Innovating Life
Creating Value

2009 *Annual Report*

首創置業股份有限公司
BEIJING CAPITAL LAND LTD.

Stock Code: 2868

Contents

Corporate Information

Directors

Executive Directors

Mr. Liu Xiaoguang *(Chairman)*
Mr. Tang Jun *(President)*
Mr. Zhang Juxing

Non-Executive Directors

Mr. Feng Chunqin
Ms. Cao Guijie
Ms. Zhu Min

Independent Non-Executive Directors

Mr. Ke Jianmin *
Mr. Li Zhaojie *
Mr. Ng Yuk Keung *

* *Members of the Audit Committee*

Supervisors

Mr. Yu Changjian
Mr. Wang Qi
Mr. Wei Jianping

Secretary of the Board of Directors

Mr. Hu Weimen

Company Secretary

Mr. Lee Sing Yeung, Simon

Authorised Representatives

Mr. Tang Jun
Mr. Lee Sing Yeung, Simon

Registered Office

Room 501, No.1,
Yingbinzhong Road,
Huairou District,
Beijing, PRC

Beijing Headquarters

F17, Red Goldage,
No. 2, Guang Ning Bo Street,
Beijing, PRC

Hong Kong Office

Room 4207, Two Exchange Square,
Central, Hong Kong

Website

http://www.bjcapitalland.com

Auditors

PricewaterhouseCoopers

Legal Advisers

As to Hong Kong law:
Iu, Lai & Li

As to PRC law:
Jingtian & Gongcheng

Principal Bankers

China Development Bank
China Construction Bank
China Merchants Bank
Industrial and Commercial Bank of China
Bank of China

Stock Code for H Share

Hong Kong Stock Exchange	2868
Reuters	2868.HK
Bloomberg	2868HK

Board Lot Size

H Share	2,000

H Share Registrar

Computershare Hong Kong Investor Services Limited
Room 1712-1716,
17th Floor, Hopewell Centre,
183 Queen's Road East,
Hong Kong
Telephone: (852) 2862 8628
Fax: (852) 2529 6087

Investor Relations Contact

Email address: kittycheung@bjcapitalland.com.cn

H Share Information

	Year 2009			Year 2008		
	Price		**Total**	Price		Total
	High (HK$)	**Low (HK$)**	**Trading Volume (No. of Shares)**	High (HK$)	Low (HK$)	Trading Volume (No. of Shares)
First Quarter	**1.44**	**0.74**	**422,487,479**	5.10	2.53	318,383,770
Second Quarter	**3.53**	**1.29**	**800,466,270**	3.72	2.10	218,357,511
Third Quarter	**4.03**	**2.66**	**674,367,056**	2.41	0.94	298,161,494
Fourth Quarter	**4.31**	**2.76**	**449,433,212**	1.45	0.48	502,425,710

Closing share price as at 29th December 2006: HK$3.98.
Closing share price as at 31st December 2007: HK$4.74.
Closing share price as at 31st December 2008: HK$1.24.
Closing share price as at 31st December 2009: HK$3.50.

Financial Highlights

Financial Summary *

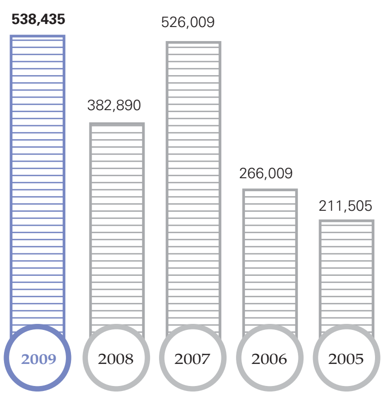
(in RMB'000 unless otherwise stated)

Year ended 31st December	2009	2008	2007	2006	2005
Revenue	**5,393,150**	5,167,098	4,870,929	2,039,352	1,134,769
Profit before income tax	**1,510,295**	1,266,520	1,319,768	357,371	230,559
Income tax expenses	**(622,005)**	(504,258)	(592,901)	(121,012)	(38,242)
Profit for the year	**888,290**	762,262	726,867	236,359	192,317
Attributable to:					
Equity holders of the Company	**538,435**	382,890	526,009	266,009	211,505
Minority interests	**349,855**	379,372	200,858	(29,650)	(19,188)
	888,290	762,262	726,867	236,359	192,317
As at 31st December	**2009**	2008	2007	2006	2005
Total assets	**22,421,735**	19,067,502	19,803,326	15,386,861	10,058,779
Total liabilities	**15,744,990**	12,908,182	14,045,002	10,720,930	6,873,312

* Note: The above table summarises the results, assets and liabilities of the Group.

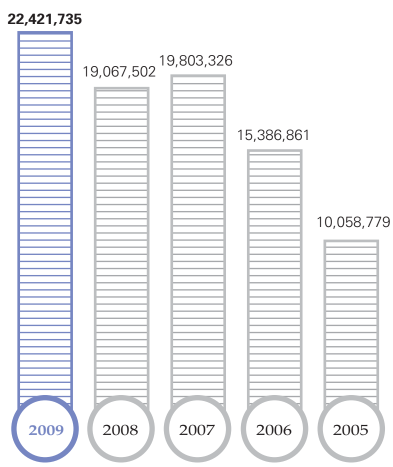
Profit Attributable to Equity Holders of the Company

(RMB'000)



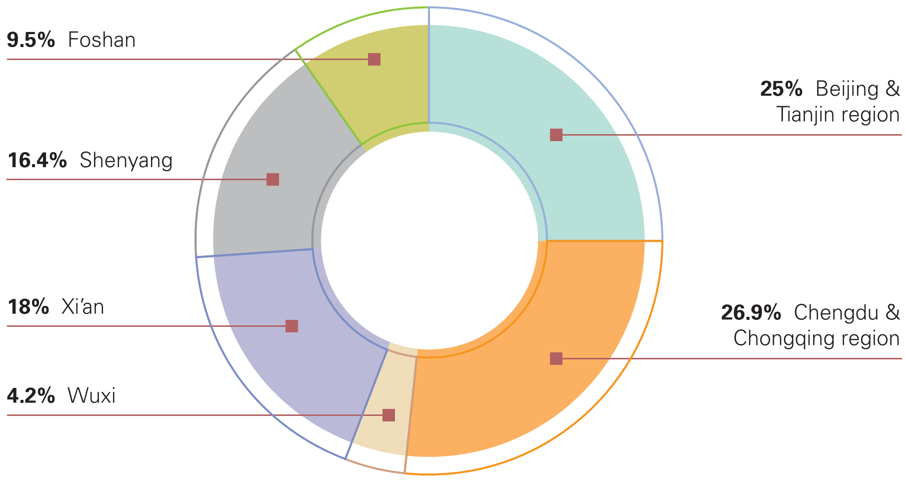
Total assets

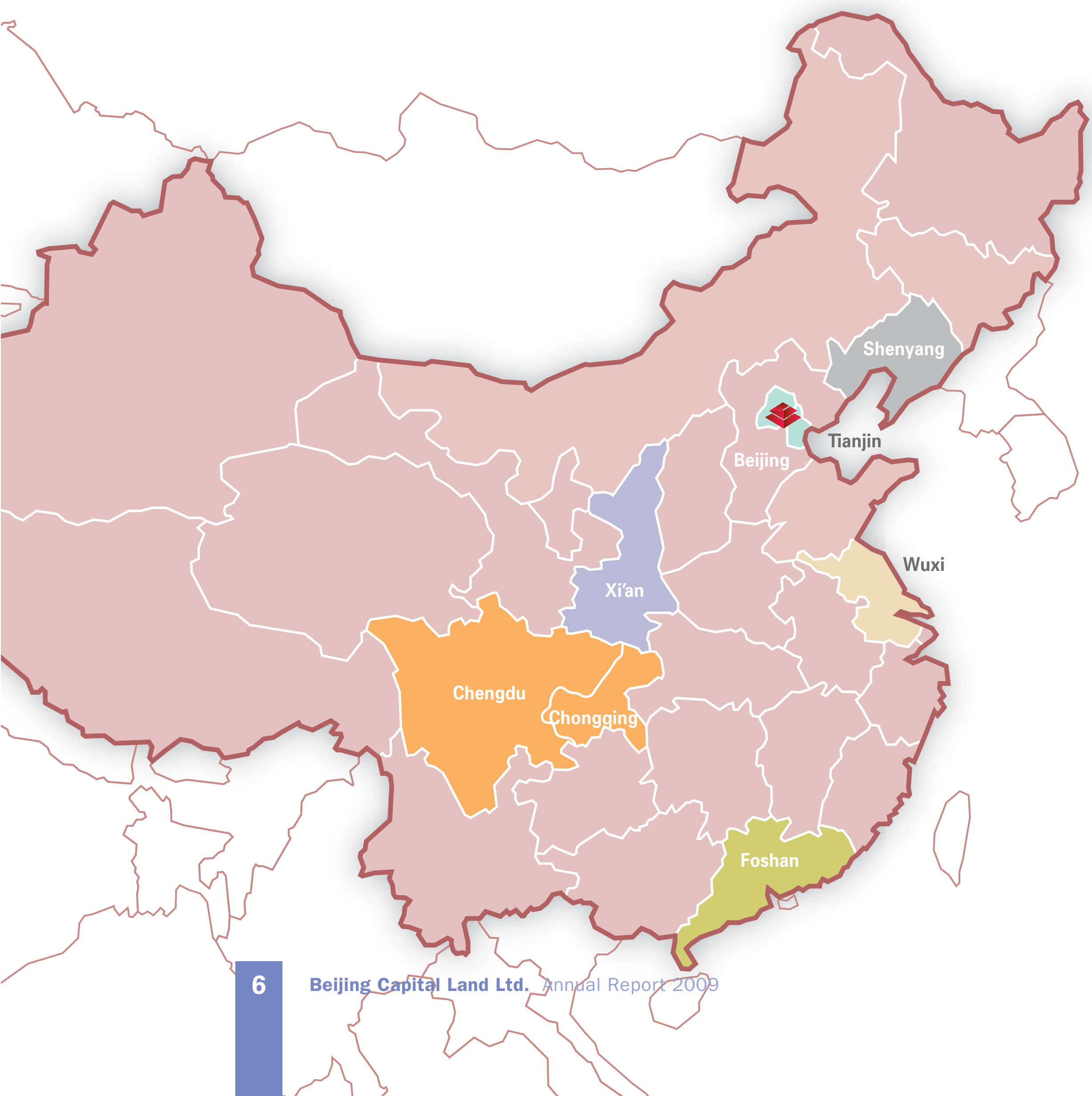
(RMB'000)




MORE 首创馆
MuseumOf RealEstate

Property Portfolio





Property Portfolio

Hotel Property — Completed

No.	Project	Location	Type	Attributable Interest	Approximate Site Area (sq. m)	Approximate GFA (sq. m)
1	**Holiday Inn Central Plaza**	Xuanwu District, Beijing	Hotel	100%	20,100	50,700
2	**Inter Continental Financial Street Beijing**	Xicheng District, Beijing	Hotel	34%	12,900	42,900

Investment Property — Completed

No.	Project	Location	Type	Attributable Interest	Approximate Site Area (sq. m)	Approximate GFA (sq. m)	Lease Term
3	**Sunshine Building**	Xicheng District, Beijing	Commercial/Office	35%	9,400	51,700	Medium

Development Property — Under Development

No.	Project	Location	Type	Attributable Interest	Approximate Site Area (sq. m)	Approximate GFA to be sold (sq. m)	Approximate Site area to be sold (sq. m)	Expected Completion (year)
4	**The Reflections**	Haidian District, Beijing	Residential	55%	17,900	25,000	21,800	2009
5	**Beijing World Center**	Chaoyang District, Beijing	Apartment/ Commercial	100%	86,300	179,800	135,800	
5.1						37,800	37,800	2007
5.2						15,000	5,800	2010
5.3						74,700	57,800	2011
5.4						52,300	34,400	2012
6	**Urban Town**	Chaoyang District, Beijing	Residential/ Commercial	50%	116,000	68,700	48,200	2011
7	**Beijing A-Z Town**	Chaoyang District, Beijing	Commercial	100%	122,500	27,400	5,300	2009
8	**North Ring Centre**	Xicheng District, Beijing	Office/ Commercial	100%	28,000	69,500	43,300	2010
9	**Beijing Huang Xin Zhuang Project**	Fangshan District, Beijing	Residential	50%	175,489	311,100	267,000	
9.1						97,500	82,200	2011
9.2						213,600	184,800	2012
10	**Tianjin Butchart Garden**	Beichen District, Tianjin	Residential/ Commercial	55%	330,900	15,600	15,600	
10.1						1,700	1,700	2009
10.2						13,900	13,900	2011
11	**Tianjin First City**	Tanggu District, Tianjin	Residential/ Commercial	55%	233,336	420,100	320,100	
11.1						8,000	0	2009
11.2						22,600	12,100	2010
11.3						172,500	141,700	2011
11.4						57,900	48,200	2012
11.5						159,100	118,100	2013

No.	Project	Location	Type	Attributable Interest	Approximate Site Area (sq. m)	Approximate GFA to be sold (sq. m)	Approximate Site area to be sold (sq. m)	Expected Completion (year)
12	**Tianjin Huaming Project**	Dongli District, Tianjin	Residential/ Commercial	40%	271,800	256,800	248,500	
12.1						10,900	9,600	2010
12.2						88,500	88,500	2011
12.3						106,400	102,700	2012
12.4						51,000	47,700	2013
13	**Tianjin Xiqing District**	Xiqing District, Tianjin	Residential/ Commercial	40%	151,600	195,100	166,900	
13.1						58,800	46,600	2012
13.2						136,300	120,300	
14	**Tianjin Shuangang 121 Project**	Jinnan District, Tianjin	Residential/ Commercial	55%	255,000	306,600	275,500	
14.1						120,800	119,200	2011
14.2						185,800	156,300	2012
15	**Tianjin Shuangang 122 Project**	Jinnan District, Tianjin	Residential/ Commercial	55%	183,500	277,500	243,900	
15.1						122,300	108,700	2012
15.2						155,200	135,200	
16	**Chengdu A-Z Town**	Chenghua District, Chengdu, Sichuan Province	Residential/ Commercial	55%	68,300	45,300	14,100	
16.1						25,600	4,300	2009
16.2						19,700	9,800	2010
17	**Chengdu First City**	Chenghua District, Chengdu, Sichuan Province	Residential/ Commercial	100%	78,200	361,900	290,400	
17.1						18,300	5,600	2009
17.2						187,500	154,000	2011
17.3						109,900	85,800	2012
17.4						46,200	45,000	2013
18	**Chengdu Beiquan Road Project**	Longquanyi District, Chengdu, Sichuan Province	Residential/ Commercial	55%	75,000	390,000	314,900	
18.1						176,400	132,500	2012
18.2						213,600	182,400	
19	**Chengdu SCE Project**	Longquanyi District, Chengdu, Sichuan Province	Residential/ Commercial	55%	106,800	540,900	436,000	
19.1						225,300	184,700	2012
19.2						315,600	251,300	
20	**Shenyang First City**	Hunnan New District, Shenyang, Liaoning Province	Residential/ Commercial	30%	145,800	545,700	466,900	
20.1						96,000	73,900	2010
20.2						73,600	69,100	2012
20.3						141,800	134,600	2013
20.4						234,300	189,300	

No.	Project	Location	Type	Attributable Interest	Approximate Site Area (sq. m)	Approximate GFA to be sold (sq. m)	Approximate Site area to be sold (sq. m)	Expected Completion (year)
21	**Shenyang Yinhe Wan Project**	Qi Pan Shan District, Shenyang, Liaoning Province	Residential/ Commercial	50%	471,400	865,000	835,000	
21.1						64,200	56,500	2010
21.2						297,200	286,900	2012
21.3						503,600	491,600	
22	**Wuxi Gentle House**	Xishan District, Wuxi, Jiangsu Province	Residential	60%	163,000	130,900	102,900	
22.1						33,100	20,600	2009
22.2						97,800	82,300	2011
23	**Wuxi Jichang Road Project**	Wuxi New District, Jiangsu Province	Residential	100%	96,600	232,500	201,400	
23.1						77,700	65,800	2011
23.2						154,800	135,600	2012
24	**Xian Fengcheng Road Project**	Xian Economic and Technology Development Zone, Shaanxi Province	Residential/ Commercial/Office/ Serviced Apartment	40%	355,400	1,551,000	1,232,400	
24.1						4,700	2,100	2010
24.2						251,700	221,200	2011
24.3						185,500	153,000	2012
24.4						1,109,100	856,100	
25	**Chongqing Hongensi Project**	Jiangbei District, Chongqing	Residential/ Commercial	50%	229,300	981,300	805,300	
25.1						312,700	257,200	2012
25.2						668,600	548,100	
26	**Guangdong Foshan Sanshui Project**	Sanshui District, Foshan	Commercial/Hotel/ Serviced Apartment	50%	652,900	822,000	736,600	
26.1						159,000	150,000	2013
26.2						663,000	586,600	
	Total					**8,619,700**	**7,227,800**	

Note:
1. Information stated in table updated as at 31st December 2009.
2. Approximate site area is according to the newly obtained land use right certificates or land transfer agreements for all projects.
3. Approximate GFA is according to the actual measurement upon completion of construction of the completed properties.
4. Approximate GFA for properties under development is based on the latest obtained documents or the Company's latest regulations.
5. Approximate GFA to be sold for properties under development is according to the saleable area on the ground floor where contract is yet to be signed, which is based on the latest obtained documents or the Company's latest regulations.

In March 2009, the Group organizes the "Inauguration Ceremony of Xi'an First City" during the event of "Collaboration in the Development of New City Center". The Group develops its largest project in Xi'an and cooperate with local government in constructing the new city center.

In May 2009, the Group launches three projects in the same day, including Beijing Xanadu, Tianjin Noble City and Xi'an First City. On the first day of launch, the Group records a subscription amount reaching RMB600 million and a subscription rate of over 50%.

In June 2009, the Group successfully acquires land plot No.6 of Langjiayuan in Chaoyang District, Beijing, at a consideration of RMB340 million. The land plot, situated in the core area of CBD in Beijing, boasts a site area of approximately 23,000 sq. m..

In addition, representatives of major media outlets in Hong Kong visit the Group's luxury residential projects in Beijing, namely Xanadu and The Reflections. Following the media tour, the Group also organizes a seminar to share the views on the development and future prospects of the Beijing property market.

In July 2009, the Group organizes the "Beijing Luxurious Residence Investor Presentation" in Hong Kong, in order to promote two sumptuous projects of the Group, namely Xanadu and The Reflections, and receives overwhelming response from investors in Hong Kong.

In September 2009, the Group successfully issues corporate bond with a 5-year tenure at coupon rate of 6.5% in an aggregate amount of RMB1 billion.

The Group signs contract with Gallup, a renowned market research company, to conduct a comprehensive research on staff and client satisfaction.

The Group seals a deal to sell the entire block of tower 5 of North Ring Center and the contracted sales amounts to RMB840 million.

In October 2009, the Group's corporate bond is listed at the Shanghai Stock Exchange. The Group is the first H-share property enterprise listing its domestic corporate bond, earmarking the Group's success in gaining access to the financing platforms of Hong Kong and China.

The Group enters into an agreement on land consolidation, construction and development of a land plot at Wuqing District, Gaocun County in Tianjin. The site area is 2.9 million sq. m., representing BCL's strategic move for the integration of Beijing and Tianjin regions.

The accumulated contracted sales of the Group from the first ten months till the end of October exceeds RMB10 billion, representing BCL's leap forward into a new stage of development.

In November 2009, the Group enters into a strategic partnership agreement with China Construction Bank Beijing branch, and has been granted credit facilities amounting to RMB10 billion.

The Group continues to leverage its competitive edges in integrated operation to innovate business operation model and achieves remarkable breakthrough. BCL secures two integrated projects in Foshan of Guangdong and in Huzhou of Zhejiang. Newly added land bank boasts an aggregate GFA of 2.40 million sq. m.. The relevant procedures are well underway.

In December 2009, the Group acquires the equity interest of Beijing Anshun Yuan Property Development Company Limited, and adds to its land bank an aggregate GFA of 310,000 sq. m. from the project located at Huang Xin Zhuang, Fangshan District, Beijing.

