1,069,533	440,226	—	—
Staff welfare benefit payable	12,435	7,765	—	—
Accruals	173,768	142,780	86,908	81,232
Other taxes payable	152,677	175,267	—	—
	7,317,761	8,428,464	4,309,936	3,705,471

Note:

(a) The ageing analysis of trade payables of the Group as at 31 December 2008 and 2007 is as follows:

	Group	
	2008	2007
Within 90 days	3,403,381	3,003,691
Over 90 days and within 180 days	151,072	162,411
Over 180 days and within 365 days	290,569	317,223
Over 365 days	144,397	164,247
	3,989,419	3,647,572

Notes to the Consolidated Financial Statements

(All amounts in RMB thousands unless otherwise stated)

22 Current income tax liabilities

Current income tax liabilities are analysed as follows:

	Group	
	2008	2007
Income tax payables		
— PRC corporate income tax payables	214,427	310,637
— PRC land appreciation tax payables	2,558,976	2,077,388
	2,773,403	2,388,025

23 Other gains

	2008	2007
Gain on partial disposal of a subsidiary (note (a))	4,144,639	—
Gain on acquisition of minority interests of subsidiaries (note (b))	11,722	—
Interest income	44,055	101,777
Forfeited deposits from customers	13,893	7,213
Rental income	16,039	10,439
Miscellaneous	7,608	20,607
	4,237,956	140,036

Notes:

- (a) On 27 June 2008, the Group entered into a subscription agreement with an independent third party, whereby the independent third party acquired 30% equity interests of a subsidiary of the Group. As at 31 December 2008, the Group has received the whole consideration of approximately US\$733,340,000. This partial disposal of a subsidiary has resulted in a gain of approximately RMB4,144,639,000 to the Group.
- (b) During the year ended 31 December 2008, the Group has acquired the minority interests of two subsidiaries at considerations totaling RMB3,600,000 and recognised a gain of approximately RMB11,722,000 from the acquisitions.

24 Other expenses

Amounts include the charitable donations of approximately RMB108,698,000 made by the Group.

25 Exchange gain/(losses), net

Exchange gain or loss are mainly resulted from transfer of foreign currency bank deposits to RMB bank accounts of the Group's PRC subsidiaries, translation at period-end exchange rate of foreign currency denominated bank deposits and monetary liabilities except for the senior notes and syndicated loans which are included in the finance costs (note 29) as a result of appreciation of RMB during the year ended 31 December 2008.

26 Expenses by nature

	2008	2007
Employee benefit expense — excluding directors' emoluments (note 27)	426,814	278,636
Auditors' remuneration	6,401	5,311
Advertising costs	385,148	267,858
Depreciation (note 6)	28,884	19,536
Amortisation of intangible assets (note 8)	1,876	837
Amortisation of land use rights (note 7)	95,080	75,557
Cost of construction	9,198,800	7,167,119
Change in properties under development and completed properties held for sale	(4,053,924)	(2,782,472)
Business taxes and other levies on sales of properties (note (a))	454,390	507,489
Cost of properties management	115,697	89,894
Commission fee	19,791	22,138

Note:

(a) The Group is subject to business taxes of 5% and other levies on their revenues from sales of properties in the PRC.

Notes to the Consolidated Financial Statements

(All amounts in RMB thousands unless otherwise stated)

27 Employee benefit expense — excluding directors' emoluments

	2008	2007
Wages and salaries	376,970	254,132
Pension costs — statutory pension (note (a))	20,161	8,908
Staff welfare	8,427	3,387
Medical benefits	6,742	2,908
Other allowances and benefits	14,514	9,301
	426,814	278,636

Note:

- (a) Employees in the Group's PRC subsidiaries are required to participate in a defined contribution retirement scheme administrated and operated by the local municipal government. The Group's PRC subsidiaries contribute funds which are calculated on certain percentage of the average employee salary as agreed by local municipal government to the scheme to fund the retirement benefits of the employees.

The gross retirement scheme contributions for the employees, which have been charged in the consolidated income statement of the Group, amounted to RMB20,161,000 (2007: RMB8,908,000).

28 Directors' and senior management's emoluments

(a) Directors' emoluments

The emoluments of every director of the Company for the year ended 31 December 2008 are set out below:

	Fees	Salary	Contribution to pension scheme	Total
Mr. Chen Zhuo Lin	—	3,926	11	3,937
Mr. Chan Cheuk Yin	—	3,359	11	3,370
Ms. Luk Sin Fong, Fion	—	3,359	11	3,370
Mr. Chan Cheuk Hung	—	2,793	11	2,804
Mr. Chan Cheuk Hei	—	2,793	11	2,804
Mr. Chan Cheuk Nam	—	2,793	11	2,804
Dr. Cheng Hon Kwan (*)	256	—	—	256
Mr. Kwong Che Keung, Gordon (*)	256	—	—	256
Mr. Cheung Wing Yui (*)	256	—	—	256
	768	19,023	66	19,857

The emoluments of every director of the Company for the year ended 31 December 2007 are set out below:

	Fees	Salary	Contribution to pension scheme	Total
Mr. Chen Zhuo Lin	—	3,984	11	3,995
Mr. Chan Cheuk Yin	—	3,413	11	3,424
Ms. Luk Sin Fong, Fion	—	3,413	11	3,424
Mr. Chan Cheuk Hung	—	2,842	11	2,853
Mr. Chan Cheuk Hei	—	2,842	11	2,853
Mr. Chan Cheuk Nam	—	2,842	11	2,853
Dr. Cheng Hon Kwan (*)	246	—	—	246
Mr. Kwong Che Keung, Gordon (*)	246	—	—	246
Mr. Cheung Wing Yui (*)	246	—	—	246
	738	19,336	66	20,140

* Dr. Cheng Hon Kwan, Mr. Kwong Che Keung, Gordon and Mr. Cheung Wing Yui are independent non-executive directors of the Company.

Notes to the Consolidated Financial Statements

(All amounts in RMB thousands unless otherwise stated)

28 Directors' and senior management's emoluments (Continued)

(b) Five highest paid individuals

During the year ended 31 December 2008, none of the five highest paid individuals is director of the Company (2007: nil). The aggregate amounts of emoluments of the five highest paid individuals for the year are set out below:

	2008	2007
Salaries and bonuses	26,490	21,000

The emoluments fell within the following bands:

	Number of individuals	
	2008	2007
Emolument bands		
RMB4,000,000–RMB4,500,000	—	5
RMB5,000,000–RMB5,500,000	4	—
RMB5,500,001–RMB6,000,000	1	—

- (c) During the years ended 31 December 2008 and 2007, no emolument was paid by the Group to any of the above directors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of offices.

29 Finance income/(costs)

	2008	2007
Interest expenses of senior notes	(248,186)	(271,459)
Interest on bank borrowings	(458,061)	(250,698)
Amortisation of issue costs of senior notes (note 19)	(9,744)	(8,879)
Less: interest capitalised (note 11)	568,865	265,140
	(147,126)	(265,896)
Exchange gain of senior notes and syndicated loans	239,563	202,680
	92,437	(63,216)

30 Income tax expenses

	2008	2007
Current income tax		
— Hong Kong profits tax	—	18
— PRC corporate income tax	649,061	837,071
PRC land appreciation tax	707,771	1,332,056
Deferred income tax		
— PRC corporate income tax	(184,913)	174,584
	1,171,919	2,343,729

The PRC corporate income tax on the Group's profit before taxation differs from the theoretical amount that would arise using the enacted tax rate of the home country of the Group companies as follows:

	2008	2007
Profit before PRC corporate income tax	6,629,357	4,454,514
Tax calculated at tax rates applicable to profits in the respective entities of the Group	1,657,339	1,488,790
Effect of		
— Income not subject to PRC corporate income tax (note (a))	(1,046,229)	(26,725)
— Expense not deductible for income tax (note (b))	29,981	20,490
— Impact of new PRC corporate income tax regulation on deferred tax	—	(31,303)
— PRC land appreciation tax deductible for calculation of income tax purposes	(176,943)	(439,579)
PRC corporate income tax	464,148	1,011,673
PRC land appreciation tax	707,771	1,332,056
	1,171,919	2,343,729

Notes:

- (a) *Income not subject to income tax mainly comprises gain on partial disposal of a subsidiary and the bank interest income of the Company.*
- (b) *Expense not deductible for income tax mainly comprises donations made to non-official commonweal organizations and interest expenses for senior notes and syndicated loans.*

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(All amounts in RMB thousands unless otherwise stated)

30 Income tax expenses (Continued)

PRC land appreciation tax

PRC land appreciation tax is levied at progressive rate 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.

PRC corporate income tax

PRC corporate income tax is provided for on 25% of the profit for the PRC statutory financial reporting purpose, adjusted for those items, which are not assessable or deductible for the PRC corporate income tax purpose.

31 Retained earnings of the Company

	2008	2007
As at 1 January	565,063	272,737
Profit for the year	3,727,434	749,784
Dividends	(1,400,683)	(457,458)
As at 31 December	2,891,814	565,063
Representing		
— Proposed final dividend	206,756	514,058
— Retained earnings	2,685,058	51,005

32 Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to shareholders of the Company by the weighted average number of ordinary shares in issue during the year.

	2008	2007
Profit attributable to shareholders of the Company	5,466,905	2,102,824
Weighted average number of ordinary shares in issue (thousands)	3,732,914	3,745,660
Basic earnings per share (RMB per share)	1.465	0.561

Diluted earnings per share is equal to basic earnings per share as there were no potential dilutive shares in issue during the years ended 31 December 2008 and 2007.

33 Dividends

	2008	2007
Interim dividend of HK\$0.271 per share (2007: HK\$0.055) (note (a))	886,625	199,007
Proposed final dividend of HK\$0.064 (2007: HK\$ 0.153) per ordinary share (note (b))	206,756	514,058
	1,093,381	713,065

Notes:

- (a) An interim dividend in respect of six months ended 30 June 2008 of HK\$0.271 per ordinary share totaling HK\$1,013,286,000 (equivalent to RMB\$6,625,000) was declared in the Board meeting on 10 September 2008.
- (b) A final dividend in respect of 2007 of HK\$0.153 per share totaling HK\$573,086,000 (equivalent to RMB\$14,058,000) was declared at the Annual General Meeting on 5 June 2008.

A final dividend in respect of 2008 of HK\$0.064 per share totaling HK\$234,417,000 (equivalent to RMB206,756,000) is to be approved by the Shareholders at the Annual General Meeting on 3 June 2009. These financial statements do not reflect this dividend payable.