Major Awards of the Year at a Glance

Award-winning Unit	Award	Judge and Organizer	Date
Xanadu, The Reflections	2008-2009 Sina.com Leju High-end Real Estate Award (2008-2009 新浪樂居高端不動產獎)	Sina.com, China Real Estate Association	March 2009
Beijing Capital Land	Top 10 Real Estate Developers listed in Hong Kong in Wealth Creation 2009 (2009 中國大陸在港上市房地產公司財富創造能力 TOP10)	China Real Estate Association, Enterprise Research Institute of Development Research Center of the State Council, Institute of Real Estate Studies of Tsinghua University, China Index Research Institute	June 2009
Tianjin First City	Classic Residence Award of Golden Brick for Real Estate of China 2009 (中國地產金磚獎之2009年度人居經典大獎)	*"21st Century Financial Herald"* and Boao 21st Century Real Estate Forum Committee	July 2009
Mr. Liu Xiaoguang, Chairman	Outstanding Contribution Award 2009	Blue Chip Property (藍籌地產), Sina Leju, China Real Estate And Housing Research Association, China Commercial Real Estate Commission (CCREC)	September 2009

Major Awards of the Year at a Glance

Award-winning Unit	Award	Judge and Organizer	Date
Beijing Capital Land	Top 10 Brand Names of State-owned Real Estate Enterprises in the PRC	China Real Estate Association, Enterprise Research Institute of Development Research Center of the State Council, Institute of Real Estate Studies of Tsinghua University, China Index Research Institute	September 2009
Beijing Capital Land	Blue-chip PRC Property Developer for six consecutive years	The Economic Observer, House.china.com.cn (地產中國網) House.sina.com.cn (新浪房產)	October 2009
	The Best Employer in China 2009	International Public Management Association for Human Resource, Evaluation Committee of The Best Employer in China for the Year, (中國最佳僱主年度評選組委會) Chinese Associate Enterprise (Beijing) Human Resources Management Center (中企聯合(北京)人力資源管理中心)	

Chinese economy stabilize and rebound in 2009, Property sector record historical high

Dear Shareholders,

On behalf of the Board of Directors (the "Board") of Beijing Capital Land Ltd. ("BCL" or the "Company", together with its subsidiary, the "Group"), I am pleased to present the Group's annual results for the year ended 31st December 2009.

In 2009, the PRC government implemented an economic stimulus package in response to the global financial crisis. The stimulus measures including an adequately-lax monetary policy and proactive fiscal policies that helped orchestrate a successful rebound in the country's property market. The preferential policies for the property sector implemented since early 2009 induce more home buyers to regain confidence in their housing consumption, unleashing the rigid housing demand precipitated since 2008, resulting in a whole return of activities to the market. Transaction volume spurred and accompanied by rapid stabilization and rebound in average selling prices since the second quarter in light of increasing demands for living or improving their existing refuge and for investment purposes. In response to the reviving market, the government increased land supply in an effort to restore order in the market. For the whole of 2009, both transaction volume and transaction value hit new historical records. On the other hand, property developers entered a new phase of expansion across the country after the restricted supply of credit available to them was relaxed. Prices of both units and land soared to new highs, leading to growing concerns about overheating asset prices. In order to prevent an asset bubble from taking shape, the government imposed policies with the basic principle of "differentiating buyers of varying purposes, stabilizing the market while preventing speculation". The new measures were intended to curb speculation activities so as to prevent prices from rising too rapidly. The policy approach was shifting from one that "supports and stimulates" the sector to one that "encourages owner-occupancy, controls investment demand and inhibits speculative demand". Meanwhile the government intensified its efforts in construction of low-income housing to alleviate the pressure associated with the structural anomalies in the property market. This will establish a firm footing for a healthy development of the country's property market in the long run.

In 2009, the Group's turnover reached RMB5,393,150,000, representing an increase of 4.4% as compared to the previous year. Profit attributable to shareholders was RMB538,435,000, up 40.6% as compared to the previous year. Total contracted sold area reached to 1.01 million sq. m., while total contracted sales revenue amounted to approximately RMB10.6 billion, representing increases of 199% and 183% respectively as compared to the previous year. The Board proposed payment of a final dividend of RMB0.11 per share for the year ended 31st December, 2009.

In 2009, the Group successfully took advantage of the favourable market environment that unleashed purchasing power in stages with the launch of adequate projects for sale. The number of projects in the sales phase increased from 11 in 2008 to 15 in 2009, including urban high-end residential projects: Xanadu, Beijing, The Reflections, Beijing; low-density residential projects: Tianjin Noble City and Wuxi Gentle House; the new high-end "First City" series: Tianjin First City, Chengdu First City, Shenyang First City and Xi'an First City. In addition, the Group also launched the North Ring Centre project in Beijing. These projects added diversity to the Group's project range and strengthened its edge as an integrated property developer. The Group's diversified product range matched well preferences of different types of customers. Coupled with competitive pricing strategies, most projects reported strong sales with notable increases in prices. During the year under review, contracted sales amount exceeded RMB10 billion for the first time, a breakthrough in the Group's history of corporate development.

In October 2009, the Group successfully raised RMB1 billion through a five-year domestic corporate bond issue at a coupon rate of 6.5%. This marked a breakthrough in the Group's ongoing efforts in financing channel diversification and financial structure optimization. This round of debt-financing not only provided the Group a stable pool of capital to fuel its business expansion, but also marked the Group's footprint in returning to the domestic capital markets.

During the year under review, the Group adhered its persistent prudent stance in land acquisitions despite the severe competition for land and emergence of "king plots" (parcels that fetched record prices) from time to time. Alternatively, the Group strengthened its cooperation and integration with its parent company in the areas of infrastructure development. The Group secured a land consolidation right in a land parcel that measures 2.9 million sq. m. situated along Tianjin Wuqing Section of Beijing-Tianjin Expressway. This move opened the Group's door to participate in urbanization developments ahead of the official planning schedule and secure premium land resources ahead of other competitors. The Group continued to adopt integrated operation model, implemented differentiating strategies, adopted an innovative business model and pursued opportunities for unification in property development and industry sector. In 2009, the Group reached an agreement with an internationally renowned outlet operator to jointly develop two large-scale integrated commercial projects respectively in Foshan, Guangdong and Huzhou, Zhejiang. During the year, the Group acquired a residential project in Fangzhan, Beijing through acquisition, thereby replenished its land bank at low costs. On the other hand, the Group had never given up the pursuit of opportunities in the open market. In the first half of 2009, the Group won a right to clear up and develop land lot No. 6 of Langjiayuan in the CBD District in Beijing. The Group will continue to pursue land replenishment opportunities in both the primary market and the secondary market. As at the end of the year, the Group had land bank totaled 8.62 million sq. m., of which 4.55 million sq. m. represented its attributable interests, adequate for development in the next four to five years. Accompanied with the transactions of the projects in Foshan, Guangzhou and Huzhou, Zhejiang being completed, the land bank will increased to 10.2 million sq. m. and of which 5.77 million sq. m. is attributable land reserves of the Group.

Driven by the stimulus package implemented by the governments at different levels, the property market in China experienced robust development in 2009, with transaction volume and transaction amount both reached historical highs. The market is trending towards polarization, with strong players grow even stronger and leading players sit on comparative advantages in acquiring land resources and raising capital. Meanwhile, small and medium developers are on the brink of being eliminated. Competition is moving towards more intensified specialization and differentiation. While the consensual upward trend for the industry as a whole remains unchanged, in light of the continual rectification at the macro-policy level and changes in external environment, the development model in pursuit of this trend is undergoing an abrupt change.

As one of the leading large-scale integrated property developers in the PRC, BCL has over the years accumulated plentiful experiences in meeting home buyers' increasingly sophisticated requirements, developing innovative operation models, promoting product range diversity and implementing standardization of operations to facilitate replication. In 2010, taking into account of possible changes in governmental policies, the Group will continue to implement its long-term development strategy and adhere to its principle of "solid objective, stable growth, product differentiation and innovative development". We will exploit synergistic benefits from our increasing interaction with our parent company and explore comprehensive development model for unification in property development and industry sector. In addition, we will implement strategies that highlight differentiation of our products. We shall shorten the development cycles of our projects and remain flexible in our operations, with an effort to minimize the impact of industry fluctuations to the Group's performances, we are looking at establishing a solid foundation to support the Group's sustainable growth and realize balanced growth among shareholders, customers and employees.

On behalf of the Board, I would like to express our heartfelt gratitude to our clients, business partners and shareholders, for their confidence in and support for the Group. In addition, I would also like to take this opportunity to extend my appreciation to our staff members for their devotions and contributions throughout the year. The Group endeavours to unite with all our staff to overcome the challenges ahead. Leveraging its strong business platform, competitive edges in product differentiation and innovative expansion strategy, BCL is committed to harnessing growth in China's property market and becoming the most valuable integrated property operator.

Liu Xiaoguang
Chairman

Hong Kong, 8th February, 2010

China maintained 8% GDP growth in 2009 Property sector saw V-shaped rebound

Analysis on Business Environment

Overview of China's Property Market

In 2009, the global economy gradually emerged from recession, thanks to the economic stimulus packages launched by governments, and the rate of recovery of China's economy was notably the fastest in the world. In the fourth quarter of 2008, the government launched a series of measures designed to boost domestic consumption and leading to evidently splendid results. On the whole, the rate of economic recovery was increasing. In 2009, the country recorded a GDP of RMB33,535.3 billion, up 8.7% from the previous year. The per capita disposable income of urban residents amounted to RMB17,175, representing a 8.8% increase from the previous year. Excluding the price factor, the real growth amounted to 9.8%. During the year, a total of RMB3,623.2 billion had been invested in property development in China, up 16.1% year-on-year. The weak export sector remained an unstable factor that may affect the foundation of China's economic recovery. Given that consumption and investment form the key elements of the property sector, keen housing demand is expected to continue in the near future and the property sector will continue to play vital role in driving the recovery and maintaining sustainable growth.

In late 2008, the central government proposed a range of suggestions regarding the ways to enhance the healthy growth of the property market. It also introduced concessionary measures related to housing consumption, which effectively lightened the tax burden imposed on housing consumption and transaction. Following a year-long observation period, the property market has seen the emergence of a strong batch of consumers who need to and are able to buy houses to live or improve their existing refuge. The economic stimulus measures and the rebound of property prices have provided a good opportunity for them to enter the market. In 2009, the sector picked up rapidly and did a roaring trade. The transaction volume was completed in large amounts and property prices climbed up relentlessly.

In 2009, a total of 937.13 million sq. m. of commodity housing were sold across the country, representing a year-on-year increase of 42.1%. The total area of sold residential properties was up 43.9%, while sales revenue from commodity housing surged 75.5% to RMB4,399.5 billion. Sales revenue from residential properties was up 80%. A total of 3.196 billion sq. m. of land sites across the country were under development, up 12.8% year-on-year. In addition, new construction area amounted to 1.154 billion sq. m. of land sites across the country, accounts for a 12.5% increase from the previous year. The completed construction area was up 5.5% to 702 million sq. m., which included 577 million sq. m. of residential properties (up 6.2%). For the fifth year in a row since 2005, the completed construction area was less than the area available for sale. In 2009, the disparity in demand and supply of the property market were further widened. The selling price of properties in 70 medium and large cities surged 8%, while that of newly built properties logged a 9.1% increase.

As sales of commodity housing improved in 2009, the land market also picked up. The monetary value involved in land transaction across the country amounted to RMB1,500 billion. The majority of cities across the country saw a 100%-plus increase in land transferring fees. In particular, Hangzhou and Shanghai delivered remarkable efforts, recording RMB105.4 billion and RMB104.3 billion respectively in land transferring fees. Trailing the two cities was Beijing, which recorded RMB92.8 billion, followed by Tianjin, which logged RMB73.2 billion. In 2009, the property market was heating up while related financial measures were loosened. The market was more active than it was in 2007 and it saw the birth of many "king plots". State-owned enterprises replaced private enterprises as the most active players in the property market. Enterprises with brand names and large-scale state-owned enterprises enjoyed wider financing channels and therefore were more capable to acquire more quality land sites to their land banks. In 2009, the average transaction price of residential sites across the country amounted to RMB2,035 per sq. m., up 36% from the previous year. The average floor price of residential sites whose price levels are on the top 10 list amounts to RMB26,365 per sq. m., compared with RMB16,234 per sq. m. in 2007. From the supply side, the residential sites showed a 40% increase year-on-year. The plenty supply of land sites into the market and the commencement of new construction projects will ease the demand and supply gap. Looking into the future, the fervor is going to spread from first-tier cities to second- and third-tier cities and from city centers to suburbs with better infrastructure and it will not only find expression in transaction volume but also in property prices.

Given that the property market is one of the building blocks of China's economic recovery, the government is not going to introduce rigorous suppressive measures in the near future. However, government leaders are more concern about the excessively rapid growth in property prices in some cities. In view of the "Circular of the General Office of the State Council on Pushing Forward the Stable and Sound Development of the Real Estate Market" ("關於促進房地產市場平穩健康發展的通知" or "國十一條") launched recently and the joint measures introduced by five ministries to crack down on property developers who store up land sites, one can expect the central government will increase land supply and curb excessive price surge in some cities as part of its property market macro control plan for the year 2010. In terms of control over the property market, the central and local governments will address to the need to build more economy housing and improve the supply structure of the property market so as to promote healthy and steady growth. At present, the government is gradually pulling out its economic stimulus measures, and the policies designed to adjust the property industry are being tightened. Following the previous high-speed growth of the market and with the growth in supply in 2010, the market is set to face bigger pressure for adjustment. In the past, policy adjustment initiated by the government had driven down the rate of growth in investment in the short run. Therefore, considerable adjustment to real estate-related measures is of paramount importance to curb excessive speculations. Such measures will not halt the growing trend of the property sector but will enhance the sustainable and healthy growth of the industry in the long run. The Group remain cautiously optimistic on the development of China's property market in 2010.

(Source: National Statistics Bureau and National Reform and Development Commission)

In 2009, the Group's focus on Beijing and Tianjin, which enjoyed the advantages brought by early development. The Group also sought to consolidate its market position in cities where it already had operations. It outpaced its industry peers by grasping the development pattern of city clusters and tapping the potential of specific regions. In 2009, it acquired two comprehensive commercial projects in Foshan, Guangdong, and Huzhou, Zhejiang, marking its foray into the Pearl River Delta region. In addition, the Group had strengthened its market position in the Yangtze River Delta region. In the cities where the Group had established business, the economic growth had been on the rise, disposable income of residents continued to go up, the income structure improved incessantly, investment in the property sector gradually picked up and housing demand was keen.

Market/ Benchmark	Local GDP		Per capita disposable income of urban residents		Completed property development and investment	
	RMB100 million	Percentage change	RMB	Percentage change	RMB100 million	Percentage change
Across the nation	335,353	8.7%	17,175	9.8%	36,232	16.1%
Beijing	11,866	10.1%	26,738	9.6%	2,338	22.5%
Tianjin	7,501	16.5%	21,430	11.4%	735	12.5%
Shenyang	4,359	14.1%	18,560	9.1%	1,189	17.6%
Chengdu	4,380	14.5%	18,650	10.1%	945	3.6%
Chongqing	6,529	14.9%	15,749	11.4%	1,239	25%
Xi'an	2,719	14.5%	18,963	24.7%	696	28.9%
Wuxi	5,000	11.5%	25,030	10%	349	4.49%
Foshan	4,743	13.5%	24,578	9.3%	404	15%
Huzhou	1,112	10.2%	23,242	7.3%	110	3.4%

Overview of Beijing property market

Following the overall adjustment in 2008, Beijing's property market surged sharply in 2009. Various economic indices related to the property market were up and the property development and investment rate rose rapidly. The land and property markets heated up incessantly and transaction prices continued to grow. The local real estate market was characterized by supply shortage and high prices. Although the primary land development plan is being implemented, it will take some time for land supply to trickle in and supply will continue to be outstripped by demand in the short run.

The Olympics has significantly improved the multi-centre setting of Beijing and more areas have transformed into suburbs, it helps to ease the over-concentration of urban population and give rise to new property investment areas. Some formerly remote areas and urban areas that have been reinvented have become some of the hottest places for property development. In particular, with the rapid growth of the transport network, the new city and the southern city have grown more rapidly, thus driving up the added-value and investment potential of the areas and the property prices are set to grow too.

In 2009, Beijing saw the sale of 23.62 million sq. m. of commodity properties (including existing houses and uncompleted properties), up 76.9% from the previous year. A total of 18.80 million sq. m. of commodity properties were sold, up 82.3%. In December while the selling price of properties surged 9.2% from the previous year. The price level of newly built residential properties was up 13.9%, for the tenth month consecutively.

(Sources: Beijing Statistics Bureau, www.bjfdc.gov.cn and National Statistics Bureau)

Overview of Tianjin property market

In 2009, the moves to demolish dangerous buildings and refine infrastructure led to notable increase in demand in the property market of Tianjin. With the new urban development plan has been launched and the central government has adjusted the Tianjin Binhai new district administrative plan and transform into the national strategy level. The development of the Binhai new district is fully speed up. The integration of Beijing and Tianjin is also running at full steam. At present, Tianjin is experiencing high-speed growth and the authorities are continuing to step up urban development efforts. The merge of the three areas in Binhai new district will lure more outsiders to the city. As a result, housing demand is growing incessantly in Tianjin. Large-scale development plans are also pumping up market supply, which is conducive to maintaining steady growth of the property market.

The property price level of Tianjin is still far off from that of first-tier cities and the room for upside is very high. Stimulated by the housing purchase policy, the demand from outer cities and investment purpose is increasing with each year passing. In 2009, the commodity residential prices were up dramatically, in particular in Binhai new district, which has passed the RMB10,000 mark. In 2009, a total of 13.30 million sq. m. of commodity residential properties were sold in Tianjin, accounting for a 165.8% increase year-on-year. The average transaction price climbed to RMB7,408 per sq. m., up 7.2%.

(Sources: Statistics Bureau of Tianjin, National Statistics Bureau, China Index Research Institute)

Overview of Shenyang property market

In 2009, under the 25 new rules in "property sector concessionary measures", the property market continue to maintain steady growth. The activities of "mortgage old houses to buy new houses" project panned out well. In 2009, residents in peripheral areas focused their housing demand in central locations, leading to the annual increase in the overall sales of properties to residents outside the city. The Shenyang Economic Zone covers Shenyang, Anshan, Fushun, Benxi, Yingkou, Fuxin, Liaoyang and Tieling. In 2008, the city recorded a GDP of RMB874.2 billion and its population reached 23.62 million. The potential demand for housing was immense. With the integration of the Shenyang Economic Zone, the further integration of Shenyang and Fushun, and the launch of new intra-city transport links, the economic zone is set to see its housing demand explode.

Shenyang's property market has always been growing steadily. Demand and supply has been moderate, hence the moderate growth of property prices. Properties sold in the city are mainly owner-occupied. In addition, the sufficient housing supply means dramatic ups and downs are unlikely.

In 2009, the contracted sales areas amounted to 13.8 million sq. m. in Shenyang, up 4.5% from the previous year and the contracted sales value of RMB57.5 billion, representing a 15.5% increase. The total area in second-hand properties transaction was up 70.3% year-on-year. The property selling price index was up 1.5% year-on-year.

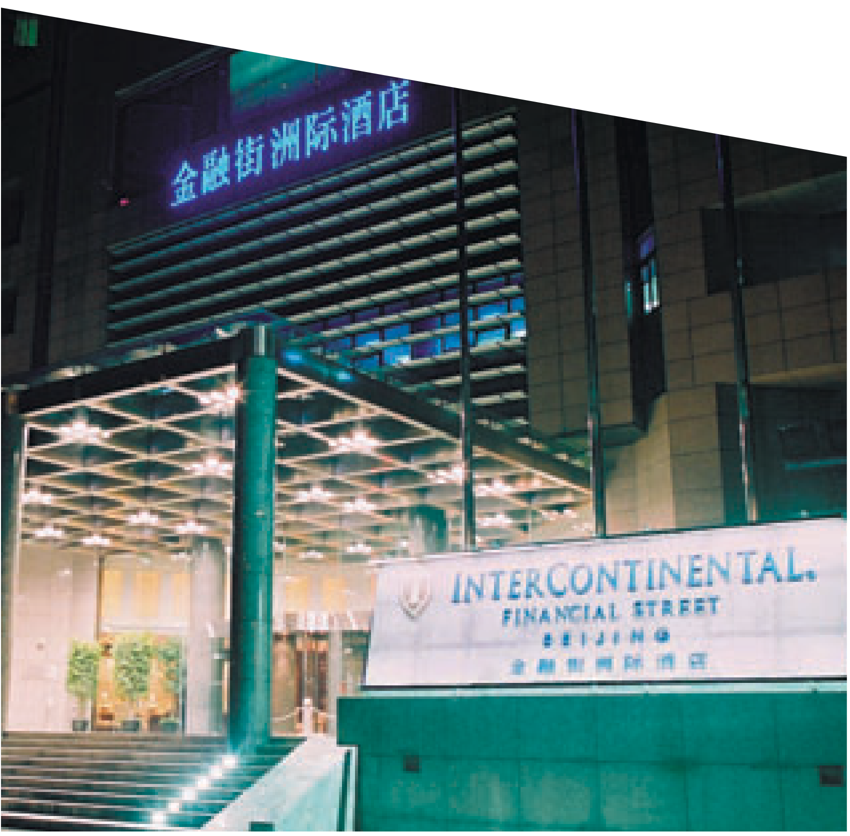
(Sources: Statistics Bureau of Shenyang, National Statistics Bureau, China Index Research Institute)

Overview of Chengdu property market

Following the downward movement in 2008, the property market of Chengdu rebounded sharply in 2009. The effect cast by the earthquake and the financial crisis are gradually dissipated. Stimulated by the house purchase concessionary policy, the local property market became active again. The pent-up demand was gradually unleashed and the property price stopped going down but climbed up again. In addition, Chengdu stepped up efforts to reinvent old urban areas, thus driving up housing demand of buyers whose old homes had been demolished. Thanks to expectations of the market to recover, housing demand of investors and anxious buyers grew, resulting in continuous surge of transaction volumes. In 2009, a total area of 15.5 million sq. m. of commodity properties in the center of Chengdu were sold, up 131% from 2008 and setting a new historical record.