34 Cash generated from operations

	2008	2007
Net profit	5,457,438	2,110,785
Adjustment for:		
Taxation (note 30)	1,171,919	2,343,729
Interest income (note 23)	(44,055)	(101,777)
Finance (income)/costs (note 29)	(92,437)	63,216
Depreciation (note 6)	28,884	19,536
Amortisation of intangible assets (note 8)	1,876	837
Loss of disposal of property, plant and equipment	4,099	902
Net exchange (gain)/losses	(64,777)	70,506
Gain on partial disposal of a subsidiary (note 23 (a))	(4,144,639)	—
Gain on acquisition of minority interest of subsidiaries (note 23 (b))	(11,722)	—
Changes in working capital:		
Property under development and completed properties held for sales	(3,248,146)	(2,402,579)
Land use rights	(1,993,158)	(3,306,205)
Prepayments for acquisition of land use rights	1,637,683	(3,620,942)
Restricted cash	(566,427)	(280,659)
Trade and other receivables	(83,314)	(461,779)
Trade and other payables	1,081,111	1,698,858
Cash used in operations	(865,665)	(3,865,572)

Notes to the Consolidated Financial Statements

(All amounts in RMB thousands unless otherwise stated)

35 Contingencies — Group

(a) Financial guarantee provided in respect of mortgage facilities for property purchasers

The Group has in cooperation with certain financial institutions arranged mortgage loan facility for its purchasers of property and provided guarantees to secure obligations of such purchasers for repayments. As at 31 December 2008, the outstanding guarantees amounted to RMB6,021,461,000 (2007: RMB6,544,723,000). Such guarantees terminate upon the earlier of (i) issuance of the real estate ownership certificate which will generally be available within one year after the purchasers take possession of the relevant property; and (ii) the satisfaction of relevant mortgage loan by purchasers.

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 any 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. The Group's guarantee starts from the dates the mortgagees grant the mortgage loans. No provision has been made for the guarantees as the net realisable value of the related properties can cover the repayment of the outstanding mortgage principals together with the accrued interest and penalty in case of any default in payments.

(b) Dispute in relation to a cooperation framework agreement

On 29 November 2007, the Company and its subsidiaries, Ma Lee International Holdings Limited and Huizhou Bailuhu Tour Enterprise Development Company Limited (“Huizhou Bailuhu”), entered into a framework agreement with Aetos Capital Asia TE II, Ltd., Aetos Capital Asia II, Ltd. and ACA II Co-Investment Fund, LP (collectively “Aetos”), who are independent third parties to the Group, to dispose of 25% of the Group's equity interests in Huizhou Bailuhu to Aetos at a consideration of approximately RMB1.2 billion. In December 2007, the Group has received an amount of US\$164,089,000 (equivalent to RMB1.2 billion) from Aetos, being the deposit for entering into the framework agreement. The deposit was recorded under the trade and other payables in the consolidated balance sheet.

On 10 October 2008, the Group received a purported notice of termination of the framework agreement from Aetos, which demanded the Group to refund the paid deposit together with interest accrued thereon on the ground that the Group could not finalise a sales and purchase agreement in relation to the said disposal of equity interests in Huizhou Bailuhu by 30 June 2008, as stipulated in the framework agreement. In accordance with the liquidated damages provisions in the framework agreement, the interest rate on the received deposits is 8% per annum for the period from date of receipt of deposits to 30 June 2008 and 20% per annum for the period after 30 June 2008.

35 Contingencies — Group (Continued)

(b) Dispute in relation to a cooperation framework agreement (Continued)

The Group considers that Aetos have no grounds for terminating the framework agreement and that Aetos have no right to claim a return of the deposit and interest. In view of the dispute set out above, the mechanism for dispute resolution under the framework agreement was invoked by the Company and arbitration proceedings were commenced by the Company against Aetos on 24 December 2008. As at the date of approval of these financial statements, the result of the dispute resolution process is not yet known. The deposit received is recorded under trade and other payables and no interests have been provided for in these financial statements. Should the Company not succeed in the arbitration, the Company may be required to return the deposit and pay interest to Aetos. In this regard, the amount of the interest will be one of the issues to be resolved in the arbitration.

36 Commitments — Group

(a) Operating leases commitments

The future aggregate minimum lease payments under non-cancelable operating leases are as follows:

	2008	2007
Property, plant and equipment:		
— Not later than one year	5,380	4,780
— Later than one year and not later than five years	2,997	4,892
— Later than five years	—	18
	8,377	9,690

	2008	2007
Lease of areas adjacent to the property development projects:		
— Not later than one year	400	400
— Later than one year and not later than five years	1,600	1,600
— Later than five years	36,100	36,500
	38,100	38,500

(b) Commitments for property development expenditures

	2008	2007
Contracted but not provided for		
— Property development activities	3,895,490	2,480,425
— Acquisition of land use rights and other assets	379,484	1,785,476
	4,274,974	4,265,901

Notes to the Consolidated Financial Statements

(All amounts in RMB thousands unless otherwise stated)

37 Business combination — Group

Pursuant to the agreements entered into between Clear Fortune Investments Limited (晴福投資有限公司), a wholly-owned subsidiary of the Company, and two independent third parties on 8 March 2007, the Group effectively acquired 100% equity interest in Zhongshan Yafeng Trading Investments Limited (中山市雅豐貿易投資有限公司) (“Zhongshan Yafeng”) on 29 February 2008.

The principal business operation of Zhongshan Yafeng is investment holding. Zhongshan Yafeng holds 100% equity interest in Shanghai Jinchang Real Estate Development Limited (上海金昌房地產開發有限公司) (“Shanghai Jinchang”) whose principal business activities include property development, property management and property lease in Shanghai.

There was no income contributed to the Group by Zhongshan Yafeng and Shanghai Jinchang during the period from 29 February 2008 to 31 December 2008 as the property was still under construction as at 31 December 2008.

	RMB'000
Total consideration per contract	1,977,290
Less: fair value of net assets acquired	(1,977,290)
Goodwill	—

	Acquiree's book value	Fair value
Cash and cash equivalents	272,386	272,386
Property, plant and equipment	577	577
Prepayment and other receivables	338,350	338,350
Land use rights	390,069	1,802,994
Properties under development	298,218	298,218
Bank loans	(220,000)	(220,000)
Other payables	(162,004)	(162,004)
Deferred tax liabilities	—	(353,231)
Net assets acquired	917,596	1,977,290
Total amounts settled in cash		1,977,290
Cash and cash equivalents in subsidiaries acquired		(272,386)
Total cash outflow on acquisition		1,704,904
Less: cash already paid in 2007 (note (a))		(1,972,290)
Net cash inflow in 2008		(267,386)

Note:

(a) The Group already paid approximately RMB1,972,290,000 out of the total consideration of RMB1,977,290,000 in 2007 and the remaining RMB5,000,000 was paid in 2008.

38 Related party transactions

(a) Name and relationship with related parties

Name	Relationship
The Founding Shareholders, including Mr. Chen Zhuo Lin, Mr. Chan Cheuk Yin, Ms. Luk Sin Fong, Fion, Mr. Chan Cheuk Hei, Mr. Chan Cheuk Hung, and Mr. Chan Cheuk Nam	The Founding Shareholders are also the directors of the Company
中山雅居樂長江高爾夫球場 Zhongshan Changjiang Golf & Country Club (note (i))	Controlled by the Founding Shareholders
Agile International Company Limited	Controlled by the Founding Shareholders
中山市雅居樂酒店 Zhongshan Agile Hotel Company Limited (note (i))	Controlled by the Founding Shareholders
中山市雅居樂長江酒店有限公司 Zhongshan Agile Changjiang Hotel Company Limited (note (i))	Controlled by the Founding Shareholders

Note:

- (i) *The names of certain of the companies referred to in these financial statements represent management's best efforts at translating the Chinese names of these companies as no English names have been registered or available.*

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(All amounts in RMB thousands unless otherwise stated)

38 Related party transactions (Continued)

(b) Transactions with related parties

During the years ended 31 December 2008 and 2007, the Group had the following significant transactions with related parties, which are carried out in the normal course of the Group's business:

	2008	2007
Restaurant and hotel service fee charged by Zhongshan Agile Hotel Company Limited (note (i))	550	512
Golf facilities service fee charged by Zhongshan Changjiang Golf & Country Club (note (i))	1,053	1,559
Restaurant and hotel service fee charged by Zhongshan Agile Changjiang Hotel Company Limited (note (i))	5,201	5,823
Key management compensation		
— Salaries and other short-term employee benefits	19,023	19,336
— Retirement scheme contributions	66	66
	19,089	19,402

Note:

- (i) Restaurant and hotel service fees and golf facilities service fees were charged in accordance with the terms of the underlying agreements which, in the opinion of the directors, were determined with reference to the market price at the prescribed year. In the opinion of the directors of the Company, the above related party transactions were carried out in the normal course of business and at terms mutually negotiated between the Group and the respective related parties.

38 Related party transactions (Continued)

(c) Balances with related parties

As at 31 December 2008 and 2007, the Group had the following significant non-trade balances with related parties:

	2008	2007
Due from related parties:		
— Agile International Company Limited (note (ii))	141	150
— Zhongshan Agile Hotel Company Limited (note (i))	92,820	—
	92,961	150

	2008	2007
Due to related parties (note (ii)):		
— Zhongshan Changjiang Golf & Country Club	3,727	4,074
— Zhongshan Agile Hotel Company Limited	—	15
	3,727	4,089

Notes:

- (i) Amount due from Zhongshan Agile Hotel Company Limited represents prepayment for the acquisition of a hotel building (note 9).
- (ii) Other amounts due from or to related parties, which are cash advances in nature, are unsecured, interest-free and receivable or payable on demand.

39 Ultimate holding company

The directors of the Company consider Top Coast Investment Limited, a company incorporated in the British Virgin Islands, to be the ultimate holding company of the Group.

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(All amounts in RMB thousands unless otherwise stated)

40 Investment in subsidiaries — Company

Amount represents investment in Eastern Supreme Group Limited, which is investment in an unlisted company and stated at cost.

Particulars of principal subsidiaries are set out below:

Name	Place of incorporation and legal status	Nominal value of issued and fully paid share capital/ paid-in capital	Percentage of attributable equity interest	Principal activities/ place of operation
Directly held by the Company				
Eastern Supreme Group Limited	British Virgin Islands (the “BVI”)/limited liability company	US\$10,000	100%	Investment holding/ PRC
Indirectly held by the Company				
Nga Koi Lok Development and Investment Company Limited	Macau/limited liability company	MOP\$25,000	100%	Sales of property/ Macau
Agile Investment Consultants Limited	Hong Kong/limited liability company	HK\$2	100%	Marketing/Hong Kong
中山雅居樂地產置業有限公司 Zhongshan Agile Property Land Company	PRC/wholly foreign-owned enterprise	RMB3,000,000	100%	Management consultants/PRC
中山雅居樂雍景園房地產有限公司 Zhongshan Agile Majestic Garden Real Estate Development Limited (note (i))	PRC/wholly foreign-owned enterprise	HK\$700,000,000	100%	Property development/ PRC
廣州番禺雅居樂房地產開發有限公司 Guangzhou Panyu Agile Real Estate Development Limited (note (i))	PRC/wholly foreign-owned enterprise	RMB150,000,000	100%	Property development/ PRC