As one of the leading second-tier city, Chengdu is experiencing high-speed growth. The city's position as a regional center has become ascertain and its property market is becoming more sophisticated and attract well-known property developers into the city. The city has a beautiful natural environment and purchasers of properties for living or investment makes a sensible move. In 2010, metro line number 1 and the Chengdu-Dujiangyan Light Railway will commence operation. This is set to bring up the regional value of Chengdu. Areas that boast good natural resources and residential amenities will be the center of attraction. In December 2009, the index of property selling price increased by 4.7% year-on-year. Although the city's property market surged significantly, the local property price did not go up too rapidly. The authorities' policy adjustment is set to encourage steady and healthy growth of the property market.

(Sources: Chengdu Real Estate Administration Bureau, Statistics Bureau of Chengdu and, China Index Research Institute)



Overview of Chongqing property market

In February 2009, the State Council's "Several Suggestions on Promoting Chongqing's Coordinated Urban-Rural Reform and Development" (Third Document of National Development) was launched, bringing unprecedented growth opportunities to Chongqing and fully reflecting the city's important role in the country's strategic development. The third document stated "four needs": the need to thoroughly implement the West Development Plan, the need to serve as a model for urban-rural coordination in the country, the need to conduct joint development in coastal and inland areas, and the need to safeguard the ecological and environmental safety in the Yangtze River region. The document brought Chongqing's reform and development to a national strategic level. As a result, the city can enjoy the open-up policies applied to the Yangtze River Delta and the Pearl River Delta, as well as various special concessions granted to areas involved in the West Development Plan. Chongqing will fast develop into a transport hub and an international trade route of the upper stream area of the Yangtze River Delta area. Chongqing will also become an economic, financial and trade center in the west. The city's regional advantages will be brought to the fore and the growth potential of its property market will expand significantly.

In 2009, Chongqing's property market recovered quickly as a result of a range of factors, including the authorities' concessionary measures and large-scale demolition of old urban areas. Transaction volumes grew incessantly and transaction prices also rose sharply. Supply was tight and properties available for sale reduced dramatically, while land prices also surged significantly. In 2009, the city sold a total of 24.36 million sq. m. of commodity properties, representing a dramatic increase of 94.51% year-on-year. The sales revenue reached RMB104.97 billion, up 109.68%. New records were made for both the total area and sales revenue. In 2009, the main city area of Chongqing completed 115 land deals, which involved a total area of 7.812 million sq. m., up 122.51% from 2008. The commodity land cost amounted to RMB5,262 per sq. m., up 78.64% from the previous year. In December, Chongqing's residential property selling price reached RMB5,222 per sq. m., up 34% year-on-year and amounting to a new high on a monthly basis. However, the price level was still lower than the land cost. In the future, Chongqing's commodity property price should continue to grow.

(Sources: Statistics Bureau of Chongqing, National Statistics Bureau, China Index Research Institute)

Overview of Xi'an property market

As a second-tier city in the mainland's property sector, the property market in Xi'an was mainly owner-occupied and the growth of the market had been steady and property prices had been gone up at a stable pace. In 2009, the city's property market did a roaring trade, with transaction volumes growing incessantly and the average selling price of commodity properties breaking the RMB5,000 per sq. m. mark. The total properties area sold was 13.38 million sq. m., up 99.97% from the pervious year and 39.62% from 2007 when property prices surge drastically. For the second half of 2009, the selling price of commodity properties in Xi'an was RMB5,264 per sq. m., up 29% year-on-year. The average price of residential properties stood at RMB5,200 per sq. m., representing an increase of about 10%. On the whole, market prices were on the rising trend.

According to the overall development plan for Xi'an, the city will be placed within a Greater Xi'an setting. To the east is Lintong, to the west Xi'anyang, to the south Changan and to the north Sanyuan. The economic development district in the north side will become the new city center of Greater Xi'an. The opening of metro, the move of the municipal government to the north, the expansion of Qujiang and the establishment of Chanba Ecological District will reinvent Xi'an's industry structure, greatly expand the development space of the city and encourage and maintain growth of the local property market.

(Sources: Statistics Bureau of Xi'an, National Statistics Bureau, www.xafgj.gov.cn)

Overview of Wuxi property market

Located in the heart of the Yangtze River Delta economic ring and in the midpoint of the Shanghai-Ningbo axis, Wuxi has a prime location that enjoys high economic growth and high per capita income. The local property price level is in the mid-range compared with other places along the Shanghai-Ningbo axis. The level is still way off of Nanjing's property price level. Wuxi's property market has been growing rationally and has never got off the demand track. With the improvement of the industry structure, Wuxi has introduced a host of industries with great growth potential. The expansion of such industries is set to lure more working population in the city. In addition, the upcoming launch of the Shanghai-Ningbo city rail will significantly shorten Wuxi's distance from such key cities as Shanghai and Nanjing. The city is set to attract more and more outsiders to reside, which will solidify the rational foundation of the demand structure of the local property market.

Wuxi's commodity property market delivered a stunning performance in 2009. Property transaction volume reached a new high in May, after which transaction volumes had remained at the high level. In 2009, Wuxi made new records in terms of the volume of property transactions. For the whole year, a total of 7.12 million sq. m. of commodity properties were sold, up 112% year-on-year. The selling price index for properties also grew by 0.7% from the previous year.

(Sources: Statistics Bureau of Wuxi, Wuxi's property indices and National Statistics Bureau)

Overview of Foshan property market

On 24 December 2009, the country's first cross-region comprehensive plan, Guangzhou-Foshan Integration Development Plan 2009-2020, was formally launched. The plan has been lifted to the national strategic level, and it is stated clearly in the document that Guangzhou and Foshan will lead the Pearl River Delta region to develop a city cluster marked by a sensible setting, comprehensive functions and closer relations. Under the plan, preliminary integration will have been completed by 2012, and the Guangzhou-Foshan-Shaoqing economic ring will have been strengthened and its ability to lead the integration of the Pearl River Delta region will have been enhanced. The area will then take the lead to establish a middle class society, with the GDP of Guangzhou and Foshan reaching RMB1,800 billion and GDP per capita over RMB100,000. By 2020, full integration will have taken place and the region will take the lead to achieve modernization. In addition, the GDP of Guangzhou and Foshan will be doubled from 2010.

Within the framework of Guangzhou-Foshan integration, Guangzhou's property market is not going to occupy the market share of Foshan's. Foshan is precisely an extension of Guangzhou's property market. The price "troughs" of the city's property market are a strong attraction for many Guangzhou residents. The integration plan will assist the upgrading of Foshan and improve its amenities. The plan will be pushed further in 2010. In particular, the launch of the Guangzhou-Foshan metro line and the Guangzhou Asian Games will bring the two cities closer and their property markets will have room for further growth.

In 2009, commodity properties measuring a total of 11.15 million sq. m. were sold in Foshan, representing a year-on-year increase of 86.91%. The total value of transactions amounted to RMB65.308 billion, up 101.62% from the previous year. The average selling price of the commodity properties was RMB5,858.49 per sq. m., up 7.87%. It exhibits that Foshan's property market in the year of 2009 has totally outstripped the performance in the year of 2007 which saw the transaction hit the peak.

(Sources: Foshan Municipal Construction Bureau, Statistics Bureau of Foshan and National Statistics Bureau)

Overview of Huzhou property market

Located in the heart of the Yangtze River Delta, Huzhou boasts an efficient transport system and a host of local advantages. The local economy has been growing rapidly and the ecological environment remains in a healthy state. The level of development of the urban and rural areas is well balanced. On the whole, the city is a hinterland linking the north and south wings of the city clusters of the Yangtze River Delta region, Shanghai, Hangzhou and Ningbo. At present, Huzhou is in a period of rapid growth. Efforts are being made to enable the city to integrate with the Yangtze River Delta region and to develop into a large city. Meanwhile, the Hangzhou metropolitan economic ring covering Hangzhou, Huzhou, Jiaxing and Shaoqing is under development. As a result, Huzhou enjoys an environment conducive to relentless urban development. The population of the city is growing rapidly and housing demand on the rise. All these are driving up demand for housing of owners for occupancy and owners for improvement.

Huzhou is the only city in the pan-Taihu Lake region whose name is related to the lake. The Taihu tourist district is State AAAA-class tourist area. The general development plan for Huzhou involves speeding up the building of South Taihu and building a modern ecological lakeside city. At present, the tourist district is going through a new round of development. The property market of Huzhou is in a relatively steady state, leading to moderate release of pent-up demand. Local property prices can by large reflect market demand and the relations between demand and supply.

In the second quarter of 2009, Huzhou's property market began to rally. The property prices continue to rise and the city emerged from years of low-price position. Medium and small size sold like hot cakes while large size and high-end projects also took the market by storm. Indeed, high-end projects are all the rage now in Huzhou. From January to November 2009, a total of 2.98 million sq. m. of commodity residential properties were sold in Huzhou, accounting for a 106% increase from the previous year. The rate of growth increased with each month passing. Sales revenue from commodity residential properties amounted to RMB14.85 billion, up 151.7% year-on-year. The average selling price for residential properties stood at RMB4,981 per sq.m., up 22% year-on-year.

(Sources: Statistics Bureau of Huzhou, Development and Reform Commission of Huzhou)

Business Review

During the year under review, China economy was on the track to rapid recovery. The property sector experienced a "V-shape" rebound, with strong sales, active transaction and a continuous increase in property price. The Group followed the market trend and seized the rising opportunities by stepping up its efforts in project development and introducing products catering to different customer demands. We have achieved remarkable sales performance. In regard to internal management, the Group implemented structural adjustment against favorable market landscape and persisted in upholding a strategic planning operation system. Through the continuous refinement of the three-tier management model of "Headquarters — Regional Office — Project Company", and the enhancement of cost-oriented and investment return management, the Group accelerated the research and development as well as the application of product standardization while strengthening management capabilities with construction of information system. As for land bank replenishment, capital operation and international collaboration, the Group proactively innovated operation model and explored new market opportunities and profit model.

During the year, the Group recorded RMB5,393,150,000 in revenue, representing a year-on-year increase of 4.4%. Operating profit amounted to RMB1,602,473,000, a rise of 12.6% from the previous year. Profit attributable to shareholders increased 40.6% to RMB538,435,000. Earnings per share was RMB0.2655, compared with RMB0.1888 in 2008. The Board recommended the payment of a final dividend of RMB0.11 per share for the year ended 31 December 2009 (2008: RMB0.08 per share).

In 2009, the Group achieved major breakthroughs in the following operation and management areas:

Entered the stage of rapid growth with contracted sales exceeding RMB10 billion. In 2009, the Group's contracted sales amounted to RMB10.6 billion, posting a substantial increase of 183% and represented a historical breakthrough in sales performance. The number of projects for sale increased from 11 in 2008 to 15, spanning across 9 cities in China. As the development progress picked up, the Group has completed the pre-construction of a number of projects. It is expected that more projects will be launched in 2010.

Enhanced the level of product standardization with upgrading and extension of product line. Since the implementation of the nationwide development strategy in 2006, BCL has been strengthening its brand presence and value in different markets. The Group's products have received extensive market recognition and brand awareness were further enhanced. In addition to Beijing, the Group's products have established a strong foothold in Tianjin, Chengdu and Xi'an. The Group has further integrated and standardized its products on the basis of the existing three standardized product lines. While upgrading and extending its product lines in accordance with changes to market demand, the Group has gradually established the competitive edges in the new series of integrated products.

Entering into domestic and overseas financing platforms for diversified capital operation. On 21 October 2009, the Group's RMB1 billion corporate bond (bond code: 122025), with a 5-year tenure and coupon rate of 6.5%, was listed on the Shanghai Stock Exchange. The Group is the first H-share property enterprise to have its domestic corporate bond going public representing the success of connecting to both the domestic and overseas financing platforms. On 5 November, the Group entered into a strategic partnership agreement with China Construction Bank Beijing branch. The two parties achieved consensus on the nationwide development in the long term and China Construction Bank agreed to grant credit facilities amounting to RMB10 billion. In the meantime, the Group continued to expedite the progress of issuing A shares, with a view to gaining access to the capital platform of domestic markets.

Strengthened international collaboration and enhanced integrated operation model. In 2009, BCL joined hands with international renowned retail company to leverage their unique edges in high-end residential property and commercial property operation and acquired the integrated land plots located in Sanshui District of Foshan, Guangdong Province and Taihu tourist resort in Zhejiang Province. The agreements for developing both projects were formally entered in November. By introducing leading international retail business, the Group further enhanced its integrated operation model and achieved breakthroughs in implementing the strategy of differentiation competition. BCL explored elements for integrated operation based on the combination of residential products and internationally renowned retail model, so as to further increase the Group's market share and brand awareness.

Initiated the construction of comprehensive information system and optimize three-tier management model. With the mission of establishing a platform for the integrated information management system, the Group carried out a reform on corporate management. By standardizing management and control procedures and optimizing results, the Group initiated the building of a comprehensive information system and IT planning. During the year, the Group completed the development of the first phase of financial system, human resources system and a coordinated office system. As for management and control model, the Group continued to optimize the allocation of responsibility, power and benefit. With authorization, cost effectiveness and standardization as the core value, the Group reinforced and enhanced the three-tier management model of "Headquarters — Regional Office — Project Company", and promoted internal reform to propel the growth of the Group's branch offices and develop them into major profit and cost centers.

PROPERTY DEVELOPMENT

During the year, the Group and its jointly controlled entities and associates have completed parts of development of the following projects: The Reflections, Urban Town, Beijing A-Z Town, Upper East Side, Tianjin Butchart Garden, Tianjin First City, Chengdu A-Z Town, Chengdu First City and Wuxi Gentle House. Approximate GFA completed for these projects amounted to about 824,987 sq. m..

Projects completed in FY2009

Projects	**Type**	**Approximate GFA Completed** (sq. m.)	**Attributable Interest**
The Reflections	Residential	45,522	55%
The Urban Town	Residential	37,471	50%
Beijing A-Z Town	Residential	91,738	100%
Tianjin Butchart Garden	Residential	78,623	55%
Tianjin First City	Residential/Commercial	47,677	55%
Chengdu A-Z Town	Residential/Commercial	206,022	55%
Chengdu First City	Residential/Commercial	88,174	55%
Wuxi Gentle House	Residential/Commercial	122,410	60%
Upper East Side	Residential	107,350	— *
Total		824,987	

* The share stakes in Upper East Side project were transferred out at October, 2009.

Property Sales Performances

Project	Approximate Contracted Sales Area (sq. m.)	Approximate Contracted Average Selling Price (RMB/sq. m.)	Approximate Contracted Sales Revenue (RMB'000)
Residential (Beijing)	**224,902**	**23,520**	**5,289,640**
The Reflections	20,138	33,665	677,940
Xanadu	43,035	32,709	1,407,620
The Urban Town	19,255	19,026	366,350
Beijing A-Z Town	69,946	14,988	1,048,380
Upper East Side	72,528	24,671	1,789,350
Residential (Outside Beijing)	**689,838**	**5,796**	**3,998,510**
Tianjin Butchart Garden	136,075	6,162	838,500
Tianjin First City	121,719	7,805	950,000
Tianjin Noble City	36,360	7,917	287,850
Chengdu A-Z Town	59,646	6,659	397,160
Chengdu First City	69,575	4,644	323,120
Wuxi Gentle House	74,346	5,201	386,670
Shenyang First City	59,296	4,445	263,600
Xi'an First City	132,821	4,153	551,610
Commercial/Office	**59,054**	**19,818**	**1,170,340**
North Ring Centre	42,867	18,443	790,600
Chengdu A-Z Town	1,274	11,374	14,490
Wuxi Gentle House	228	10,877	2,480
Upper East Side	6,123	31,129	190,600
The Interwest	8,562	20,109	172,170
Car park space	**36,994**	**3,803**	**140,700**
Beijing A-Z Town	4,463	3,251	14,510
The Urban Town	957	3,762	3,600
North Ring Centre	13,319	4,142	55,170
Chengdu A-Z Town	9,540	2,433	23,210
The Interwest	8,715	5,073	44,210
Total	**1,010,788**		**10,599,190**

In the year of 2009, amid an array of measures implemented by the central and local governments in stimulating the purchase of the property, the pent-up demands were largely unleashed. With the proactive financial policies as well as the pertinent easing monetary policies started taking effects, China economy gradually stepped out of the troughs. Both the "real buyers" hoping for improving the living environment and the investors regained their confidences, propelling a resilient rebound in the housing market in 2009. The transaction volume experienced an exponential growth and in the meantime the transaction price was stabilized, clawing back to an upward trend. In just one year, China's property sector swiftly underwent a change from bust to boom, from gloom to ecstasy.

During the year, the Group upheld the strategy of accurately foreseeing the market trend and swiftly responding to market changes, ensuring the sufficient supply of the inventory and timely introducing a large variety of value-for-money products which cater for the needs of different buyers. Such strategy triumphantly grasped the explosion of market demands and the sales of each project were with flying colours. The sales amounts of the Group's projects in Beijing, Tianjin, Chengdu, Wuxi, Shenyang and so forth achieved growth rates spanning from 100% to 300%, far exceeding the market average and exhibiting the fact that since the implementation of our strategy across the nation, the brand value of "Beijing Capital" had been escalating whereas the cognizance and the fame of the Group's products had been uplifting. Currently, the Group's products in Beijing, Tianjin, Chengdu, Wuxi and Xi'an have been enjoying premium market status. On the basis of the Group's existing three standardized product lines, the product standard levels have been increasing with the changes to the market demands, gradually shaping up our product edges in seriation of a new integrated project of the city.

During the year, the Group reaped the harvest, with the number of the projects for sale increasing to 15 in 2009 from 11 in 2008, not only including those projects which were sold in the year of 2008 but also encompassing newly launched projects such as Tianjin First City, Beijing Xanadu, Tianjin Noble City, Xi'an First City and so on. While the existing projects had seen pick-ups in sales month by month, the newly launched projects also grasped the market opportunities within a short period of time, accumulating ample client resources. Among all newly launched projects, the First City series recorded strong sales performance, riding on its edges in vigorous brand recognition and an extensive acclaim by the buyers as to the international quality life style advocated by the project. Moreover, the Group also launched the office building of the North Ring Centre in Beijing during the period, enhancing the variety of the Group's product portfolio.

During the year, both the Group's contracted sales area and contracted sales revenue hit its historical high. Coupled with its associates and joint controlled entities, the Group's contracted sales area was approximately 1.01 million sq. m., increasing by 199% from the same period last year. Of which, the contracted sales area of the residential properties was approximately 910,000 sq. m. The contracted sales revenue reached about RMB10.6 billion, representing a growth of 183% and the residential properties accounted for RMB9.3 billion of the Group's contracted sales revenue, achieving the contracted sales revenue target of RMB10 billion and earmarking the Group's leap forward into a brand new development stage.

- Both Xanadu and The Reflections are the masterpieces of the Group's high-end urban residential projects, located in the east and west of Beijing respectively. Xanadu is a high-end residential apartment rarely found in the CBD, with the new CCTV Tower, the core region of TV media, to its south. Since its launch on 16 May, the project successfully won praises in the public, arouse the awareness among the home buyers and widened the clientele, through a series of "Chinadu" ("中國禧") activities and a bundle of cross-border sales activities including "the investment forum in luxury apartments" held in Hong Kong. As at the end of the year of 2009, the subscription amount of the project was approximately RMB1.7 billion, of which contracted sales revenue was RMB1.4 billion. Situated in a prime precinct, Block 3 of The Reflections enjoys a 270-degree picturesque view of Yuyuantan Park, Chang'an Street and the China Millennium Monument. In the year of 2009, the Group formulated diverse sales and pricing strategies in Reflections in response to the market changes. Furthermore, the Group had been infusing the fresh value in promotion and product into its projects, though advocacy and implementation of the novel ideas like "Yang Yuen Zhai" ("養源齋") in accordance with the paradigm of the living culture of the royal family — national architecture with Chinese spirits.

- The Group replicated the A-Z Town series, the first product line of "Diversified Integrated Community" across the nation. The sales performances escalated in the year of 2009, thanks to its unique location, the stable and well-developed living environment and versatile community image. Beijing A-Z Town is located at the heart of Beijing's pan-CBD region with a convenient transportation network and comprehensive amenities and business facilities. In 2009, the Group focused on the launch of small-sized units to cater to the demand of home buyers in pan-CBD region, posting a subscription rate exceeding 90% on the debut day. As at the end of the year of 2009, the project recorded RMB1.05 billion in contracted sales revenue, representing a growth of 142% from a year earlier. In 2009, with the finish of the construction and the opening of the business entities, Chengdu A-Z Town Phase 4 presented the tranquility and elegance of the residential precinct as well as hustle and bustle of the business districts in the newly-developed area of the city. The contracted sales revenue of the project amounted to RMB400 million in year with a sold-out ratio of 97%. As the first replica of the A-Z Town product line in other areas, Chengdu A-Z Town performed with perfection, exhibiting the fact that Beijing Capital's capabilities in standardizing the replication and integrating operation have been greatly recognized.