40 Investment in subsidiaries — Company (Continued)

Name	Place of incorporation and legal status	Nominal value of issued and fully paid share capital/ paid-in capital	Percentage of attributable equity interest	Principal activities/ place of operation
廣州花都雅居樂房地產開發有限公司 Guangzhou Huadu Agile Real Estate Development Limited (note (i))	PRC/wholly foreign-owned enterprise	RMB30,000,000	100%	Property development/ PRC
佛山市南海區雅居樂房地產有限公司 Foshan Nanhai Agile Real Estate Development Limited (note (i))	PRC/wholly foreign-owned enterprise	RMB30,000,000	100%	Property development/ PRC
中山市凱茵豪園房地產開發有限公司 Zhongshan Greenville Real Estate Development Limited (note (i))	PRC/wholly foreign-owned enterprise	RMB102,000,000	100%	Property development/ PRC
中山市雅建房地產發展有限公司 Zhongshan Ever Creator Real Estate Development Limited (note (i))	PRC/wholly foreign-owned enterprise	RMB93,000,000	100%	Property development/ PRC
廣州白雲雅居樂房地產開發有限公司 Guangzhou Baiyun Agile Real Estate Development Limited (note (i))	PRC/wholly foreign-owned enterprise	US\$3,775,000	100%	Property development/ PRC
廣州雅居樂房地產開發有限公司 Guangzhou Agile Real Estate Development Limited (note (i))	PRC/wholly foreign-owned enterprise	US\$14,480,000	100%	Property development/ PRC
佛山市雅居樂房地產有限公司 Foshan Agile Real Estate Development Limited (note (i))	PRC/wholly foreign-owned enterprise	US\$37,500,000	100%	Property development/ PRC
廣州市花都雅居樂物業管理服務有限公司 Guangzhou Huadu Agile Property Management Services Company Limited (note (i))	PRC/wholly foreign-owned enterprise	RMB500,000	100%	Property management/ PRC

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40 Investment in subsidiaries — Company (Continued)

Name	Place of incorporation and legal status	Nominal value of issued and fully paid share capital/paid-in capital	Percentage of attributable equity interest	Principal activities/place of operation
廣州雅居樂物業管理服務有限公司 Guangzhou Agile Property Management Services Company Limited (note (i))	PRC/wholly foreign-owned enterprise	RMB1,000,000	100%	Property management/ PRC
佛山市南海區雅居樂物業管理服務有限公司 Foshan Nanhai Agile Property Management Services Company Limited (note (i))	PRC/wholly foreign-owned enterprise	RMB3,000,000	100%	Property management/ PRC
中山市雅居樂物業管理服務有限公司 Zhongshan Agile Property Management Services Company Limited (note (i))	PRC/wholly foreign-owned enterprise	RMB30,000,000	100%	Property management/ PRC
中山市時興裝飾有限公司 Zhongshan Fashion Decoration Company Limited (note (i))	PRC/wholly foreign-owned enterprise	RMB5,250,000	100%	Provision of decoration service/PRC
香港雅居樂物業管理服務有限公司 Hong Kong Agile Property Management Services Limited	Hong Kong/limited liability company	US\$20,000	100%	Investment holding/ PRC
中山市雅建房地產發展（澳門）有限公司 Zhongshan Ever Creator Real Estate Development (Macau) Ltd.	Macau/limited liability company	MOP\$961,000	100%	Investment holding/ PRC
南京雅居樂房地產開發有限公司 Nanjing Agile Real Estate Development Ltd. (note (i))	PRC/wholly foreign-owned enterprise	US\$70,900,000	100%	Property development/ PRC
河源市雅居樂房地產開發有限公司 Heyuan Agile Real Estate Development Co., Ltd. (note (i))	PRC/wholly foreign-owned enterprise	HK\$200,000,000	100%	Property development/ PRC

40 Investment in subsidiaries — Company (Continued)

Name	Place of incorporation and legal status	Nominal value of issued and fully paid share capital/ paid-in capital	Percentage of attributable equity interest	Principal activities/ place of operation
成都雅居樂房地產開發有限公司 Chengdu Agile Real Estate Development Co., Ltd. (note (i))	PRC/wholly foreign-owned enterprise	US\$55,000,000	100%	Property development/ PRC
海南雅居樂房地產開發有限公司 Hainan Agile Real Estate Development Co., Ltd. (note (i))	PRC/foreign invested enterprise	HK\$1,850,000,000	70%	Property development/ PRC
海南雅恒房地產開發有限公司 Hainan Yaheng Real Estate Development Co., Ltd. (note (i))	PRC/foreign invested enterprise	HK\$700,000,000	70%	Property development/ PRC
廣州從化雅居樂房地產開發有限公司 Guangzhou Conghua Agile Real Estate Development Co., Ltd. (note (i))	PRC/wholly foreign-owned enterprise	HK\$170,000,000	100%	Property development/ PRC
四川雅居樂房地產開發有限公司 Sichuan Agile Real Estate Development Co., Ltd. (note (i))	PRC/wholly foreign-owned enterprise	HK\$750,000,000	100%	Property development/ PRC
佛山市三水雅居樂房地產有限公司 Foshan Shanshui Agile Real Estate Development Co., Ltd. (note (i))	PRC/wholly foreign-owned enterprise	HK\$100,000,000	100%	Property development/ PRC
惠州白鷺湖旅遊實業開發有限公司 Huizhou Bailuhu Tour Enterprise Development Company Limited (note (i))	PRC/sino-foreign joint venture	HK\$200,000,000	99.75%	Property development/ PRC
陝西昊瑞房地產開發有限責任公司 Shanxi Haorui Real Estate Development Co., Ltd. (note (i))	PRC/wholly foreign-owned enterprise	RMB210,000,000	100%	Property development/ PRC

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40 Investment in subsidiaries — Company (Continued)

Name	Place of incorporation and legal status	Nominal value of issued and fully paid share capital/ paid-in capital	Percentage of attributable equity interest	Principal activities/ place of operation
廣州荔灣雅居樂房地產開發有限公司 Guangzhou Liwan Agile Real Estate Development Co., Ltd. (note (i))	PRC/wholly foreign-owned enterprise	HK\$400,000,000	100%	Property development/ PRC
中山市雅創房地產開發有限公司 Zhongshan Yachuang Real Estate Development Co., Ltd. (note (i))	PRC/wholly foreign-owned enterprise	RMB10,000,000	100%	Property development/ PRC
佛山市順德區順天物業管理有限公司 Foshan Shunde Shuntian Property Management Co., Ltd. (note (i))	PRC/wholly foreign-owned enterprise	RMB1,000,000	100%	Property management/ PRC
佛山市順德區雅居樂房地產有限公司 Foshan Shunde Agile Real Estate Development Co., Ltd. (note (i))	PRC/wholly foreign-owned enterprise	RMB10,000,000	100%	Property development/ PRC
遼寧雅居樂房地產開發有限公司 Liaoning Agile Real Estate Development Co., Ltd. (note (i))	PRC/wholly foreign-owned enterprise	US\$49,990,000	100%	Property development/ PRC
上海靜安城投重慶市置業有限公司 Shanghai Jingan Chengtou Chongqing Land Co., Ltd. (note (i))	PRC/wholly foreign-owned enterprise	HK\$300,000,000	100%	Property development/ PRC
中山市伊都餐飲管理有限公司 Zhongshan Yidu Catering Management Co., Ltd. (note (i))	PRC/foreign invested enterprise	HK\$3,000,000	45%	Catering/PRC
廣州雅騰房地產開發有限公司 Guangzhou Yateng Real Estate Development Co., Ltd. (note (i))	PRC/wholly foreign-owned enterprise	HK\$100,000,000	100%	Property development/ PRC
廣州雅粵房地產開發有限公司 Guangzhou Yayue Real Estate Development Co., Ltd. (note (i))	PRC/wholly foreign-owned enterprise	HK\$700,000,000	100%	Property development/ PRC

40 Investment in subsidiaries — Company (Continued)

Name	Place of incorporation and legal status	Nominal value of issued and fully paid share capital/ paid-in capital	Percentage of attributable equity interest	Principal activities/ place of operation
中山市雅豐貿易有限公司 Zhongshan Yafeng Trading Co., Ltd. (note (i))	PRC/wholly foreign-owned enterprise	RMB500,000,000	100%	Investment holding/ PRC
南京雅建置業有限公司 Nanjing Yajian Land Co., Ltd (note (i))	PRC/wholly foreign-owned enterprise	RMB100,000,000	100%	Property development/ PRC
上海金昌房地產開發有限公司 Shanghai Jinchang Real Estate Development Co., Ltd. (note (i))	PRC/wholly foreign-owned enterprise	RMB810,000,000	100%	Property development/ PRC
上海濱湖旅游發展有限公司 Shanghai Binhu Resort Development Co., Ltd. (note (i))	PRC/wholly foreign-owned enterprise	RMB80,000,000	100%	Property development/ PRC
廣州雅居樂酒店有限公司 Guangzhou Agile Hotel Co., Ltd. (note (i))	PRC/wholly foreign-owned enterprise	HK\$7,000,000	100%	Hotel operation/PRC
佛山雅居樂酒店有限公司 Foshan Agile Hotel Co., Ltd. (note (i))	PRC/wholly foreign-owned enterprise	HK\$10,000,000	100%	Hotel operation/PRC
深圳雅居樂物業發展有限公司 Shenzhen Agile Real Estate Development Co., Ltd. (note (i))	PRC/foreign invested enterprise	HK\$50,000,000	95%	Property development/ PRC

The above table lists the principal subsidiaries of the Group which, in the opinion of the directors, principally affect the results and net assets of the Group. To give full details of subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

Note:

(i) The names of the companies represent management's best efforts at translating the Chinese names of these companies as no English names have been registered or available.

Five-year Financial Summary

CONSOLIDATED BALANCE SHEETS

	31 December 2008 RMB'000	31 December 2007 RMB'000	31 December 2006 RMB'000	31 December 2005 RMB'000	31 December 2004 RMB'000
ASSETS					
Non-current assets					
Property, plant and equipment	260,813	127,798	92,937	65,888	51,561
Land use rights	6,967,202	5,384,418	3,369,449	758,097	1,331,550
Intangible assets	10,718	3,152	2,679	788	656
Properties under development	—	—	—	47,784	60,194
Prepayment for acquisition of a non-current asset	92,820	—	—	—	—
Deferred income tax assets	54,898	33,100	29,417	17,397	70,453
	7,386,451	5,548,468	3,494,482	889,954	1,514,414
Current assets					
Land use rights	5,797,924	3,584,556	1,595,927	772,243	474,113
Properties under development	8,252,303	4,661,599	2,209,242	1,870,048	2,127,342
Completed properties held for sale	2,203,357	1,740,137	1,410,022	1,101,218	570,145
Trade and other receivables and prepayments for land acquisition	6,037,368	7,060,914	2,974,421	562,058	1,194,398
Prepayments for acquisition of subsidiaries	—	2,164,771	—	—	—
Prepaid tax	47,911	—	—	44,810	—
Restricted cash	2,208,171	1,362,945	605,150	174,779	76,385
Cash and cash equivalents	3,044,292	2,582,513	5,194,508	4,205,202	172,622
	27,591,326	23,157,435	13,989,270	8,730,358	4,615,005
Total assets	34,977,777	28,705,903	17,483,752	9,620,312	6,129,419

CONSOLIDATED BALANCE SHEETS (Continued)