- Tianjin Butchart Garden, Tianjin Noble City and Wuxi Gentle House are the classic projects of the Group's "Urban Low-density Humanistic Community" series. The sales performance of Tianjin projects was particularly outstanding. In 2009, the Group was among the top three developers in terms of market share in Tianjin. With the launch of the Group's projects into the Tianjin market in succession, the Group further cemented its foundation in Beijing and Tianjin region as its strategic presences of nationwide positioning. In 2009, the strengthened brand effect in early phases and sophisticated community environment boosted the sales of newly launched phases of Tianjin Butchart Garden. Its contracted sales revenue amounted to RMB840 million, being ranked the second in Tianjin's property market for three consecutive months. Tianjin Noble City is the Group's first low-density community in Tianjin urban areas with London flavor. In 2009, a series of promotional campaigns were held to promote the brand of "Beijing Capital" and classy lifestyle of London. The brand building and product line of "city villas with London flavor" were well established. Phase 1 of the project achieved a subscription rate of 58% on debut. Residential units in Phase 2 of Wuxi Gentle House were launched in 2009 and it is surrounded with greenery and water landscapes, which local home buyers yearn for. The project also introduced Madam Soong Ching Ling Huayi Kindergarten as an excellent education resource of the project, which has largely enhanced the brand influence of Beijing Capital. In 2009, contracted sales area of the project reached 75,000 sq. m. and contracted sales revenue was RMB400 million, representing a substantial growth of over 245% year on year and being ranked the first in terms of sales in Xishan district of Wuxi.

- Following the successful launch of "First City" of the "Internationalized High-end Community" series in Chengdu and Shenyang, the Group introduced this series into Tianjin and Xi'an in February and May 2009 respectively. Tianjin First City is located in Shangbei Ecological Area of Tianjin Binhai New District. The project comprises garden villas, modern high-rise residential buildings and skyscrapers, a perfect combination of simple and modern architectural style and international positioning of the project. As at the end of 2009, contracted sales revenue of the project totaled RMB950 million. Xi'an First City is situated in Xi'an Economic & Technological Development Zone and near the new municipal government office, enjoying high accessibility with the Beijing-Xi'an Railway station only 1.2 km away. The project is a masterpiece of the Group's newly developed integrated projects. The project has a GFA of 1.69 million sq. m and comprises residential units, offices, commercial properties and hotels. Its 1,340 units were snapped up since the commencement of sales in May and topped the list of Xi'an property market in terms of sales. Chengdu First City will set the year 2009 as the Year of Enterprise Customers, in which the Group shouldered its corporate responsibility by putting emphasis on sincere and customer-oriented services and adhering to its development strategy of "Chengdu Affinity". The Group also joined hands with PetroChina, Ito Yokado and other large-scale enterprises to offer the highest quality and the most economical services for customers, which established a solid foundation for the success of the project. As at the end of 2009, contracted sales area of the project amounted to nearly 70,000 sq. m., representing a substantial growth of 400% over 2008. Launched in 2008, Shenyang First City is a strategic project that marked the Group's efforts in investing in the Bohai Rim region and its attempt to expand in Northeast China. The project took the opportunity of market upturn by launching the products with room types that meet the market demand and carrying out promotional campaigns frequently. As a result, both GFA sold and sales amount increased drastically.

The PRC government issued a multitude of austerity measures of property market decisively since the end of 2009. The purpose of such measures is to "maintain the steady and healthy growth of the property market and curb the over-inflation of property prices in some cities" rather than suppressing the market. As such, despite the fact that the measures would strike a blow against the market in short term, there will be constant market demand in the property market throughout the year, and the increase rate of property prices is expected to be lower gradually. In view of potential market fluctuation, the Group fully recognized all possibilities of market changes and will continue to adhere to the model of integrated operation, while adopting differentiation competition, in order to impel steady growth and innovative development. Meanwhile, with The Reflections and Xanadu as pioneer projects, the Group will also launch a number of First City projects, innovative commercial and industrial complex projects. In sum, the Group will continue to enhance its brand awareness, reinforce its market competitiveness and expand its market share.

Hotel Operations

During the year, revenue of the hotel dropped due to the adverse impact of the global financial crisis and the outbreak of swine flu. As at 31 December 2009, the revenue of Holiday Inn Central Plaza amounted to approximately RMB84,983,000, representing a decline of 23% from a year earlier and the average occupancy rate was approximately 60%, a decrease of 7 percentage points. The proportion of revenue of hotel operations to the Group's total revenue decreased from 6% to less than 2% year-on-year and it's still on a downward trend. As such, the Group is mulling over withdrawing from the hotel operations gradually.

Land Bank

In 2009, leveraging its competitive edges in Beijing and Tianjin regions, the Group further expanded and strengthened its leading position in established markets, in accordance with its mid-to-long term land bank replenishment plan. It kept pace with the trend of urbanization development and explored opportunities in potential regions as well as developed its integrated operation advantage. By creating the synergies with the infrastructure business of Capital Group, the Group's parent company, and through primary and secondary land development, the Group is seeking the opportunities for land development and acquisition of quality land resources. As at 31 December 2009, the total GFA and attributable GFA of the Group' land bank amounted to 8.62 million sq. m. and 4.55 million sq. m.. The unsold land bank of the Group in terms of geographical distribution was as follow, 25% in Beijing and Tianjin region, 26.9% in Chengdu and Chongqing region, 4.2% in Wuxi, 18% in Xi'an, 16.4% in Shenyang, 9.5% in Foshan. In terms of land use, approximately 82% is for residential projects, 16% for commercial projects, 1% for office properties and 1% for hotels. The transfers of share stakes of the projects in Foshan Guangzhou and Huzhou Zhejiang are underway. Following the completion of the share stake transfers of those projects, the total GFA and attributable GFA of the Group's land bank would amount to 10.2 million sq. m. and 5.77 million sq. m. respectively. In addition, the total site area for the primary development projects amounted to approximately 3 million sq. m. and the total GFA of the projects are expected to be exceeding 3 million sq. m..

Reviewing the land bank acquisition progress:

The Group was confident of the potential of Beijing market and strived to maintain its competitive edges through years of dedication in Beijing. With the increasing land cost in Beijing market in 2009, BCL has adhere to its prudent yet flexible strategy and avoided acquiring land plot at high cost. While acquiring land through merger and acquisition, the Group also kept an eye on the opportunities for primary land development in the vicinity of the existing projects. By participating in land consolidation at the early stage to acquire premium land resources with a bargaining price in a prime location within the city, it was able to acquire new land at low cost. The Group has acquired a land plot No.6 of Langjiayuan at CBD, Beijing in June 2009 and HuangXinzhang project in Fangshan District in December 2009 respectively, through participation in land consolidation at the early stage to acquire premium land. Located at the core area of Beijing's CBD, land plot No.6 of Langjiayuan is now at the stage of land consolidation with a site area of approximately 23,000 sq. m.. Huangxinzhuang project is located at the south of municiple government of Fangshan with 3.5 km to metro line which is under construction. It's close to the exit of LiangXi'ang Airport in Jingshi highway, and only takes 30-min drive to the Financial Street in Beijing through Jingshi highway. The total GFA of the project is 310,000 sq. m. and is planned to be developed into a mid-end residential community.

By actively exploring the trend of modern city transportation network development, the Group has created synergies with the infrastructure business of its parent company, Capital Group, in terms of railway transportation and highway, to plan in advance the direction of urbanization in future. In October 2009, the Group acquired the land consolidation right in Gaocun county, Wuqing district, Tianjin. The project has a total site area of 2.9 million sq. m. Gaocun is located at the major regions of urban development in Beijing and Tianjin, south to environmental development area and west to industrial development region. It's positioned as a collective region for new hi-technology, modern servicing industry and an ideal residence. The planned GFA of the project is approximately 3 million sq. m. and it will be developed into a low-density small town with business, leisure, corporate and tourist facilities, targeting customers in Beijing.

The Group has been striving to further develop its edges in integrated operation and executed the differentiation competition strategy and devoted to develop urbanization-oriented commercial integrated projects. In November 2009, the Group entered into an agreement with a world famous company to develop two integrated projects in Foshan, Guangdong and Huzhou, Zhejiang, respectively. The relevant share stakes are being transferred. Foshan project enjoys the outstanding regional advantage with convenient transportation to Foshan, Guangzhou, Zhaoqing and Qingyuan, and 30-min drive to Guangzhou international airport. The project has a total planned GFA of 1.78 million sq. m. and is positioned as an integrated community with low-rise residential, large commercial, resort hotel and logistics centers. Zhejiang Huzhou project is 8 km away from downtown with 10-min drive. It takes 40 minutes to Hangzhou and 90 minutes to Shanghai respectively. It is located at the new district which is important for Taihu resources development in Zhejiang. The project has planned GFA totaling 630,000 sq. m. and targeted as a new integrated project that combines high-end fashion shopping, sightseeing, resort and commercial elements.

Human Capital

As at 31 December 2009, the Group had a professional team of 569 people with an average age of 32.6. 13.9% and 64.1% of the employees received master degree or above and undergraduate education respectively. Of the total number of staff, employees at the middle level accounted for 33.0% and those at senior level accounted for 6.2%.

During the year under review, the Group further optimized the management and control system and enhanced the overall efficiency of human capital. With continuous optimization and improvement on the performance management system, the Group has kept the mobility of the team through performance leverage and built up human resources database for talents and the organization. It also achieved quantitative management and maintained the competitive high-quality human capital. The Group organized 48 training programs. The number of training hours totaled 25,024 hours with an average of 44 hours per staff, outperforming the industry.

Prospects

From the long term prospective of the property development in China, the sector has been back to the upward trend following the economic downturn and the consolidation of the property market in previous years. Factors shoring up the long term growth of the property sector including rapid urbanization, increasing disposable income and rising salaries remain intact, and the demand for properties would be further unleashed at a faster pace in coming 10 to 15 years. "To promote the consumption of properties for own use, to rein in the property investment and to suppress speculation demand" will continue to be the long-term target of the policies. And the property market will lurch between being "supportive" and "suppressive". However, the temporary adjustment will not halt the long-term growth trend of the market. In fact, the adjustment measures will cool down the market and prevent it from overheating, which may in turn cause the collapse of market. As one of the leading large-scale comprehensive developers in the PRC, the Group will adhere to its own development plan, continuously accumulate resources and confront the market volatility and achieve stable and long-term growth.

The Group will implement the following strategies in 2010:

1. To explore and study the business model integrating the property exploitation and business development so as to cater to the sophisticated needs of the customers

   - Implement product differentiation strategy, following the development of transportation network and tap into the markets before other competitors so as to accumulate land resources

   - Exploit the potential elements and leverage on the benefits of a comprehensive property developer

   - In-depth study of the buyers behaviour and analyze the market behaviour in details

2. To carry out the integrated development model and speed up the development of integrated projects

   - Incessantly optimize the newly-designed integrated project and promote the standardization and replication of newly-designed integrated project

   - Lock up the land resources at low cost and implement the primary and secondary land acquisition

3. To accelerate the development cycle of the existing projects and achieve for the stable growth of the operating results

   - Step up the development of the projects, expand the development scale and solidify the Group's leading position in the region

   - Further exploit the development potentials of the areas the Group has already tapped into with a view to uplifting market share and brand awareness and increasing both transaction price and volume

4. To expand the land resources at low cost with resources synergy and business innovations as directives and fulfillment of the integrated operational needs

   - Incessantly strengthen the cooperation and synergies with the infrastructure business of the parent company, acquiring the quality land resources at earlier stage of development

   - Uphold the business model of integrated operation, expand the land resources at a lower cost and strive for a breakthrough in replenishing land resources through new business model

5. To grasp opportune moment and strive for the breakthrough in capital operation

   - Impel issuance of A shares and expand the domestic capital channel

   - Proactively expand the financing channels and investment partners in order to frame a versatile and comprehensive financing portfolio

6. To speed up the management reshuffle and increase management efficiency

   - Consolidate the business sectors and optimize the strategic management and internal control model with the headquarters focusing on strategic planning, resources planning whereas front line offices as the major profit centre

   - Incessantly strengthen the management control and incentivize the front line operation in a bid to enhance the operation efficiency

FINANCIAL ANALYSIS

1. Revenue and Operating Results

During the year 2009, the turnover of the Group was approximately RMB5,393,150,000 (2008: RMB5,167,098,000), representing an increase of 4% from the year 2008. Such increase in turnover was attributable to strong sales and occupancy rate of The Reflections project in Beijing, The Urban Town project, The A-Z Town project in Beijing, The A-Z Town project in Chengdu and The Tianjin Butchart Garden project developed by the Group during the year. The turnover grew steadily.

During the year 2009, the Group achieved a gross margin of 32%, which was basically in line with that of 2008.

During the year 2009, the operating profit of the Group was approximately RMB1,602,473,000 (2008: RMB1,423,686,000), representing an increase of 13% from the year 2008.

2. Financial Resources, Liquidity and Liability Position

As at 31st December 2009, the Group's total assets were RMB22,421,735,000 (2008: RMB19,067,502,000) (of which, current assets were RMB16,557,190,000 (2008: RMB12,452,174,000) and non-current assets were RMB5,864,545,000 (2008: RMB6,615,328,000)) and the total liabilities were RMB15,744,990,000 (2008: RMB12,908,182,000) (of which, current liabilities were RMB10,140,827,000 (2008: RMB7,104,449,000) and non-current liabilities were RMB5,604,163,000 (2008: RMB5,803,733,000)), and shareholder's equity reached RMB6,676,745,000 (2008: RMB6,159,320,000).

The Group is of sound liquidity and solvency. Current ratio of the Group as at 31st December 2009 was 1.63 (2008: 1.75).

As at 31st December 2009, the Group's cash and cash equivalents amounted to RMB4,879,372,000 (2008: RMB2,147,142,000), which represented sufficient cash flow for operations.

Bank borrowings and bond of the Group as at 31st December 2009 amounted to RMB6,250,710,000 (2008: RMB6,383,500,000), of which the long-term borrowings and bond amounted to RMB5,286,710,000 (2008: RMB5,661,500,000), which were mainly used to meet the capital requirements of the Group's property development projects.

The Group currently makes investment in the PRC only. As at 31st December 2009, all of the Group's bank borrowings came from banks in the PRC and were borrowed and repaid in RMB. Therefore, there exists no significant risk of currency fluctuation. Most of the Group's long-term bank borrowings are granted on a floating rate basis.

As at 31st December 2009, the Company's net gearing ratio was 35% (2008: 111%). The gearing ratio of the Company is calculated by the interest-bearing liabilities net of net cash and bank balances and then divided by shareholder's equity.

3. Changes in major subsidiaries

During the year, the Company entered into an agreement with Reco Ziyang Pte Ltd. to acquire 45% equity interests of Beijing Capital Xinzi Real Estate Limited and the Company's equity interests has increased from 55% to 100%.

During the year, the Company partially disposed of 45% equity interests in Tianjin Banshan Renjia Real Estate Company Limited to Reco Ziyang Pte Ltd. After the equity transfer, the Company owned 55% equity interests in the company.

During the year, the Company entered into an agreement with Beijing Haili Real Estate Limited to transfer to it all equity interests in Beijing Maple Real Estate Development Company Limited, a subsidiary, held by the Company.

Jinjing Tongcheng (Tianjin) Investment Company Limited was established in September 2009, and the Group holds 90% of its share indirectly.

4. Changes in major jointly-controlled entities and associates

During the year, the Group completed its acquisition of 50% equity interests in Outlet Property Investment Guang Dong Limited at a consideration of US$20 million, turning it into a jointly controlled entity of the Group.

During the year, the Group acquired 50% equity interests in Beijing Anshunyuan Real Estate Development Company Limited, turning it into a jointly controlled entity of the Group.

During the year, the Company disposed of all its 25% equity interests in Beijing Xing Tai Real Estate Development Company (a former associated company) to a subsidiary of Yang Guang Company Limited.

5. Entrusted Deposits and Overdue Time Deposits

As at 31st December 2009, the Group did not have any deposits under trusts in financial institutions in the PRC. All of the Group's cash was held in commercial banks in the PRC in accordance with applicable laws and regulations. The Company has no bank deposits which are not recoverable upon maturity.

As at 31st December 2009, bank borrowings of RMB3,859,000,000 (2008: RMB4,241,500,000) were secured by rights to yields on certain land use rights (gains on transfer of the land use rights or other profit obtained from use of the related land use rights).

As at 31st December 2009, bank borrowings of RMB1,010,000,000 (2008: RMB1,242,000,000) were secured by certain properties under development amounted to RMB1,274,342,000 (2008: RMB454,051,000).

As at 31st December 2009, bank borrowings of RMB270,000,000 (2008: RMB300,000,000) were secured by the hotel properties and the land use rights.

6. Corporate Bonds

As at 24th September 2009, the Company issued 5-year corporate bond of RMB1,000,000,000 in value with a coupon interest rate of 6.5%.

7. Contingent Liabilities

The Group had arranged bank facilities for certain purchasers of its properties and provided guarantees to secure the repayment obligations of such purchasers. The outstanding balances of guarantees amounted to RMB3,122,583,000 as at 31st December 2009 (2008: RMB2,826,257,000).

As at 31st December 2009, other than the guarantees provided for long-term bank borrowings of RMB125,000,000 (2008: RMB600,000,000) granted to a subsidiary, the Group had no other material external guarantee.

Current session of the Board of Directors took effect on 5th December 2008 for a term of three years.

Chairman

Liu Xiaoguang (劉曉光), aged 55, has been appointed as an executive Director and the Chairman of the Company since December 2002. Mr. Liu has served as the vice-chairman and the general manager of Capital Group since 1995. Prior to his appointment with Capital Group, Mr. Liu had approximately 13 years of working experience in various departments of the Beijing Municipal Government including serving as the vice-chairman of the Development and Planning Commission of the Beijing Municipality and deputy secretary general of the Capital Planning and Construction Committee of the Beijing Municipal Government. Since 1994, Mr. Liu has been serving as the chairman of the board of directors of New Capital International Investment Limited (Stock Code: 1062). Presently, Mr. Liu is the visiting lecturer at Beijing's Commerce Council. Mr. Liu obtained his Bachelor of Economics degree from the Beijing Institute of Commerce in 1982.

Executive Directors

Tang Jun (唐軍), aged 51, has been appointed as an executive Director and the President of the Company since December 2002. Mr. Tang has worked for the Beijing Municipal Planning and Development Commission and the Beijing Economics and Technology Development Zone. From 1994 to 2004, Mr. Tang was the legal representative and general manager of Beijing Sunshine Real Estate Comprehensive Development Company. Mr. Tang obtained his Bachelor of Construction Engineering degree from Hefei University of Technology in 1982.

Zhang Juxing (張巨興), aged 56, was appointed as the vice-president of the Company in December 2002. Mr. Zhang has worked in the infrastructure office of Beijing Public Transport Corporation for seven years. Since 1993, Mr. Zhang has been serving as the department manager and deputy general manager of Beijing Sunshine Real Estate Comprehensive Development Company. Mr. Zhang graduated with a basic economy infrastructure degree from the People's University of China in 1989. During 2005 to 2007, he studied in Beijing University and obtained his Master Degree in Business Administration from the University of Northern Virginia.

Non-executive Directors

Feng Chunqin (馮春勤), aged 58, has been appointed as a non-executive Director since December 2005. Mr. Feng has been serving as the deputy general manager of Capital Group since June 2001. Prior to his appointment with Capital Group, Mr. Feng served as the general manager of Beijing Jinghua Trust and Investment Corporation and Beijing Jianxin Enterprise Holdings Limited, the trust and investment company of the headquarters of China Construction Bank. Mr. Feng has also worked for the Organization Department of the Beijing Municipal Communist Party of China Committee and MOFTEC Department of Beijing Municipal Communist Party of China Committee. Mr. Feng obtained his Bachelor of Economics degree from the Beijing Institute of Commerce in 1982.

Cao Guijie (曹桂杰), aged 58, is a postgraduate and senior economist, has been appointed as a non-executive Director since December 2008. Ms. Cao has served as the director and deputy general manager of Capital Group since 1995. Prior to her appointment with Capital Group, Ms. Cao served as a committee member of the Secretary Bureau of the General Office of the State Council, a committee member of the Office of Central Financial Work Leading Group, the vice-chairperson of the Research Office of the Ministry of Light Industry, the chairperson of the Office of Policy and Regulation Division and head of the Regulation Department of the Ministry of Light Industry and the vice-chairperson of the Development and Research Center of Chinese Light Industry. Ms. Cao was a postgraduate student in Money and Banking in the Chinese Academy of Social Sciences from 1996 to 1998.