	31 December 2008 RMB'000	31 December 2007 RMB'000	31 December 2006 RMB'000	31 December 2005 RMB'000	31 December 2004 RMB'000
EQUITY					
Capital and reserves attributable to the shareholders of the Company					
Share capital and premium	4,937,054	5,102,222	5,102,222	3,200,176	20,824
Other reserves	684,062	684,062	554,725	496,525	431,531
Retained earnings					
— Proposed final dividend	206,756	514,058	258,451	100,908	—
— Unappropriated retained earnings	7,088,079	2,714,555	1,454,133	706,600	270,444
	12,915,951	9,014,897	7,369,531	4,504,209	722,799
Minority interests	878,675	18,808	14,659	5,916	5,588
Total equity	13,794,626	9,033,705	7,384,190	4,510,125	728,387
LIABILITIES					
Non-current liabilities					
Borrowings	6,559,055	6,647,311	4,708,442	778,200	1,098,200
Deferred income tax liabilities	1,023,414	833,298	579,472	311,615	65,009
	7,582,469	7,480,609	5,287,914	1,089,815	1,163,209
Current liabilities					
Borrowings	3,509,518	1,375,100	651,200	507,500	318,500
Trade and other payables	7,317,761	8,428,464	3,100,630	3,126,411	3,822,351
Current income tax liabilities	2,773,403	2,388,025	1,059,818	386,461	96,972
	13,600,682	12,191,589	4,811,648	4,020,372	4,237,823
Total liabilities	21,183,151	19,672,198	10,099,562	5,110,187	5,401,032
Total equity and liabilities	34,977,777	28,705,903	17,483,752	9,620,312	6,129,419
Net current assets	13,990,644	10,965,846	9,177,622	4,709,986	377,182
Total assets less current liabilities	21,377,095	16,514,314	12,672,104	5,599,940	1,891,596

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

Five-year Financial Summary

CONSOLIDATED INCOME STATEMENT

	2008	2007	2006	2005	2004
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Turnover	9,326,292	10,312,324	6,675,156	5,370,614	2,548,939
Cost of sales	(5,889,994)	(5,105,342)	(3,818,204)	(3,350,999)	(1,820,675)
Gross profit	3,436,298	5,206,982	2,856,952	2,019,615	728,264
Other gains	4,237,956	140,036	124,862	56,696	7,320
Selling and marketing costs	(462,539)	(326,908)	(217,479)	(216,790)	(187,782)
Administrative expenses	(619,139)	(381,731)	(206,667)	(98,701)	(98,223)
Other expenses	(120,433)	(50,143)	(9,195)	(9,047)	(2,091)
Exchange gain/(losses), net	64,777	(70,506)	(76,073)	(2,892)	—
Operating profit	6,536,920	4,517,730	2,472,400	1,748,881	447,488
Finance income/(costs)	92,437	(63,216)	(48,474)	(9,873)	(17,113)
Profit before income tax	6,629,357	4,454,514	2,423,926	1,739,008	430,375
Income tax expenses	(1,171,919)	(2,343,729)	(1,173,418)	(756,040)	(200,097)
Profit for the year	5,457,438	2,110,785	1,250,508	982,968	230,278
Attributable to:					
Shareholders of the Company	5,466,905	2,102,824	1,242,488	978,693	227,609
Minority interests	(9,467)	7,961	8,020	4,275	2,669
	5,457,438	2,110,785	1,250,508	982,968	230,278
Basic and diluted earnings per share for profit attributable to the shareholders of the Company during the year (expressed in RMB per share)	1.465	0.561	0.355	0.386	0.091
Dividends	1,093,381	713,065	436,756	491,538	—

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

Corporate Information and Information for Shareholders

Board of Directors

Executive Directors

Mr. Chen Zhuo Lin (*Chairman*)
Mr. Chan Cheuk Yin (*Vice-Chairman and Co-President*)
Ms. Luk Sin Fong, Fion (*Vice-Chairlady and Co-President*)
Mr. Chan Cheuk Hung
Mr. Chan Cheuk Hei
Mr. Chan Cheuk Nam

Independent Non-executive Directors

Dr. Cheng Hon Kwan *GBS, OBE, JP*
Mr. Kwong Che Keung, Gordon
Mr. Cheung Wing Yui

Company Secretary

Ms. Wai Ching Sum

Qualified Accountant

Mr. Chu Hau Lim

Authorised Representatives

Ms. Luk Sin Fong, Fion
Ms. Wai Ching Sum

Auditor

PricewaterhouseCoopers

Legal Advisors

as to Hong Kong law

Sidley Austin Brown & Wood
Iu, Lai & Li

as to PRC law

Jingtian & Gongcheng

as to BVI and Cayman Islands law

Conyers Dill & Pearman

as to the US law

Sidley Austin Brown & Wood

Committees

Nomination Committee

Mr. Cheung Wing Yui (*Committee Chairman*)
Dr. Cheng Hon Kwan *GBS, OBE, JP*
Mr. Kwong Che Keung, Gordon
Ms. Luk Sin Fong, Fion

Remuneration Committee

Dr. Cheng Hon Kwan *GBS, OBE, JP* (*Committee Chairman*)
Mr. Kwong Che Keung, Gordon
Mr. Cheung Wing Yui
Ms. Luk Sin Fong, Fion

Audit Committee

Mr. Kwong Che Keung, Gordon (*Committee Chairman*)
Dr. Cheng Hon Kwan *GBS, OBE, JP*
Mr. Cheung Wing Yui

Principal Bankers

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

Corporate Information and Information for Shareholders

Despatch of Corporate Communications

This annual report is printed in both English and Chinese versions and is available on Agile's website at <http://www.agile.com.cn> and the Stock Exchange's website at <http://www.hkex.com.hk>. Printed copies in either or both languages will be delivered to Shareholders in accordance with their indicated preference. Shareholders are encouraged to access the annual report posted on the aforesaid websites by electronic means so as to protect the environment. Registered Shareholders may at any time choose to change their choice of language or means of receipt of the Company's corporate communications free of charge by notice in writing to the Company's branch registrar in Hong Kong, Tricor Investor Services Limited. For Shareholders whose shares are held through brokers or custodians, they should inform their respective brokers or custodians to effect the change.