Zhu Min (朱敏), aged 48, has been appointed as a non-executive Director since December 2002. Ms. Zhu has worked for the Beijing Municipal Bureau of Statistics and Beijing Municipal Development and Planning Commission. Since 2001, Ms. Zhu has been serving as the director and general manager of Beijing Capital Technology Investment Ltd. Ms. Zhu obtained her Master Degree of Enterprise Management from the Institute of Economic and Trade University in 1999.

Independent Non-executive Directors

Ke Jianmin (柯建民), aged 56, has been appointed as an independent non-executive Director since June 2003. Mr. Ke has served as the vice-president of SNC-Lavaline International. Mr. Ke graduated with a bachelor's degree and a master's degree in urban planning from Shanghai Tongji University in 1979 and 1982 respectively. He also obtained a doctorate degree from Sheffield University, United Kingdom in 1994.

Li Zhaojie (李兆杰), aged 55, is a professor of School of Law, Tsinghua University. Mr. Li has been appointed as an independent non-executive Director since December 2005. Mr. Li is the vice-president of the Chinese Society of International Law, the chief editor of the Chinese Yearbook of International Law and the committee member of Asian Society in International Law. Mr. Li was a visiting professor at Duke University Law School in 2002 and University of Tokyo in 2003. Mr. Li is also the committee member of the 11th CPCC of Beijing City in 2008. Mr. Li obtained his Bachelor of Laws degree from Peking University in 1983, Master of Laws degree from the University of California in 1985, Master of Library Information Studies degree from the University of California in 1986 and Doctor of Juridical Sciences degree from the University of Toronto in 1996.

Ng Yuk Keung (吳育強), aged 46, has been appointed as an independent non-executive Director since December 2008. Mr. Ng is the vice-president, the chief financial officer, the company secretary and the qualified accountant of China Huiyuan Juice Group Limited (Stock Code: 1886). Mr. Ng worked with PricewaterhouseCoopers from 1988 to 2001. From November 2004 to August 2006, Mr. Ng was the deputy chief financial officer, the joint company secretary and the qualified accountant of Irico Group Electronics Company Limited (Stock Code: 438). Mr. Ng is also an independent non-executive director of Xinjiang Xinxin Minging Industry Co. Ltd. (Stock Code: 3833) and Sany Heavy Equipment International Holdings Company Limited (Stock Code: 631). Mr. Ng graduated from the University of Hong Kong with a Bachelor degree in Management Studies and Economics and a Master degree in Global Business Management and E-commerce. Mr. Ng is a professional accountant and a fellow member of both the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants, and a member of the Institute of Chartered Accountants in England and Wales.

Supervisors

Yu Changjian (俞昌建), aged 55, was appointed as a supervisor of the Company in December 2002. Mr. Yu has worked for Beijing Chemical Group and Beijing Capital Hangyu Economic Development Co., Ltd. Since 1995, Mr. Yu has been serving as manager and chief financial officer of Capital Group's Finance Department. Mr. Yu graduated from the Beijing Broadcasting Television University in 1986.

Wang Qi (王琪), aged 57, was appointed as a supervisor of the Company in May 2004. Prior to his appointment, Mr. Wang has served as commissioner of the Beijing Municipality's Financial Budget Department and Education Department of the Beijing Financial Bureau. Mr. Wang has also served as deputy general manager and general manager of Beijing Municipal Economic Development and Investment Company, and the deputy general manager of the Capital Group. Currently, Mr. Wang serves as chairman of Beijing Infrastructure Investment Co., Lted., and is a director of Beijing Capital Co., Ltd. Mr. Wang obtained his Bachelor of Economics degree from the Beijing Institute of Finance and Trade in 1982.

Wei Jianping (魏建平), aged 43, was appointed as a supervisor of the Company in December 2002. Mr. Wei has been working as engineer and manager for Beijing Sunshine Real Estate Comprehensive Development Company and its subsidiaries since 1994. Mr. Wei also serves as project manager of Beijing Rongjin Real Estate Development Co., Ltd. Currently, Mr. Wei serves as the chairman of the board of directors of Central Plaza Real Estate Development Company Limited and as a director of Beijing Rongjin Real Estate Development Co., Ltd. Mr. Wei graduated with a Master degree in Economics from the People's University of China in 2000.

Secretary of the Board of Directors

Hu Weimin (胡衛民), aged 45, was appointed secretary of the Board of Directors in August 2007. Starting from 1988, Mr. Hu had served in Beijing Shougang Corporation, China Shougang International Trade & Engineering Corp. and Beijing Certified Public Accountants Co. Ltd, mainly engaged in technological management, investment management and investment consultancy. He joined Capital Group in 1999 as the manager of the business department of Beijing Guanwei Investment Management and Consultancy Company, responsible for investment consulting and project monitoring of ING Beijing Investment Fund. He joined the Company in 2002, and was appointed vice assistant president of the Company in December 2006. Mr. Hu obtained his master degree in engineering from Northeastern University.

Company Secretary

Lee Sing Yeung, Simon (李聲揚), aged 41, was appointed as the Company Secretary of the Company in April 2008. He is a fellow of both The Association of Chartered Certified Accountants and The Hong Kong Institute of Certified Public Accountants. He has over 18 years of experience in accounting and financial management in Hong Kong and the PRC. Prior to joining the Company, he served as a qualified accountant and company secretary in companies listed on the GEM board and main board of The Stock Exchange of Hong Kong Limited. Mr. Lee obtained a master degree of professional accounting from the Hong Kong Polytechnic University.

Senior Management

Zhang Fuxiang (張馥香), aged 49, was appointed as a vice president of the Company in March 2006. Ms. Zhang has been serving as financial manager and financial controller of Super Shine and Beijing Sunshine Real Estate Comprehensive Development Company respectively and as supervisor of Super Shine since 2000. Ms. Zhang was appointed as the chief financial officer of the Company in December 2002. Ms. Zhang obtained her Bachelor of Economics degree from the financial accounting department of the People's University of China in 1985.

Sun Baojie (孫寶杰), aged 40, an assistant economist, was appointed as the vice president of the Company in March 2006. During the period from 1996 to December 2003, Ms. Sun served as the manager of the development department of Beijing Capital Sunshine Real Estate Development Co., Ltd. Since December 2003, she has been the general manager of An Hua Century/Sunshine City Real Estate Company Limited. Ms. Sun obtained his Bachelor of Economics from the Central Financial and Banking University in 1993.

Wu Huai Liang (吳懷量), aged 47, engineer, was appointed deputy president of the Company in March 2008. Mr. Wu had served in the United Front Work Department of the Industrial, Commercial and Economic Office of Beijing Municipal Party Committee, Beijing Integrated Investment Company, Beijing Economic Development Company successively. He joined Beijing Capital Technology Investment Co., Ltd. in 2000 as general manager of the Real Estate Business Department. During 2002 to 2003, he acted as general manager of Beijing Anhua Century Property Development Co., Ltd. Since 2004, he has been serving as general manager of S.C. Real Estate Development Company Limited. In December 2006, he was appointed assistant president of the Company. Mr. Wu obtained his Bachelor Degree in Engineering from Wuhan University in 1984.

Luo Jun (羅俊), aged 38, was appointed as the chief financial officer of the Company in March 2007. Mr Luo has acted as the general manager of the Finance Department of the Company from October 2003 to March 2007. Prior to his appointment, Mr. Luo was senior manager of the auditing department in a domestic accounting firm. Mr. Luo is a member of Beijing Institute of Certified Public Accountants and is a certified public accountant in the PRC. Mr. Luo graduated from Beijing Jiaotong University. He obtained his Bachelor of Economics degree in 1993 and Master of Economics degree in 1996.

The Board of Directors is pleased to present to the shareholders their report together with the audited financial statements of the Company and its subsidiaries (the "Group") for the year ended 31st December 2009.

Principal Activities

The Group is principally engaged in property development and hotel investment and operation.

Results

The results of the Group for the year ended 31st December 2009, prepared in accordance with Hong Kong Financial Reporting Standards and its financial position as at the same date are set out on pages 68 to 77 of the annual report.

Dividends

At a Board meeting held on 8th February 2010, the directors proposed a final dividend of RMB0.11 per share based on the Company's total issued number of shares of 2,027,960,000 on the same day and the total amount payable will be RMB223,076,000. This proposed dividend is not represented as a dividend payable in the financial statements, but will be reflected as an appropriation of retained earnings for the year ending 31st December 2009.

Other Reserves

Details of movements of other reserves of the Group and the Company during the year are set out in note 20 to the consolidated financial statements.

Financial Highlights

The Group's results and summary of assets and liabilities for the last five years are set out on page 4 of this annual report.

Major Customers and Suppliers

During the year, the Group purchased less than 13% of goods and services from its five largest suppliers and sold less than 6% of its goods and services to its five largest customers. The Group's turnover from the largest customer accounted for less than 4% of the total sales.

None of the directors, their associates or any shareholders (which to the knowledge of the directors own more than 5% of the Company's share capital) had an interest in the major suppliers or customers mentioned above.

Property, Plant and Equipment

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

Principal Properties

The summary of principal properties owned by the Group is set out on pages 8 to 10 of the annual report.

Purchase, Sale or Redemption of Shares

During the year, the Company had not redeemed any of its shares. Neither the Company nor any of its subsidiaries has purchased or sold any of its equity securities.

Directors and Supervisors

The directors and supervisors for the year are as follows:

Directors

Executive Directors

Mr. Liu Xiaoguang	*(Chairman)*
Mr. Tang Jun	*(President)*
Mr. Zhang Juxing	

Non-executive Directors
Mr. Feng Chunqin
Ms. Cao Guijie
Ms. Zhu Min

Independent Non-executive Directors
Mr. Ke Jianmin
Mr. Li Zhaojie
Mr. Ng Yuk Keung

Supervisors
Mr. Yu Changjian
Mr. Wang Qi
Mr. Wei Jianping

The biographical details of directors, supervisors and senior management are set out on pages 43 to 46 of the annual report.

Directors' and Supervisors' Emoluments

Details of directors' and supervisors' emoluments are set out in note 29(b) to the consolidated financial statements.

Highest Paid Individuals

During the year, the five individuals with the highest remuneration in the Group are all directors and senior management of the Company.

Management Contracts

Except for the connected transactions as stated in this report, no contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

Interests of Directors and Supervisors

As at 31st December 2009, the interests and short positions of each director, supervisor and chief executive of the Company in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Future Ordinance (the "SFO") which will have to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies to be notified to the Company and the Stock Exchange (for this purpose, the relevant provisions of the SFO will be interpreted as if they are applied to the supervisors) were as follows:

Director/Supervisor	Relevant entity	Long/Short position	Interests in shares/ underlying shares	Capacity of shares held	No. of shares held	Approximate percentage of registered capital of the relevant entity
Tang Jun	Beijing Capital Sunshine Real Estate Development Co., Ltd.	Long position	Shares	Individual	11,890,000	11.89%
Zhang Juxing	Beijing Capital Sunshine Real Estate Development Co., Ltd.	Long position	Shares	Individual	3,380,000	3.38%

Saved as disclosed above, as at 31st December 2009, none of the directors, supervisors and chief executive of the Company had any interest or short positions in the shares, underlying shares or debentures of the Company or 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 for Securities Transactions by Directors of Listed Companies. None of the directors, supervisors and chief executive of the Company, their spouses or children under the age of 18 had been granted any rights to subscribe for equity or debt securities of the Company, nor had any of them exercised such rights during the year.

Interests Of Directors and Supervisors in Contracts

Apart from service contracts in relation to the Company's business, no contract of significance to which the Company, its holding company, any of its subsidiaries or its fellow subsidiaries was a party, and in which a director or supervisor had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Interests of Directors and Supervisors in Competing Business

During the year and up to the date of this report, none of the directors or supervisors or management shareholders has any interest in business which competes or may compete with the business of the Group under the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

Share Capital

As at 31st December 2009, there was a total issued share capital of 2,027,960,000 shares of the Company (the "Shares") which include:

	Number of Shares	**Approximate percentages of share capital**
Domestic Shares	649,205,700	32.01%
Non-H Foreign Shares	357,998,300	17.65%
H Shares	1,020,756,000	50.34%

Substantial Shareholders' Interests in Shares

As at 31st December 2009, the following persons (not being director or chief executive of the Company), so far as is known to any director, had interests or short positions in the Shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who were, directly or indirectly, interested in ten per cent. or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

			Approximate percentages in relevant class of shares (%)			Approximate percentages in total issued share capital (%)		
Name of shareholders	**Number of Shares directly and indirectly held**	**Class of Shares**	**Direct interests**	**Indirect interests**	**Aggregate interests**	**Direct interests**	**Indirect interests**	**Aggregate interests**
Capital Group	924,441,900 (1)	Non-listed Shares	30.88 (long position)	60.90 (long position)	91.78	15.34 (long position)	30.25 (long position)	45.58
	35,530,000 (1)	H Shares	—	3.48 (long position)	3.48	—	1.75 (long position)	1.75
Beijing Sunshine Real Estate Comprehensive Development Company	322,654,800 (2)	Non-listed Shares	4.71 (long position)	27.33 (long position)	32.04	2.34 (long position)	13.57 (long position)	15.91
	35,530,000 (2)	H Shares	—	3.48 (long position)	3.48	—	1.75 (long position)	1.75
Beijing Capital Sunshine Real Estate Development Co., Ltd.	275,236,200 (3)	Non-listed Shares	—	27.33 (long position)	27.33	—	13.57 (long position)	13.57
	35,530,000 (3)	H Shares	—	3.48 (long position)	3.48	—	1.75 (long position)	1.75
Beijing Capital Technology Investment Ltd.	172,006,700	Non-listed Shares	17.08 (long position)	—	17.08	8.48 (long position)	—	8.48
Beijing Shou Chuang Jian She Co., Ltd.	118,747,600	Non-listed Shares	11.79 (long position)	—	11.79	5.86 (long position)	—	5.86
China Resource Products Limited	275,236,200	Non-listed Shares	27.33 (long position)	—	27.33	13.57 (long position)	—	13.57
	35,530,000	H Shares	3.48 (long position)	—	3.48	1.75 (long position)	—	1.75
Yieldwell International Enterprise Limited	82,762,100	Non-listed Shares	8.22 (long position)	—	8.22	4.08 (long position)	—	4.08
Fexi Holdings Limited	82,762,100 (4)	Non-listed Shares	—	8.22 (long position)	8.22	—	4.08 (long position)	4.08
Chung Pok Ying	82,762,100 (5)	Non-listed Shares	—	8.22 (long position)	8.22	—	4.08 (long position)	4.08
Reco Pearl Private Limited	165,070,000	H Shares	16.17 (long position)	—	16.17	8.14 (long position)	—	8.14
Recosia China Pte Ltd.	165,070,000 (6)	H Shares	—	16.17 (long position)	16.17	—	8.14 (long position)	8.14
Recosia Pte Ltd.	165,070,000 (7)	H Shares	—	16.17 (long position)	16.17	—	8.14 (long position)	8.14
Government of Singapore Investment Corporation (Realty) Pte Ltd.	165,070,000 (8)	H Shares	—	16.17 (long position)	16.17	—	8.14 (long position)	8.14
The Hamon Investment Group Pte Limited	109,338,000 (9)	H Shares	—	10.71 (long position)	10.71	—	5.39 (long position)	5.39
The Deryfus Corporation	72,814,000	H Shares	7.13 (long position)	—	7.13	3.59 (long position)	—	3.59

Notes:

1. Of these 924,441,900 Shares, 311,032,800 Shares are directly held by Capital Group, the remaining 613,409,100 Shares are deemed corporate interests under the SFO indirectly held through Beijing Sunshine Real Estate Comprehensive Development Company, Beijing Capital Technology Investment Ltd., Beijing Shou Chuang Jian She Co., Ltd. and China Resource Products Limited. 35,530,000 H Shares are deemed corporate interests under the SFO indirectly held through China Resource Products Limited.

2. Of these 322,654,800 Shares, 47,418,600 Shares are directly held by Beijing Sunshine Real Estate Comprehensive Development Company, the remaining 275,236,200 Shares are deemed corporate interests under the SFO indirectly held through China Resource Products Limited. 35,530,000 H Shares are deemed corporate interests under the SFO indirectly held through China Resource Products Limited.

3. 275,236,200 non-listed Shares and 35,530,000 H Shares are deemed corporate interests under the SFO indirectly held through China Resource Products Limited.

4. 82,762,100 Shares are deemed corporate interests under the SFO indirectly held through Yieldwell International Enterprise Limited.

5. 82,762,100 Shares are deemed corporate interests under the SFO indirectly held through Yieldwell International Enterprise Limited and Fexi Holdings Limited.

6. 165,070,000 Shares are deemed corporate interests under the SFO indirectly held through Reco Pearl Private Limited.

7. 165,070,000 Shares are deemed corporate interests under the SFO indirectly held through Reco Pearl Private Limited and Recosia China Pte Ltd.

8. 165,070,000 Shares are deemed corporate interests under the SFO indirectly held through Reco Pearl Private Limited, Recosia China Pte Ltd. and Recosia Pte Ltd.

9. 109,338,000 Shares are deemed corporate interests under the SFO indirectly held through Hamon Asset Management Limited, Hamon U.S. Investment Advisors Limited and Hamon Investment Management Limited.

Save as disclosed above, so far as is known to the directors, there was no person (other than a director or chief executive of the Company) who, as at 31st December 2009, had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or was directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any of its subsidiaries or held any option in respect of such capital.

Designated Deposit and Due Fixed Deposit

As at 31st December 2009, the Group had no Designated Deposit and Due Fixed Deposit.

Employees

As at 31st December 2009, the Group had 569 staff. Remuneration is determined by reference to market terms and the performance, qualifications and experience of individual employee. Employee benefits provided by the Group include provident fund schemes, medical insurance scheme, unemployment insurance scheme and housing provident fund. The Company has conditionally adopted the Share Appreciation Rights Incentive Scheme (the "Incentive Scheme"). The principal terms and conditions of the Incentive Scheme are summarised in the section headed "Summary of terms of the Share Appreciation Rights Incentive Scheme" in Appendix VIII to the Prospectus of the Company dated 10th June 2003. As at 31st December 2009, no share appreciation rights had been granted under the Incentive Scheme. The Group has also adopted the Long Term Incentive Fund Scheme (the "Long Term Incentive Fund Scheme"), details of which have been laid out in the Appendix of the Amendments to Notice of Extraordinary General Meeting of the Company dated 31st August 2007 and in the Amended Draft Long Term Incentive Fund Scheme of the Company dated 7th September 2007 and passed in the Extraordinary General Meeting held on 27th September 2007, The Long Term Incentive fund Scheme has further amended in 2009, details of which have been laid out in the Circular dated 4th September 2009 and approved in the Extraordinary General Meeting held on 25th September 2009.

Staff Housing Quarters

During the year, the Group did not provide any housing quarters to its staff.

Connected and Related Party Transactions

Details of connected and related party transactions of the Group are set out in note 38 to the consolidated financial statements.

Bank Loans and Other Borrowings

Details of the bank loans of the Group are set out in note 24 to the consolidated financial statements. Other borrowings were mainly the amounts due to minority shareholders of subsidiaries, details of which are set out in note 24 to the consolidated financial statements.

Pre-Emptive Rights

There are no provisions for pre-emptive rights under the Articles and related laws which oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

Subsidiaries

Details of the Company's major subsidiaries are set out in note 9 to the consolidated financial statements.

Results of Operations

Results of Operations of Financial Year 2009 are set out on page 40 of the annual report.

Policies on Income Tax

The Company and its subsidiaries paid PRC corporate income tax at a rate of 25% of its assessable profits according to the relevant laws and regulations in the PRC.

Financial Resources and Liquidity

Financial Resources and Liquidity are set out on page 40 of the annual report.

Corporate Governance

The Company is committed to maintaining high standards of corporate governance and continued to uphold a good, solid and sensible framework of corporate governance and has compiled with the Code on Corporate Governance Practices as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. Further information on the Company's corporate governance practices is set out in the Corporate Governance Report.

Public Float

Based on the information that is publicly available to the Company and within the knowledge of the directors, as at the date of this report, there is sufficient public float of more than 25% of the Company's issued shares as required under the Listing Rules.

Auditors

The financial statements have been audited by PricewaterhouseCoopers, who retire and being eligible, offer themselves for reappointment. A resolution reappointing PricewaterhouseCoopers as the Hong Kong auditors of the Company will be proposed at the forthcoming Annual General Meeting.

By Order of the Board

Liu Xiaoguang
Chairman

Hong Kong, 8th February 2010

The Company is firmly committed to maintaining high standards of corporate governance and continues to uphold a good, solid and sensible framework of corporate governance. The Board considers such commitment is essential for the development of the Company, in its internal management, financial management, balance of business risk and protection of shareholders' and stakeholders' rights and enhancement of shareholder value.

It has been the Company's prime mission to carry out a sound, steady and reasonable corporate governance structure:

- Sound corporate governance bases itself upon accountability system, information disclosure and corporate transparency. The Company acknowledges the importance to provide shareholders with an open and highly transparent management. Apart from enhancing shareholders' value and improving corporate earnings, sound corporate governance can also facilitate the steady development of the financial sector in Hong Kong.

- Sound corporate governance may also promote communication with external parties, such that investors can appreciate more of the Company's development potential and future prospects, to comprehend investment value of the Company.

- The procedures and systems under sound corporate governance can improve operation efficiency of the Group, such that all divisions or departments can contribute to enhance performance of the Group through close and intimate communication.

The Board has reviewed its corporate governance practices and ensured that they are in compliance with the Code on Corporate Governance Practices (the "Corporate Governance Code") as set out in the Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules") in the year ended 31st December 2009.

In addition to compliance of the code provisions of the Corporate Governance Code, the Company has also adopted, as far as practicable, recommended best practices in the Corporate Governance Code. Set out below are the status and details of the Company's corporate governance practices.

Directors' Securities Transactions

The Group has adopted a code of conduct regarding directors' securities transactions (the "Model Code") on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules.

All Directors have confirmed, following specific enquiry made by the Group that they have complied with the required standard set out in the Model Code throughout the period.

Board of Directors

The Board comprises 9 Directors, including three Executive Directors, three Non-executive Directors and three Independent Non-executive Directors; the profile of each Director is set out on pages 43 to 46 under the section of Biographical Details of Directors, Supervisors and Senior Management. More than 50% of the Directors are non-executive directors and independent of the management, thereby promoting critical review and control of the management process. The non-executive directors also bring a wide range of business and financial expertise to the Board, which contribute to the effective stewardship of the Group.

The Board held eight physical Board meetings during the year ended 31st December 2009. Directors who cannot attend in person may participate through other electronic means of communication. Agenda to be discussed in Board meetings include business operation, financial planning and future strategic development of the Company. Due notice and relevant materials for the meeting were given to all directors prior to the meetings in accordance with the Company's articles of association and the Corporate Governance Code. Details of individual attendance of directors are set out in the following table:

Attendance of individual Directors at Board meetings in 2009:

	Number of attendance/ Number of meeting
Executive Directors	
Mr. Liu Xiaoguang *(Chairman)*	8/8
Mr. Tang Jun	8/8
Mr. Zhang Juxing	8/8
Non-executive Directors	
Mr. Feng Chunqin	7/8
Ms. Cao Guijie	8/8
Ms. Zhu Min	8/8
Independent Non-executive Directors	
Mr. Ke Jianmin	8/8
Mr. Li Zhaojie	8/8
Mr. Ng Yuk Keung	8/8

The Board is responsible for directing and supervising the overall business development of the Group in a responsible and effective manner. The Board maintains and promotes successful business development of the Group and endeavours to enhance shareholder value. The Board is under the leadership of the Chairman and each director makes decisions objectively in the overall interests of the Group. Control and day to day operation of the Company is delegated to the President and the management of the Company.

The Directors are aware of their collective and individual responsibilities to the Company and its shareholders for the manner in which the affairs of the Company are managed, controlled and operated. In general, the types of decisions which are to be taken by the Board in accordance with the Company's article of associations are as follows:

1. Power of managing the development strategy and plan of the Company:

(1) those requiring approval from the shareholders' general meeting:

1. formulation of the middle to long-term development objectives and strategy of the Company;
2. formulation of proposals for asset acquisition, purchase by third parties or asset disposal;
3. formulation of plans for the increase or reduction of registered capital of the Company or repurchase of shares;
4. formulation of plans for the increase of share capital and issue of additional shares;
5. formulation of proposals for the merger, separation and dismissal of the Company;
6. tendering insolvency petition of the Company;
7. formulation of amendment proposal to the Articles;
8. formulation of proposals for the change of use of proceeds from the issue of shares.

(2) those that may be exercised by the Board at its discretion:

1. resolution on proposals to improve the operation management and operating results of the Company;
2. resolution on the operating plans, audit plans and investment plans of the Company;
3. resolution on proposals to adjust the substantial internal functions of the Company and establishment of functions under the Board;
4. resolution on the establishment of ad hoc committees and the appointment and removal of their members;
5. resolution on investment plans falling within the scope of authority of the Board;
6. resolution on any other material operation issues not required to be resolved by shareholders' general meeting pursuant to the Articles or the rules set out herein.

2. Power of personnel management on senior officers of the Company:

(1) those requiring approval from the shareholders' general meeting:

1. formulation of director allowance and share option or warrant (or similar schemes) of the Company;

2. assessment and consideration of the eligibility of candidates for election as directors or independent directors;

3. proposing for the removal of a director.

(2) those that may be exercised by the Board at its discretion:

1. resolution on the strategy and plan of human resources development and deployment;

2. definition of the major duties and authorities of the general manger, responsible person for financial matters, secretary to the Board and the auditing department;

3. appointment or dismissal of the general manager, secretary to the Board, or the appointment or dismissal of the deputy general manager or responsible person for financial matters of the Company pursuant to recommendation of the general manager;

4. evaluation of the work performance of the general manager;

5. approval of the appointment of representatives of the shareholders to the subsidiaries or associates of the Company and nomination of directors, supervisors and responsible persons for financial matters to such companies pursuant to their articles of association or the relevant agreements;

6. approval of the plan of staff provident fund and other staff benefit plans.

3. Power of supervision and inspection of the development and operation of the Company:

(1) supervision of the implementation of the Company's development strategy;

(2) supervision and inspection of the implementation of annual budgets and accounts of the Company; inspection of the progress of various plans;

(3) assessment of the operating results of the Company to identify operating problems, propose recommendations accordingly and supervision of the implementation by the Company's senior officers;

(4) assessment of the operation improvement plans and implementation status of the Company and identify significant problems reflected from the operating results;

(5) identify difficulties faced by the Company in its development and changing trends of the Company and proposing remedial recommendations thereon;

(6) deliberation of the development opportunities and risks faced by the Company and changes of external factors that have extensive effects on the Company;

(7) ensuring the smooth communication of information within the Company and evaluation of such information to ensure its accuracy, completeness and timeliness;

(8) requesting the management to provide minutes of operation meetings to the Secretary to the Board after each such meeting.

The Directors acknowledge their responsibility for the preparation of the financial statements for each financial period which gives a true and fair view of the state of affairs of the Group and of the results and cash flows for that period. In preparing the financial statements for the year ended 31st December 2009, the Directors have selected suitable accounting policies and applied them consistently; made judgement that are prudent, fair and reasonable. The Directors are responsible for keeping proper accounting records and ensure the preparation of financial statements of the Group for the year under review are in accordance with statutory requirements and suitable accounting policies.

The appointment of new Directors will be considered by the Nomination Committee (duties of the Nomination Committee is set out in the latter part of this report) and decided by all members of the Board. Candidates to be selected and recommended are experienced, high caliber individuals who meet the standards as set forth in Rules 3.08 and 3.09 of the Listing Rules.

The Board has established a Policy on Obtaining Independent Professional Advice by Directors to enable the Directors, upon reasonable request, to seek independent professional advice in appropriate circumstances, at the Group's expense. The Board shall resolve to provide separate independent professional advice to Directors to assist the relevant Director or Directors to discharge his/their duties to the Group.

There is in place a directors and senior executive liabilities insurance cover in respect of legal action against directors and senior executives.

For the year ended 31st December 2009, the Board at all times complied the minimum requirements of the Listing Rules relating to the appointment of at least three independent non-executive directors and complied with the requirement that these should include one such director with appropriate professional qualifications of accounting or related financial management expertise.

The interests in the Company's securities held by Directors as at 31st December 2009 are disclosed in the Directors' Report on page 49 of this annual report.

There is no relationship among members of the Board and in particular, between the Chairman and the President.

Independent Non-executive Directors

The Company has received from each of its independent non-executive director an annual confirmation of his/her independence pursuant to rule 3.13 of the Listing Rules and the Company considers the independent non-executive directors to be independent.

According to the Company's articles of association, the term of office for the Directors is three years and can be re-elected. The second session of the Board of Directors was formed on 5th December 2005 and expired on 4th December 2008, while the third session of the Board of Directors (including non-executive directors) was formed on 5th December 2008 with 3-year term of office and can be re-elected.

Chairman and President

The Chairman and President are held separately by Mr. Liu Xiaoguang and Mr. Tang Jun respectively. This segregation ensures a clear distinction between the Chairman's responsibility to lead the Board and the President's responsibility to manage the Company's business.

Board Committee

The Board has established four board committees, namely, Audit Committee, Nomination Committee, Remuneration Committee and Strategic Committee to strengthen its functions and corporate governance practices. The Audit Committee, the Nomination Committee and the Remuneration Committee perform their specific duties in accordance with their respective written terms of reference. The Strategic Committee assists the Group in corporate strategy, business development and operation.

Audit Committee

The Group's Audit Committee comprises three Independent Non-executive Directors, namely, Mr. Ng Yuk Keung (Chairman of the Audit Committee), Mr. Li Zhaojie and Mr. Ke Jianmin The committee members performed their duties within written terms of reference formulated by the Company which includes duties set out in the code provision C.3.3 (a) to (n) of the Corporate Governance Code. Major duties include:

- to review the financial controls, internal control and risk management systems of the Group.

- to monitor the integrity of financial statements of the Company, the comprehensiveness of the Company's annual report and accounts, and interim report. The Committee will approve those important decisions related to financial disclosure set out therein prior to submitting to the Board, in which emphasis will be given to the following:

  — provide suggestion to the Board regarding the appointment, re-appointment and removal of external auditors, and approve the remuneration and terms of appointment of external auditors as well as handle any problems relating to the resignation or dismissal of that auditor;

  — review and supervise the independency and objectiveness of the external auditors and the effectiveness of the auditing procedures with appropriate standards;

  — formulate and execute policy for the provision of non-audit services by external auditors, report to the Board those actions and improvement measures considered necessary by the Audit Committee and suggest practical measures.

During the year under review, the Audit Committee held a total of two meetings. In the meetings, the Audit Committee reviewed the financial statements for the year ended 31st December 2008 and for the six months ended 30th June 2009, considered and approved the audit work of the auditors, and reviewed the business and financial performance of the Company. Information of member attendance is listed below:

Attendance of individual members at Audit Committee meetings in 2009:

	Number of Attendance/ Number of Meeting
Mr. Ke Jianmin	2/2
Mr. Li Zhaojie	2/2
Mr. Ng Yuk Keung	2/2

The Group's results for the year ended 31st December 2009 have been reviewed by the Company's Audit Committee with a recommendation to the Board for approval.

Nomination Committee

The Group's Nomination Committee is responsible for review of the structure, size and composition (including the skills, knowledge and experience) of the board on a regular basis and make recommendations to the board regarding any proposed changes. It is also responsible for making recommendations to the Board on relevant matters relating to the appointment or re-appointment of directors, supervisors of the Company and senior executives and succession planning for directors in particular Executive Directors and senior executives. Majority members of the Nomination Committee are Non-executive Directors. It is chaired by Mr. Liu Xiaoguang with two other members, namely, Mr. Li Zhaojie and Mr. Ke Jianmin. During the year under review, the Nomination Committee held one meeting for annual review of the current Board structure and assessment of the independence of independent non-executive directors. Information of members attendance is listed below:

Attendance of individual members at Nomination Committee meeting in 2009:

	Number of Attendance/ Number of Meeting
Mr. Liu Xiaoguang	1/1
Mr. Ke Jianmin	1/1
Mr. Li Zhaojie	1/1

Remuneration Committee

The Group's Remuneration Committee is responsible for providing recommendations to the Board regarding the Group's remuneration policy, the formulation and reviewing of the specific remuneration for the Group's Executive Directors and senior executives. Majority members of the Remuneration Committee are Independent Non-executive Directors. The committee is chaired by Ms. Cao Guijie with two other members, namely, Mr. Li Zhaojie and Mr. Ke Jianmin. During the year under review, the Remuneration Committee held one meeting to review the Long Term Incentive fund Scheme and relevant matters. Information of member attendance is listed below:

Attendance of individual members at Remuneration Committee meeting in 2009:

	Number of Attendance/ Number of Meeting
Ms. Gao Guijie	1/1
Mr. Ke Jianmin	1/1
Mr. Li ZhaoJie	1/1

Major written terms of reference of the current remuneration system of the directors and supervisors of the Company are set out below:

1. Policy

The Remuneration Policy for the Directors and Supervisors of the Company is based on the following principles:

- No one is allowed to determine his or her own remunerations;
- The remuneration levels should tally with the Company's competitors in the human resources market;
- The remuneration levels should be able to reflect the performances, complexity of work, and responsibilities of related staff; and to attract, motivate and retain outstanding staff, encouraging them to proactively excel and add values for the shareholders of the Company.

2. Non-executive Directors and Supervisors

Principle for Determining Remuneration

The fees of the Non-Executive Directors of the Company should tally with market level, and be subject to formal independent review at least once every 3 years.

3. Executive Directors

Components of Remuneration

The Company determines the remunerations of the executive directors by referring to the statistics of similar positions in the market (including local and regional companies with similar scope, business complexity and scale to the Company). Such policy conforms to the remuneration policy of the Company which tallies with our competitors in the human resources market. In addition, in order to attract, motivate and retain outstanding staff, the Company takes performance as the primary consideration for grant of individual rewards. The remuneration of executive directors comprises of two parts:

(a) Basic Remuneration

The basic remuneration of executive directors accounts for about 70% of their total remuneration. Yearly reviews will be conducted, taking into account the competitive situations in the market, customary practice and personal performance.

(b) Yearly Gratuitous Payment

The amount of yearly gratuitous payment is determined based on the performances of the Company, functional departments and individual performance. The main performance-assessing standards include whether financial and operational targets can be achieved, and whether the individual has demonstrated key leadership skills like creating mutual objectives and nurturing talents.

The Company set a target yearly gratuitous payment for each executive director, which account for 30% of his total remuneration. Yearly gratuitous payment will only be granted when their performance reach satisfactory levels. The actual amount to be granted depends on individual performance.

The Company does not adopt any share option scheme.

No director has entered into any service contract with the Company or its subsidiaries, which terms provide for a notice period of over one year, or which provide for compensation in the form of more than one-year's salary plus benefits-in-kind upon termination of employment.

Strategic Committee

The main function of the Group's Strategic Committee is to study and advise on the Group's long-term development strategies and major investment decision. The Strategic Committee undertakes to review and adjust the strategies of the company. It is composed of Mr. Feng Chunqin, as Chairman of the Strategic Committee and Mr. Tang Jun and Mr. Ke Jianmin as members of the committee.

Internal Controls

One of the duties of the Board is to ensure the Group's sound and effective internal control system to safeguard the Group's assets and shareholders' interests. The Board is responsible for the Group's system of internal controls and has reviewed its effectiveness for the year ended 31st December 2009. The Board requires management to establish and maintain sound and effective internal controls. Evaluation of the Group's internal controls is independently conducted by the Centre for Risk Management on an on-going basis. Such evaluation covers all material controls, including financial, operational and compliance controls and risk management functions. The Centre for Risk Management reports to the Audit Committee twice each year on significant findings on internal controls. Copy of the minutes of the Audit Committee meeting is sent to the Board for information.

External Auditors

The Board agrees with the Audit Committee's proposal for the re-appointment of PricewaterhouseCoopers as the Group's external auditors for the audit of the financial statements prepared in accordance with Hong Kong Financial Reporting Standards for 2009. The recommendation will be put forward for the approval of shareholders at the Annual General Meeting to be held on 29th March 2010.

The Group has established a Policy on Appointment of External Auditor in providing Non-Audit Services, setting out the principles by which an external auditor may be appointed to provide non-audit services, with a view to ensuring the independence of the external auditor.

The amount of fee payable to PricewaterhouseCoopers for providing audit and audit related services for the year ended 31st December 2009 amounted to RMB8,100,000 (of which RMB5,900,000 is related to the audit and audited related services for the preparation of this consolidated financial statements). The amount of fee payable to other audit firms for providing audit and audit related services for the year ended 31st December 2009 amounted to RMB600,000.

Shareholders' Right

According to the Articles of Association of the Company when shareholders individually or together holding 10 per cent. or more of the total number of shares of the Company carrying voting rights (hereinafter refer to as the "Proposing Shareholders") or the Supervisory Committee propose the Board to convene an extraordinary general meeting, an agenda and the complete details of the resolutions shall be submitted in writing to the Board. The Proposing Shareholders or the Supervisory Committee shall ensure that the proposed resolutions conform to laws and regulations and the Company's Articles of Association.

The Group communicates with its shareholders through different channels, including annual general meetings, special general meetings; annual and interim reports, notices of general meetings and circulars sent to shareholders by post; investors meetings and announcements on the Company's website and the website of the Stock Exchange. The Company regards annual general meeting as an important event in the corporate year and all Directors and senior management should make an effort to attend.

Investor Relations

The Group has always upheld its policy of open communication and fair disclosure. The Group believes that the completeness and timeliness of information disclosure is essential for building market confidence and places much effort in maintaining interactive communications with shareholders and investors and is open-minded to the investment community. As such, the Group has established an Investor Relations Department, which is responsible for maintaining close communications with shareholders and investors.

The Group strives to maintain high transparency and to keep shareholders and the investment community abreast of its latest development and progress by dissemination of relevant corporate information on a timely basis through various channels including regular distribution of press releases. All this information is also available for download from the Group's website at http://www.bjcapitalland.com.

By timely information disclosure and organizing regular meetings for the management to communicate with media, it facilitates investors' further understanding of the Group's business development while at the same time enables the management to fully realise the opinion and expectation of the investment community of the Group's future development.

In addition to press conference and analysts' meeting held after results announcement, the Group's management held regular meetings with securities analysts and investors, and participated in a number of large-scale investment conferences and, presentations. These allow shareholders and investors to have better understanding of the Group's development potential and future prospects, facilitating their comprehension of the Group's investment value.

For the year ended 31st December 2009, the Group participated in the following activities:

- 240 one-on-one investor meetings
- 11 corporate conferences
- 3 media conferences

Looking ahead, the Group will continue to enhance its corporate governance practice based on international trends and development and the views of our shareholders.

On Behalf of the Board

Liu Xiaoguang
Chairman

Hong Kong, 8th February 2010

Report of the Supervisory Committee

Dear Shareholders,

During the year ended 31st December 2009, the Supervisory Committee of Beijing Capital Land Ltd. (the "Supervisory Committee"), have diligently performed their duties in ensuring that the Company has observed and complied with the Listing Rules, the Company Law of the PRC, the Articles of Association of the Company and other relevant legislations and regulations which protect the interests of the Company and its shareholders.

During the year, the Supervisory Committee attended the meetings of the Board of Directors and the General Meetings to strictly and effectively monitor the Company's management in making significant policies and decisions to ensure that they were in compliance with the laws and regulations of the PRC and the Articles of Association of the Company, and in the interests of the Company and its shareholders. It also provided reasonable suggestions and opinions to the Board of Directors in respect of the operation and development plans of the Company.

The Supervisory Committee has reviewed and agreed to the report of the directors, audited financial statements and profit appropriation proposal to be proposed by the Board of Directors for presentation at the forthcoming Annual general Meeting. The Supervisory Committee is satisfied that the Directors, and other senior management of the Company are committed to act honestly and to perform their duties diligently, so as to protect the best interests of the Company and its shareholders.

The Supervisory Committee has carefully reviewed the audited financial statements prepared in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and consider that the financial statement reflect a true and fair view of the financial position and results of operations of the Company and they comply with the regulations applicable to the Company.

The Supervisory Committee is satisfied with the achievement and cost-effectiveness of the Company in 2009 and has great confidence in the future of the Company.

By order of the Supervisory Committee

Yu Changjian
Chairman

Beijing, the PRC, 8th February 2010

To the shareholders of Beijing Capital Land Ltd.
(Incorporated in the People's Republic of China with limited liability)

We have audited the consolidated financial statements of Beijing Capital Land Ltd. (the "Company") and its subsidiaries (together the "Group") set out on pages 68 to 152, which comprise the consolidated and company balance sheets as at 31st December 2009, and the consolidated income statement, the consolidated statement of comprehensive income, 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 judgment, 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 the 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 31st December 2009 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, 8th February 2010

Consolidated Balance Sheet

	Note	As at 31st December **2009** **RMB'000**	 2008 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	6	**541,564**	585,990
Land use rights	7	**44,789**	45,835
Properties under development	8	**2,910,208**	4,323,038
Jointly controlled entities	10	**790,605**	373,828
Associates	11	**1,312,003**	1,071,327
Available-for-sale financial assets	12	**207,088**	114,757
Deferred income tax assets	25	**58,288**	100,553
		5,864,545	6,615,328
Current assets			
Inventories	13	**3,600**	3,986
Properties held for sale	13	**2,300,203**	2,645,761
Properties under development	8	**5,866,747**	5,103,214
Land development	14	**69,585**	—
Trade and other receivables	15	**3,340,372**	2,515,412
Restricted bank deposits	16	**97,311**	36,659
Cash and cash equivalents	17	**4,879,372**	2,147,142
		16,557,190	12,452,174
Total assets		**22,421,735**	19,067,502

	Note	As at 31st December 2009 RMB'000	2008 RMB'000
EQUITY			
Equity attributable to owners of the Company			
Ordinary shares	18	**2,027,960**	2,027,960
Share premium	18	**987,446**	987,446
Other reserves	20	**183,918**	162,658
Retained earnings			
— proposed final dividend	19	**223,076**	162,237
— others	19	**1,202,912**	907,909
		4,625,312	4,248,210
Minority interests		**2,051,433**	1,911,110
Total equity		**6,676,745**	6,159,320
LIABILITIES			
Non-current liabilities			
Borrowings	24	**5,509,821**	5,661,500
Deferred income tax liabilities	25	**94,342**	142,233
		5,604,163	5,803,733
Current liabilities			
Trade and other payables	21	**3,338,749**	3,333,145
Advances from customers	22	**4,719,021**	1,924,081
Tax payables	23	**987,232**	623,822
Borrowings	24	**1,095,825**	1,223,401
		10,140,827	7,104,449
Total liabilities		**15,744,990**	12,908,182
Total equity and liabilities		**22,421,735**	19,067,502
Net current assets		**6,416,363**	5,347,725
Total assets less current liabilities		**12,280,908**	11,963,053

The notes on pages 78 to 152 are an integral part of these consolidated financial statements.