Closure of Register of Members

Agile's Register of Members will be closed from Friday, 29 May 2009 to Wednesday, 3 June 2009, both dates inclusive, during which period, no transfer of Shares will be effected. To qualify for the proposed final dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch registrar in Hong Kong, Tricor Investor Services Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong for registration not later than 4:00 pm on Wednesday, 27 May 2009. Subject to the Shareholders' approval of the proposed final dividend at the AGM 2009, dividend warrants will be despatched on or about Wednesday, 10 June 2009 to the Shareholders whose names appear on Agile's Register of Members on 3 June 2009.

Annual General Meeting

The AGM 2009 will be held on Wednesday, 3 June 2009. Notice of AGM has been sent together with this Annual Report to the Shareholders. Notice of AGM and the proxy form are also available on the Stock Exchange and Agile's corporate website.

Financial Calendar

AGM 2008	5 June 2008
Announcement of interim results	10 September 2008
Announcement of final results	14 April 2009
AGM 2009	3 June 2009

Dividends

Interim dividend	HK27.1 cents per Share
Payment date for interim dividend	10 October 2008
Proposed final dividend	HK6.4 cents per share
Book closing dates for final dividend	29 May to 3 June 2009 (both dates inclusive)
Ex-entitlement date for final dividend	27 May 2009
Record date for final dividend	3 June 2009
Payment date for final dividend	on or about 10 June 2009

Listing Information

Share Listing

Shares are listed on the Main Board of the Stock Exchange (stock code: 3383) since 15 December 2005. The Shares have been included as constituent stocks of the Morgan Stanley Capital International China Index, Hang Seng Composite Index and Hang Seng Freefloat Composite Index.

Lot Size

2,000 shares

Price History

2008	Price per Share	
	Highest (HK\$)	Lowest (HK\$)
January	14.22	7.84
February	12.38	8.80
March	10.76	6.44
April	11.00	7.69
May	11.66	9.03
June	9.79	6.66
July	8.15	6.22
August	7.30	5.37
September	5.50	3.43
October	3.91	2.06
November	3.46	2.15
December	4.42	3.07

As at 31 December 2008

Market capitalisation	HK\$14.907 billion
Number of issued shares	3,689,832,000 Shares
Closing price	HK\$4.04 per Share

Senior Notes Listing

The Company's 9%, 7-year senior notes are listed on The Singapore Exchange Securities Trading Limited

Corporate Information and Information for Shareholders

Registered Office

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

Branch Share Registrar in Hong Kong

Tricor Investor Services Limited
26th Floor, Tesbury Centre
28 Queen's Road East
Hong Kong

Principal Place of Business in the PRC

Agile Hotel
Jinyong Road, Sanxiang Town
Zhongshan City Guangdong, PRC
Postal Code: 528463

Investor Relations

Corporate Communications Department

E-mail: ir@agile.com.cn
Telephone: (852) 2780 8688
(86) 760 8668 6868
Facsimile: (852) 2780 8822
(86) 760 8632 7753

Place of Business in Hong Kong

20th Floor
238 Nathan Road
Kowloon
Hong Kong

Website

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

Principal Share Registrar

Butterfield Fund Services (Cayman) Limited
Butterfield House
68 Fort Street
P.O. Box 705, George Town
Grand Cayman
Cayman Islands

Glossary

Agile or Company	Agile Property Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Main Board of the Stock Exchange
AGM	annual general meeting of the Company
Board	the board of Directors of the Company
BVI	British Virgin Islands
Chen's Family	Chen Zhuo Lin, Chan Cheuk Yin, Luk Sin Fong, Fion, Chan Cheuk Hung, Chan Cheuk Hei, Chan Cheuk Nam, Lu Liqing, Lu Yanping, Chan Siu Na and Zheng Huiqiong
Chen's Family Trust	A family trust established by Top Coast as trustee and the beneficiaries of which are the Founding Shareholders
China, PRC	The People's Republic of China. For the purpose of this annual report, excluding Hong Kong, Macau Special Administrative Region of the PRC and Taiwan region.
CG Code	the Code on Corporate Governance Practices Appendix 14 to the Listing Rules
Directors	the directors of the Company
Founding Shareholders	Chen Zhuo Lin, Chan Cheuk Yin, Luk Sin Fong, Fion, Chan Cheuk Hung, Chan Cheuk Hei and Chan Cheuk Nam, who are the executive Directors
GDP	Gross domestic product
GFA	Gross floor area
Group or Agile Group	the Company and its subsidiaries
HIBOR	Hong Kong Interbank Offered Rate
HK\$	Hong Kong dollar(s), the lawful currency of Hong Kong
Hong Kong	The Hong Kong Special Administrative Region of the PRC

Glossary

Hong Kong Companies Ordinance	Companies Ordinance (Chapter 32 of the Laws of Hong Kong)
LIBOR	London Interbank Offered Rate
Listing Rules	Rules Governing the Listing of Securities on the Main Board of the Stock Exchange
Model Code	Model Code for Securities Transactions by Directors of Listed Issuers in Appendix 10 of the Listing Rules
RMB	Renminbi, the lawful currency of the PRC
SFO	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
Share(s)	ordinary share(s) of HK\$0.10 each in the share capital of the Company (or of such other nominal amount as shall result from a sub-division, consolidation, reclassification or reconstruction of the share capital of the Company from time to time)
Shareholder(s)	the holder(s) of shares of the Company
Stock Exchange	The Stock Exchange of Hong Kong Limited
Takeovers Code	The Codes on Takeovers and Mergers and Share Repurchases
Top Coast	Top Coast Investment Limited, a limited liability company incorporated in the BVI on 17 May 2005 and the trustee of the Chen's Family Trust
US	the United States of America
US\$	US dollar(s), the lawful currency of the US
%	per cent