Approved by the Board of Directors on 8th February 2010.

On behalf of the Board

Liu Xiaoguang
Chairman

Tang Jun
Director

	Note	As at 31st December **2009** **RMB'000**	 2008 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	6	**73,846**	78,870
Investments in subsidiaries	9	**4,514,940**	3,847,981
Receivables from subsidiaries	9	**3,003,240**	3,088,381
Jointly controlled entities	10	**481,194**	206,181
Associates	11	**1,282,454**	877,913
Available-for-sale financial assets	12	**207,088**	114,757
Deferred income tax assets	25	**—**	40,921
		9,562,762	8,255,004
Current assets			
Properties held for sale	13	**48,846**	52,343
Trade and other receivables	15	**1,295,656**	544,395
Cash and cash equivalents	17	**1,155,608**	68,586
		2,500,110	665,324
Total assets		**12,062,872**	8,920,328

	Note	As at 31st December 2009 RMB'000	2008 RMB'000
EQUITY			
Equity attributable to owners of the Company			
Ordinary shares	18	**2,027,960**	2,027,960
Share premium	18	**987,446**	987,446
Other reserves	20	**302,820**	172,980
Retained earnings			
— proposed final dividend	19	**223,076**	162,237
— others	19	**542,162**	408,450
Total equity		**4,083,464**	3,759,073
LIABILITIES			
Non-current liabilities			
Borrowings	24	**4,586,710**	3,941,500
Deferred income tax liabilities	25	**25,749**	17,128
		4,612,459	3,958,628
Current liabilities			
Trade and other payables	21	**539,857**	240,337
Advances from customers	22	**646**	583
Payables to subsidiaries	9	**2,563,490**	654,844
Tax payables	23	**3,956**	6,863
Borrowings	24	**259,000**	300,000
		3,366,949	1,202,627
Total liabilities		**7,979,408**	5,161,255
Total equity and liabilities		**12,062,872**	8,920,328
Net current liabilities		**866,839**	537,303
Total assets less current liabilities		**8,695,923**	7,717,701

The notes on pages 78 to 152 are an integral part of these consolidated financial statements.

Approved by the Board of Directors on 8th February 2010.

On behalf of the Board

Liu Xiaoguang
Chairman

Tang Jun
Director

Consolidated Income Statement

	Note	Year ended 31st December 2009 RMB'000	2008 RMB'000
Revenue	5	**5,393,150**	5,167,098
Cost of sales	28	**(3,664,999)**	(3,507,509)
Gross profit		**1,728,151**	1,659,589
Other gains-net	27	**135,002**	44,634
Selling and marketing costs	28	**(119,874)**	(151,060)
Administrative expenses	28	**(140,806)**	(129,477)
Operating profit		**1,602,473**	1,423,686
Finance income	30	**64,419**	60,243
Finance costs	30	**(253,423)**	(238,171)
Finance costs-net	30	**(189,004)**	(177,928)
Share of profit less loss of:			
— jointly controlled entities		**20,364**	21,315
— associates		**(6,589)**	(553)
Net gain on disposal of an associate	11(ii)	**83,051**	—
Profit before income tax		**1,510,295**	1,266,520
Income tax expenses	31	**(622,005)**	(504,258)
Profit for the year		**888,290**	762,262
Attributable to:			
Equity holders of the Company		**538,435**	382,890
Minority interests		**349,855**	379,372
		888,290	762,262
Earnings per share for profit attributable to equity holders of the Company (basic and diluted)			
(RMB cents)	33	**26.55**	18.88
Dividends	34	**223,076**	162,237

The notes on pages 78 to 152 are an integral part of these consolidated financial statements.

	Note	Year ended 31st December **2009** **RMB'000**	2008 RMB'000
Profit for the year		**888,290**	762,262
Other comprehensive income			
Fair value gain/(losses) on available-for-sale financial assets, net of tax	20	**112,029**	(231,512)
Reserve realised upon disposal of available-for-sale financial assets, net of tax	20	**(2,545)**	—
Reserve realised upon disposal of properties held for sale, net of tax		**(169,534)**	(193,896)
Other comprehensive income, net of tax		**(60,050)**	(425,408)
Total comprehensive income		**828,240**	336,854
Total comprehensive income attributable to			
— Equity holders of the Company		**563,152**	54,430
— Minority interest		**265,088**	282,424
		828,240	336,854

The notes on pages 78 to 152 form an integral part of this condensed interim financial information.

Consolidated Statement of Changes in Equity

	Attributable to equity holders of the Company						
	Ordinary shares RMB'000	Share premium RMB'000	Other reserves RMB'000	Retained earnings RMB'000	Total RMB'000	Minority interests RMB'000	Total RMB'000
Balance at 1st January 2008	2,027,960	987,446	790,076	761,359	4,566,841	1,191,483	5,758,324
Total comprehensive income	—	—	(328,460)	382,890	54,430	282,424	336,854
2007 final dividend	—	—	—	(243,355)	(243,355)	—	(243,355)
Dividend to minority shareholders of subsidiaries	—	—	—	—	—	(423,000)	(423,000)
Transfer to retained earnings	—	—	(169,252)	169,252	—	—	—
Acquisition of interest from minority shareholders	—	—	(111,932)	—	(111,932)	(17,358)	(129,290)
Increase in minority interests as a result of:							
— capital injection	—	—	—	—	—	741,034	741,034
— disposal of subsidiaries	—	—	—	—	—	109,753	109,753
— partial disposal of interest to minority shareholders	—	—	(17,774)	—	(17,774)	26,774	9,000
Balance at 31st December 2008	2,027,960	987,446	162,658	1,070,146	4,248,210	1,911,110	6,159,320
Representing:							
Proposed final dividend at 31st December 2008				162,237			
Retained earnings — others				907,909			
				1,070,146			

	Attributable to equity holders of the Company						
	Ordinary shares RMB'000	Share premium RMB'000	Other reserves RMB'000	Retained earnings RMB'000	Total RMB'000	Minority interests RMB'000	Total RMB'000
Balance at 1st January 2009	**2,027,960**	**987,446**	**162,658**	**1,070,146**	**4,248,210**	**1,911,110**	**6,159,320**
Total comprehensive income	–	–	24,717	538,435	563,152	265,088	828,240
2008 final dividend	–	–	–	(162,237)	(162,237)	–	(162,237)
Transfer from retained earnings	–	–	20,356	(20,356)	–	–	–
Acquisition of interest from minority shareholders	–	–	(75,183)	–	(75,183)	(294,317)	(369,500)
Increase in minority interests as a result of:							
— Disposal of a subsidiary	–	–	–	–	–	(28,374)	(28,374)
— Capital injection from minority shareholders	–	–	–	–	–	156,896	156,896
— Partial disposal of interest to minority shareholders	–	–	51,370	–	51,370	41,030	92,400
Balance at 31st December 2009	**2,027,960**	**987,446**	**183,918**	**1,425,988**	**4,625,312**	**2,051,433**	**6,676,745**
Representing:							
Proposed final dividend at 31st December 2009				223,076			
Retained earnings — others				1,202,912			
				1,425,988			

The notes on pages 78 to 152 are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flow

	Note	Year ended 31st December 2009 RMB'000	2008 RMB'000
Cash flows from operating activities			
Cash generated from/(used in) operations	35(a)	**4,876,878**	(267,659)
Interest paid		**(463,938)**	(482,505)
Current income tax paid		**(337,270)**	(559,950)
Net cash generated from/(used in) operating activities		**4,075,670**	(1,310,114)
Cash flows from investing activities			
Purchase of property, plant and equipment		**(4,160)**	(11,312)
Proceeds from sale of property, plant and equipment	35(b)	**628**	3,256
Purchase interest from minority shareholders of the subsidiaries		**—**	(129,290)
Cash paid for purchase of a subsidiary	9(x)	**(14,000)**	—
Increase in investment in jointly controlled entities		**(436,570)**	(50,000)
Increase in investment in associates		**(450,278)**	(672,292)
Interest received		**32,034**	32,753
Dividend received from a jointly controlled entity		**100,000**	50,000
Proceeds from partial disposal of interest in subsidiaries	38(iv)	**92,400**	9,000
Proceeds from disposal of an associate	11(ii)	**123,500**	—
Disposal of a subsidiary, net of cash disposed	35(c)	**103,247**	(7,948)
Proceeds from sales of available-for-sale financial assets		**69,567**	—
Loans to jointly controlled entities and an associate		**(707,152)**	—
Others		**(5,989)**	1,112
Net cash used in investing activities		**(1,096,773)**	(774,721)

		Year ended 31st December	
	Note	2009 RMB'000	2008 RMB'000
Cash flows from financing activities			
Dividends paid to equity holders of the Company		**(178,834)**	(157,549)
Dividends paid to minority shareholders of subsidiaries		**—**	(10,000)
Contribution from minority shareholders		**156,896**	741,034
Repayment of bank borrowings		**(1,844,500)**	(2,463,868)
Proceeds from issuance of bond	24(a)	**986,000**	—
New bank borrowings raised		**725,000**	3,550,000
Repayment of other loans		**(91,407)**	(22,854)
Special dividend repayment		**—**	(9,608)
Net cash (used in)/generated from financing activities		**(246,845)**	1,627,155
Net increase/(decrease) in cash		**2,732,052**	(457,680)
Cash and cash equivalents at 1st January		**2,147,142**	2,614,383
Exchange gain/(loss) on cash and cash equivalents		**178**	(9,561)
Cash and cash equivalents at 31st December	17	**4,879,372**	2,147,142

The notes on pages 78 to 152 are an integral part of these consolidated financial statements.

1. General Information

Beijing Capital Land Ltd. (the "Company") is a joint stock limited company established in the People's Republic of China (the "PRC" or "China") on 5th December 2002 as a result of a reorganisation (the "Reorganisation") of a state-owned enterprise known as Beijing Capital Group Ltd. (the "Beijing Capital Group") in preparation for a listing of the Company's shares on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The Company was granted the status of sino-foreign joint venture joint stock limited company on 28th November 2002. The Company has its primary listing on the Stock Exchange of Hong Kong Limited.

The Company is principally engaged in real estate development and investment holding. The subsidiaries are mainly engaged in real estate development and investment in the PRC. The Company and its subsidiaries are herein collectively referred to as the "Group". The address of the Company's registered office is Room 501, No.1, Yingbin Zhong Road, Huairou District, Beijing, the PRC.

These consolidated financial statements are presented in thousands of units of Renminbi (RMB'000), unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors on 8th February 2010.

2. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. Excepted as described below, these policies have been consistently applied to all the years presented.

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS"). They have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, and financial assets and financial liabilities at fair value through profit or loss.

The preparation of financial statements in conformity with 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.

2. Summary of Significant Accounting Policies *(Continued)*

2.1 Basis of preparation *(Continued)*

(a) New and amended standards adopted by the Group

The following standards and amendments to published standards are mandatory for accounting periods beginning on or after 1st January 2009 and is adopted by the Group:

HKFRS 7 "Financial Instruments — Disclosures" (amendment) — effective 1st January 2009. The amendment requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy. As the change in accounting policy only results in additional disclosures, there is no impact on earnings per share.

HKAS 1 (revised), "Presentation of financial statements" — effective 1st January 2009. The revised standard prohibits 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 in a statement of comprehensive income. As a result the group presents in the consolidated statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the consolidated statement of comprehensive income. Comparative information has been re-presented so that it also is in conformity with the revised standard. Since the change in accounting policy only impacts presentation aspects, there is no impact on earnings per share.

HKAS 23 (revised), "Borrowing costs" — effective from 1st 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 was removed. Since the group currently applies a policy of capitalising borrowing costs, it is not expected to have any material impact on the Group's or Company's financial statements.

HKFRS 8, "Operating segments" — effective 1st January 2009. HKFRS 8 replaces HKAS 14, "Segment reporting", 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. This has resulted in an increase in the number of reportable segments presented. In addition, the segments are reported in a manner that is more consistent with the internal reporting provided to the client operating decision maker. The previously reported property development segment has been split into property development Beijing, property development Tianjin, property development Chengdu, property development other segments accordingly. Such restatement in note disclosure does not have any impact on the financial statements.

2. Summary of Significant Accounting Policies *(Continued)*

2.1 Basis of preparation *(Continued)*

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

The following standards and amendments to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after 1st January 2010 or later periods, but the Group has not early adopted them:

HK(IFRIC) 17 "Distribution of non-cash assets to owners" — effective on or after 1st July 2009. The interpretation is part of the HKICPA's annual improvements project published in May 2009. This interpretation provides guidance on accounting for arrangements whereby an entity distributes non-cash assets to shareholders either as a distribution of reserves or as dividends. HKFRS 5 has also been amended to require that assets are classified as held for distribution only when they are available for distribution in their present condition and the distribution is highly probable. This is not currently applicable to the Group, as it has not distributed any non-cash assets to shareholders.

HKAS 27 (revised), "Consolidated and separate financial statements" — effective from 1st July 2009. The revised standard requires the effects of all transactions with minority interest 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. As the Group had already adopted such approach in the past, this revised standard is not expected to have any material impact on the Group's or Company's financial statements.

HKFRS 3 (revised), "Business combinations" — effective from 1st 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 the business combination from 1st January 2010.

HKAS 38 (amendment), "Intangible Assets" — effective from 1st July 2009. The amendment is part of the HKICPA's annual improvements project published in May 2009 and the group and company will apply HKAS 38 (amendment) from the date HKFRS 3 (revised) is adopted. The amendment clarifies guidance in measuring the fair value of an intangible asset acquired in a business combination and it permits the grouping of intangible assets as a single asset if each asset has similar useful economic lives. The amendment will not result in a material impact on the Group's or Company's financial statements.

2. Summary of Significant Accounting Policies *(Continued)*

2.1 Basis of preparation *(Continued)*

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

HKFRS 5 (amendment), "Measurement of non-current assets (or disposal groups) classified as held for sale". The amendment is part of the HKICPA's annual improvements project published in May 2009. The amendment provides clarification that HKFRS 5 specifies the disclosures required in respect of non-current assets (or disposal groups) classified as held for sale or discontinued operations. It also clarifies that the general requirement of HKAS 1 still apply, particularly paragraph 15 (to achieve a fair presentation) and paragraph 125 (sources of estimation uncertainty) of HKAS 1. This is not currently relevant to the Group as it doesn't hold any of such assets.

HKAS 1 (amendment), "Presentation of financial statements". The amendment is part of the HKICPA's annual improvements project published in May 2009. The amendment provides clarification that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or non-current. By amending the definition of current liability, the amendment permits a liability to be classified as non-current (provided that the entity has an unconditional right to defer settlement by transfer of cash or other assets for at least 12 months after the accounting period) notwithstanding the fact that the entity could be required by the counterparty to settle in shares at any time. The group and company will apply HKAS 1 (amendment) from 1st January 2010. It is not expected to have any material impact on the Group's or Company's financial statements.

HKFRS 2 (amendments), "Group cash-settled share-based payment transactions" — effective from 1st January 2010. In addition to incorporating HK(IFRIC)-Int 8, "Scope of HKFRS 2", and HK(IFRIC)-Int 11, "HKFRS 2 — group and treasury share transactions", the amendments expand on the guidance in IFRIC 11 to address the classification of group arrangements that were not covered by the interpretation. The new guidance is not currently relevant to the Group.

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

HKAS 24 (amendment), "Related party disclosure" — effective from 1st January 2011. The amendment introduces an exemption from all of the disclosure requirements of HKAS 24 for transactions among government-related entities and the government. Those disclosures are replaced with a requirement to disclose:

— the name of the government and the nature of their relationship; and

— the nature and amount of any individually-significant transactions; and

— the extent of any collectively-significant transactions qualitatively or quantitatively.

It also clarifies and simplifies the definition of a related party. The Group has decided to early adopt the amendment relevant to the government-related entity exemption in 2009.

2. Summary of Significant Accounting Policies *(Continued)*

2.2 Consolidation

(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 at 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 consolidated income statement.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary in the consolidated financial statements to ensure consistency with the policies adopted by the Group.

The gain or loss on the disposal of a subsidiary represents the difference between the proceeds of the sale and the share of net assets attributable to the Group together without goodwill carried in the balance sheet.

In the Company's balance sheet the investments in subsidiaries are stated at cost less provision for impairment losses (note 2.12). The results of subsidiaries are accounted for 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 equity owners of the Group. For Purchases from minority interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is equity. Gains or losses on disposals to minority interests are also recorded in equity.

2. Summary of Significant Accounting Policies *(Continued)*

2.3 Jointly controlled entities

Jointly controlled entities are all entities with a contractual arrangement whereby the Group and other parties undertake an economic activity which is subject to joint control and none of the participating parties has unilateral control over the economic activity. Investments in jointly controlled entities are accounted for by the equity method of accounting and are initially recognised at cost. The Group's investment in jointly controlled entities includes goodwill identified on acquisition, net of any accumulated impairment loss. See note 2.12 for the impairment of non-financial assets.

The Group's share of its jointly controlled entities' post-acquisition profits or losses is recognised in the consolidated income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in a jointly controlled entity equals or exceeds its interest in the jointly controlled entities, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the jointly controlled entities.

Unrealised gains on transactions between the Group and its in jointly controlled entities are eliminated to the extent of the Group's interest in the jointly controlled entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of jointly controlled entities have been changed where necessary to ensure consistency with the policies adopted by the Group.

In the Company's balance sheet the investments in jointly controlled entities are stated at cost less provision for impairment losses (note 2.12). The results of jointly controlled entities companies are accounted for by the Company on the basis of dividend received and receivable.

2.4 Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. The Group's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss. See note 2.12 for the impairment of non-financial assets.

The Group's share of its associates' post-acquisition profits or losses is recognised in the consolidated income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

2. Summary of Significant Accounting Policies *(Continued)*

2.4 Associates *(Continued)*

In the Company's balance sheet the investments in associated companies are stated at cost less provision for impairment losses (note 2.12). The results of associates are accounted for by the Company on the basis of dividend received and receivable.

2.5 Jointly controlled operations

Jointly controlled operations are operations with a contractual arrangement, whereby the Group and other parties undertake an economic activity without the establishment of a corporation, partnership nor any other kinds of separate financial or legal structure. These operations are subject to joint control and none of the participating parties has unilateral control over the economic activity. In respect of its interest in jointly controlled operations, the Group recognises in the financial statements:

(a) assets and liabilities that the Group controls and incurs.

(b) the expenses that the Group incurs and its share of the income that it earns from the sale of goods or services by the operations.

2.6 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the key management that makes strategic decisions.

2.7 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 ("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. 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.

2. Summary of Significant Accounting Policies *(Continued)*

2.7 Foreign currency translation *(Continued)*

(b) Transactions and balances (Continued)

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the consolidated income statement within "finance income or cost". All other foreign exchange gains and losses are presented in the consolidated income statement within "other gains — net".

2.8 Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation and any impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

Depreciation of 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	40 years
—	Hotel properties	10 — 40 years
—	Furniture, fixtures and equipment	3 — 10 years
—	Motor vehicles	5 years

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

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 2.12).

Gains and loss on disposals are determined by comparing the proceeds with carrying amounts and are recognised within "other gains — net", in the income statement.

2. Summary of Significant Accounting Policies *(Continued)*

2.9 Land use right

All lands in China mainland are state-owned and no individual land ownership right exists. The Group acquired the rights to certain lands, and the premiums paid for such rights are recorded as land use rights, which are stated at cost and amortised over the lease terms ranging between 40 to 70 years, using the straight-line method. Land use rights are classified and accounted for in accordance to the intended use of the properties that are erected on respective lands.

For properties that are held for own use, the corresponding payments are separately stated as land use rights in the balance sheet.

For properties that are developed for subsequent sales, the corresponding premiums paid for land use rights are classified and accounted for as part of the costs of properties. Therefore, respective amortization is also capitalised as the cost of properties upon the commencement of construction, and the carrying value of such land use rights will be transferred to "cost of sales" upon the recognition of sales.

2.10 Properties under development

Properties under development are stated at the lower of cost and net realisable value. Cost comprises construction cost, amortisation of land use rights, borrowing costs and professional fees incurred during the development period. Net realisable value is determined by reference to management estimates based on prevailing market conditions less costs to be incurred in selling the property. On completion, the properties, together with related land use rights, are transferred to completed properties held for sale.

Properties under development are classified as current assets unless the construction period of the relevant property development project is expected to complete beyond normal operating cycle, which are classified as properties held for development under non-current assets.

2.11 Properties held for sale

Properties held for sale are completed properties remaining unsold at year end and are stated at the lower of cost and net realisable value. Net realisable value is determined by reference to expected sales proceeds of completed properties sold in the ordinary course of business less all estimated selling expenses.

2.12 Impairment of investments in subsidiaries, associates, jointly controlled entities and non-financial assets

Assets that have an indefinite useful life or have not yet available for use 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 purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2. Summary of Significant Accounting Policies *(Continued)*

2.12 Impairment of investments in subsidiaries, associates, jointly controlled entities and non-financial assets *(Continued)*

Impairment testing of the investments in subsidiaries, associates or jointly controlled entities is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiaries, associates or jointly controlled entities in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2.13 Financial assets

2.13.1 Classification

The Group classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determine the classification of its financial assets at initial recognition.

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. The Group's loans and receivables comprise "trade and other receivables" in the balance sheet (note 2.16).

(c) Available-for-sale financial assets

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

2. Summary of Significant Accounting Policies *(Continued)*

2.13 Financial assets *(Continued)*

2.13.2 Recognition and measurement

Regular 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 carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the income statement. 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. Available-for-sale financial assets and financial assets carried at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the "financial assets at fair value through profit or loss" category are presented in the income statement within "other gains-net", in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the income statement as part of other income when the Group's right to receive payments is established.

Changes in the fair value of monetary and non-monetary securities classified as available for sale are recognised in other comprehensive income. When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the income statement as gains and losses from investment securities.

Interest on available-for-sale securities calculated using the effective interest method is recognised in the income statement as part of other income. Dividends on available-for-sale equity instruments are recognised in the income statement as part of other income when the Group's right to receive payments is established.

2.14 Impairment of financial assets

For the assets classified as available-for-sale, the Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss — measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss — is removed from equity and recognised in the separate consolidated income statement. Impairment losses recognised in the separate consolidated income statement on equity instruments are not reversed through the separate consolidated income statement.

2. Summary of Significant Accounting Policies *(Continued)*

2.15 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. Cost comprises invoiced price, delivery and other direct costs relating to the purchases. It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.16 Trade and other receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

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 the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original 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 consolidated income statement within "administrative expenses". When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against "administrative expenses" in the consolidated income statement.

2.17 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.

2.18 Share capital

Domestic and H 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.

2. Summary of Significant Accounting Policies *(Continued)*

2.19 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

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

2.20 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income 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 pre-payment for liquidity services and amortised over the period of the facility to which it relates.

2.21 Current and deferred income tax

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

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's subsidiaries, jointly controlled entities 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 a 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 tax rates (and laws) 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)*

2.21 Current and deferred income tax *(Continued)*

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

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, jointly controlled entities and associates, 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.

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 assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.22 Employee benefits

(a) *Employee leave entitlements*

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual 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.

(b) *Bonus entitlements*

The expected cost of bonus payments are recognised as a liability when the Group has a present constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made.

(c) *Retirement benefit costs*

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

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

2. Summary of Significant Accounting Policies *(Continued)*

2.22 Employee benefits *(Continued)*

(c) Retirement benefit costs (Continued)

The Group also participates in a pension scheme under the rules and regulations of the Mandatory Provident Fund Scheme Ordinance ("MPF Scheme") for all employees in Hong Kong. The contributions to the MPF Scheme are based on minimum statutory contribution requirement of the lower of 5% of eligible employees' relevant aggregate income and HKD1,000. The assets of this pension scheme are held separately from those of the Group in independently administered funds.

The Group's contributions to the defined contribution retirement benefit plan are expensed as incurred.

2.23 Provisions

Provisions 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.

2.24 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown, net of returns, rebates and discounts and after eliminating sales within the Group.

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 when specific criteria have been met for each of the Group's activities as described below. The Group bases its estimates on historical results, taking into consideration the type of transaction and the specifics of each arrangement.

2. Summary of Significant Accounting Policies *(Continued)*

2.24 Revenue recognition *(Continued)*

(a) Sales of properties

Revenue from sales of properties is recognised when the risks and rewards of the properties transferred to the purchaser, which is when the construction of the relevant properties have been completed and properties have been delivered to the purchaser pursuant to the sale agreements, and collectability of related receivables is reasonably assured. Deposits and instalments received on properties sold prior to the date of revenue recognition are included in current liabilities.

(b) Sales under hotel operations

Revenue from hotel operations is recognised upon the provision of services.

(c) 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 cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income.

(d) Dividend income

Dividend income is recognised when the right to receive payment is established.

2.25 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

2.26 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

2.27 Borrowing costs

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

2.28 Dividend distribution

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

2. Summary of Significant Accounting Policies *(Continued)*

2.29 Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that outflow is probable, they will then be recognised as a provision.

2.30 Financial guarantee liabilities

Financial guarantee liabilities are recognised in respect of the financial guarantee provided by the Group to the property purchasers and subsidiaries.

Financial guarantee liabilities are recognised initially at fair value plus transaction costs that are directly attributable to the issue of the financial guarantee liabilities. After initial recognition, such contracts are measured at the higher of the present value of the best estimate of the expenditure required to settle the present obligation and the amount initially recognised less cumulative amortisation.

Financial guarantee liabilities are derecognised from the balance sheet when, and only when, the obligation specified in the contract is discharged or cancelled or expired.

3. Financial Risk Management

3.1 Financial risk factors

The Group's major financial instruments include trade and other receivables, cash and cash equivalents, restricted bank deposits, available-for-sale financial assets, amounts due to promoters, trade and other payables and borrowings. Details of these financial instruments are disclosed in respective notes. The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk, and other price 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 board of directors review and agree policies for managing each of these risks and they are summarised below.

3. Financial Risk Management *(Continued)*

3.1 Financial risk factors *(Continued)*

(a) Market risk

(i) Foreign exchange risk

The Company and its subsidiaries' functional currency is RMB since majority of the revenues of the companies are derived from operation in the PRC.

The Group is subject to foreign exchange risk arising from future commercial transactions and recognised assets and liabilities such as cash and cash equivalents, trade and other payables, and borrowings which are dominated in a currency that is not the entity's functional currency. The majority of the Group's foreign currency transactions and balances are dominated in Hong Kong dollars ("HKD") and United States dollars ("USD"). The Group currently does not have a foreign currency hedging policy. However, the management of the Group monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

As at 31st December 2009, if RMB had increased/decreased by 5% against USD/HKD with all other variables held constant, post-tax profit for the year would have been increase/decrease by approximately RMB10,361,000 (2008: increased/decreased by RMB2,380,000), mainly as a net impact on translation of USD and HKD dominated cash and cash equivalents and translation of USD dominated borrowings.

(ii) Interest rate risk

The Group has exposed to cash flow interest rate risk due to the fluctuation of the prevailing market interest rate on borrowings which carry at prevailing market interest rates. Borrowings issued at fixed rates expose the Group to fair value interest-rate risk. The Group's income and operating cash flows are substantially independent of changes in market interest rates.

The Group's fair value interest rate risk relates primarily to its fixed rate borrowings. The Group currently does not use any derivative contracts to hedge its exposure to interest rate risk. However, management will consider hedging significant interest rate exposure should the need arise.

At 31st December 2009, if interest rates had been increased/decreased 50 basis points with all other variables held constant, the Group's post-tax profit would decrease/increase by approximately RMB24,771,000 (2008: RMB24,656,000).

3. Financial Risk Management *(Continued)*

3.1 Financial risk factors *(Continued)*

(a) Market risk (Continued)

(iii) Price risk

The Group is exposed to equity securities price risk because investments held by the Group are classified on the consolidated balance sheet as available-for-sale financial assets. The Group is not exposed to commodity price risk.

As at 31st December 2009, if the price of the listed equity securities the Group holds had increased/decreased by 50%, total equity would have been increased/decreased by approximately RMB77,658,000 (2008: RMB33,515,000) net of tax.

(b) Credit risk

The Group is exposed to credit risk in its restricted bank deposits, cash and cash equivalents, trade and other receivables.

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

To manage this risk, deposits are mainly placed with state-owned banks. The Group has policies in place to ensure that sales are made to purchasers with an appropriate financial strength and appropriate percentage of down payments. It also has other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews regularly the recoverable amount of each individual trade receivables to ensure that adequate impairment losses are made for irrecoverable amounts. The Group has no significant concentration of credit risk, with exposure spread over a number of counterparties and customers.

The credit risk on restricted bank deposits is limited because the counterparties are mainly the state-owned banks.

The Group has arranged bank financing for certain purchasers of property units and provided guarantees to secure obligations of such purchasers for repayments. If a purchaser defaults on the payment of its mortgage during the term of the guarantee, the bank holding the mortgage may demand the Group to repay the outstanding amount under the loan and any accrued interest thereon. Under such circumstances, the Group is able to 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.

3. Financial Risk Management *(Continued)*

3.1 Financial risk factors *(Continued)*

(c) Liquidity risk

Cash flow forecasting is performed in the operating entities of the group in and aggregated by group Finance. The Group monitors rolling forecasts of the group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities (note 24) at all times so that the group does not breach borrowing limits on any of its borrowing facilities. Such forecasting takes into consideration the group's debt financing plans, compliance with internal balance sheet ratio targets.

The following table details the Group's contractual maturity for its financial liabilities. The table has been drawn up based on the contractual undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table represents both interest and principal cash flows.

At 31st December 2009	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
Borrowings	**1,505,457**	**1,961,587**	**4,353,947**	**133,112**	**7,954,103**
Trade and other payables	**3,338,749**	**–**	**–**	**–**	**3,338,749**
	4,844,206	**1,961,587**	**4,353,947**	**133,112**	**11,292,852**

At 31st December 2008	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
Borrowings	1,646,016	2,151,661	3,412,883	1,021,060	8,231,620
Trade and other payables	3,333,145	—	—	—	3,333,145
	4,979,161	2,151,661	3,412,883	1,021,060	11,564,765

3. Financial Risk Management *(Continued)*

3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for equity holders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to equity holders, return capital to equity holders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total bank borrowings less cash and bank balance. Total capital is calculated as "equity", as shown in the consolidated balance sheet, plus net debt.

During 2009, the Group's strategy, which was unchanged from 2008, was to maintain the gearing ratio within 45%. The gearing ratios at 31st December 2009 and 2008 were as follows:

	As at 31st December	
	2009	2008
	RMB'000	RMB'000
Total borrowings (note 24)	**6,605,646**	6,884,901
Less: Cash and bank balance	**(4,976,683)**	(2,183,801)
Net debt	**1,628,963**	4,701,100
Total equity	**6,676,745**	6,159,320
Total capital	**8,305,708**	10,860,420
Gearing ratio	**20%**	43%

The decrease in the gearing ratio during 2009 resulted primarily from the increase in cash and bank balance.

3. Financial Risk Management *(Continued)*

3.3 Fair value estimation

Effective 1st January 2009, the Group adopted the amendment to HKFRS 7 for financial instruments that are measured in the balance sheet at fair value, this requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

At 31st December 2009, the financial instrument measured in fair value of the Group is the equity investments in PRC A share stock market, which is classified as available-for-sale and measured by the quoted price, and included in level 1.

4. Critical Accounting Estimates and Judgements

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

The 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.

4. Critical Accounting Estimates and Judgements *(Continued)*

(a) Estimated impairment of receivables

The Group tests annually whether trade and other receivables have suffered any impairment in accordance with the accounting policy stated in note 2.16 and make provisions for impairment accordingly.

(b) Income tax and land appreciation tax ("LAT")

The Company is subject to various taxes in the PRC. Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax provisions in the period in which such determination is made.

The implementation and settlement of LAT varies among various tax jurisdictions in cities of the PRC. LAT is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from sales of properties less deductible expenditures including amortisation of land use rights, borrowing costs, business taxes and all property development expenditures. These taxes are incurred upon transfer of property ownership. The significant judgement is required in determining the amount of the land appreciation and its related taxes. The Group recognised LAT based on management's best estimates according to the understanding of the tax rules. The final tax outcome could be different from the amounts that were initially recorded, and these differences will impact the consolidated income statement in the periods in which such taxes are finalised with local tax authorities.

(c) Estimate impairment of assets

The Group tests annually whether assets has suffered any impairment in accordance with accounting policies stated in note 2.12. Assets are reviewed for impairment annually or whenever events or changes in circumstances indicate that the carrying amount of the asset exceeds its recoverable amount. The recoverable amount of an asset or a cash generating unit is determined based on value-in-use calculations which require the use of assumptions and estimates.

4. Critical Accounting Estimates and Judgements *(Continued)*

(d) Revenue recognition

The Group has recognised revenue from the sale of properties held for sale as disclosed in note 2.24. The assessment of when an entity has transferred the significant risks and rewards of ownership to buyers requires the examination of the circumstances of the transaction. In most cases, the transfer of risks and rewards of ownership coincides with the date when the equitable interest in the property vests with the buyer upon release of the respective property to the buyer.

As disclosed in note 36, the Group provided guarantees in respect of mortgage facilities granted by certain banks relating to the mortgage loans arranged for certain purchasers of the Group's properties. These guarantees will be expired when relevant property ownership certificates are lodged with the various banks by the purchasers. In order to obtain mortgages, the purchasers would have settled certain percentage of the total contract amount in accordance with related PRC regulations upon delivery of the properties. The directors of the Company are of the opinion that such settlements provide sufficient evidence of the purchasers' commitment to honour contractual obligation of the bank borrowings. In addition, based on the past experiences, there were no significant defaults of mortgage facilities by the purchasers resulted in the bank guarantees were called upon. Accordingly, the directors believe that significant risks and rewards associated to the ownership of the properties have been transferred to the purchasers.

(e) Estimate of impairment of hotel properties

Hotel properties are reviewed by management for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amount is the higher of fair value less costs to sell and value in use of the hotel properties. Management makes judgements on whether such events or changes in circumstances have occurred, and makes estimates in determining the recoverable amount.

(f) Estimate of impairment of properties under development and properties held for sale

Property under development and properties held for sale are reviewed by management for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amount is the higher of fair value less costs to sell and value in use of such properties. Management makes judgements on whether such events or changes in circumstances have occurred, and makes estimates in determining the recoverable amount.

(g) Deferred tax assets

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

5. Segment Information

The chief operating decision-maker has been identified as the key management. This key management reviews the Group's internal reporting in order to assess performance and allocate resources. Key management has determined the operating segments based on these reports.

The key management considers the business from both a geographic and product perspective. From a product perspective, key management assesses the performance of property development and hotel operations. Property development is further evaluated on a geographical basis (Beijing, Tianjin, Chengdu and other territories).

The key management assesses the performance of the operating segments based on a measure of profit before tax. Other information provided to the key management, except as noted below, is measured in a manner consistent with that in the financial statements.

Total assets excluded deferred tax, available-for-sale financial assets, both of which are managed centrally. These comprised part of the reconciliation to total balance sheet assets.

Transactions between segments are carried out at arm's length. The revenue from external parties reported to the key management is measured in a manner consistent with that in the consolidated income statement.

The segment results provided to the key management for the reportable segments for the year ended 31st December 2009 is as follows:

	Property development				Hotel	
	Beijing	**Tianjin**	**Chengdu**	**Others**	**Operations**	**Group**
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Total revenue	**2,864,636**	**1,081,057**	**975,140**	**480,965**	**84,983**	**5,486,781**
Inter-segment revenue	–	–	–	(93,631)	–	(93,631)
Revenue (from external customers)	**2,864,636**	**1,081,057**	**975,140**	**387,334**	**84,983**	**5,393,150**
Profit/(loss) before income tax for reportable segment	**1,347,500**	**144,374**	**132,217**	**169,262**	**(27,168)**	**1,766,185**
Depreciation	2,092	809	422	1,689	25,915	30,927
Amortisation	–	–	–	–	1,046	1,046
Revesal of impairment losses	–	–	–	13,209	–	13,209
Finance income	16,802	3,963	2,822	40,745	87	64,419
Finance costs	(22,530)	(4,207)	(2,818)	(3,135)	(15,414)	(48,104)
Share of profits less losses of						
— jointly controlled entities	–	–	–	20,364	–	20,364
— associates	–	–	–	16,847	(23,436)	(6,589)

Others mainly represent properties under development in WuXi, Chongqing, Shenyang, Xi'an and Foshan.

5. Segment Information *(Continued)*

The segment results for the year ended 31st December 2008 are as follows:

	Property development				Hotel	
	Beijing	**Tianjin**	**Chengdu**	**Others**	**Operations**	**Group**
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Total revenue	3,219,957	605,842	683,057	434,794	295,560	5,239,210
Inter-segment revenue	—	—	—	(72,112)	—	(72,112)
Revenue (from external customers)	3,219,957	605,842	683,057	362,682	295,560	5,167,098
Profit/(loss) before income tax for reportable segment	1,165,720	87,947	157,960	114,345	(48,096)	1,477,876
Depreciation	2,724	495	386	8,482	72,455	84,542
Amortisation	—	—	—	—	2,583	2,583
Impairment losses	25,831	—	—	12,860	—	38,691
Finance income	11,269	9,172	3,593	35,791	418	60,243
Finance costs	(23,438)	(9,162)	(3,587)	(938)	(56,263)	(93,388)
Share of profits less losses of						
— jointly controlled entities	—	—	—	21,315	—	21,315
— associates	—	—	—	34,037	(34,590)	(553)

A reconciliation of total profit before income tax for reportable segment to total profit before income tax for the Group is provided as follows:

	2009	2008
	RMB'000	RMB'000
Profit before income tax for reportable segment	**1,766,185**	1,477,876
Corporate overheads	**(97,739)**	(68,141)
Corporate finance costs	**(205,319)**	(144,783)
Gains on sales of available-for-sale financial assets (note 27)	**38,956**	—
Dividends from available-for-sale financial assets (note 27)	**9,201**	—
Others	**(989)**	1,568
Profit before income tax	**1,510,295**	1,266,520

5. Segment Information *(Continued)*

The segment assets and liabilities at 31st December 2009 are as follows:

	Property development				Hotel	
	Beijing	**Tianjin**	**Chengdu**	**Others**	**Operations**	**Group**
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Total segment assets	**9,702,822**	**4,426,297**	**2,487,510**	**3,771,888**	**538,388**	**20,926,905**
Total segment assets include:						
Investments in						
jointly controlled entities	**–**	**–**	**–**	**790,605**	**–**	**790,605**
Investments in associates	**–**	**–**	**–**	**1,301,471**	**10,532**	**1,312,003**
Additions to non-current assets (other than financial instruments and deferred tax assets)	**1,245**	**14**	**23**	**2,752**	**126**	**4,160**
Total liabilities	**5,685,122**	**2,310,640**	**2,446,989**	**1,701,335**	**508,017**	**12,652,103**

The segment assets and liabilities at 31st December 2008 are as follows:

	Property development				Hotel	
	Beijing	**Tianjin**	**Chengdu**	**Others**	**Operations**	**Group**
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Total segment assets	8,236,370	4,116,498	2,450,513	3,189,474	711,552	18,704,407
Total segment assets include:						
Investments in						
jointly controlled entities	—	—	—	373,828	—	373,828
Investments in associates	—	—	—	1,037,360	33,967	1,071,327
Additions to non-current assets (other than financial instrumentsand deferred tax assets)	719	709	1,302	7,967	615	11,312
Total liabilities	4,775,062	2,048,044	1,456,590	1,749,632	497,649	10,526,977

5. Segment Information *(Continued)*

Reportable segments' assets and liabilities are reconciled to total assets and liabilities as follows:

	As at 31st December	
	2009	2008
	RMB'000	RMB'000
Total segment assets	**20,926,905**	18,704,407
Deferred income tax assets	**58,288**	100,553
Corporate assets (i)	**1,229,454**	147,785
Available-for-sale financial assets	**207,088**	114,757
Total assets per balance sheet	**22,421,735**	19,067,502
Total segment liabilities	**12,652,103**	10,526,977
Deferred income tax liabilities	**94,342**	142,233
Tax payables	**987,232**	623,822
Corporate liabilities (ii)	**2,011,313**	1,615,150
Total liabilities per balance sheet	**15,744,990**	12,908,182

(i) Corporate assets mainly include property, plant and equipment, cash and cash equivalents of Head Office.

(ii) Corporate liabilities mainly include unallocated bank borrowings, salary payables of Head Office and dividend payable due to promoters.

The entity is domiciled in the PRC. All the revenue from external customers of the Group are derived in the PRC for the year ended 31st December 2009 and 2008.

At 31st December 2009, the total of non-current assets other than financial instruments and deferred tax assets (there are no employment benefit assets and rights arising under insurance contracts) located in the PRC is RMB5,599,169,000 (2008: RMB6,400,018,000), and the total of these non-current assets located in other countries is nil (2008: nil).

For the year ended 31st December 2009 and 2008, the Group does not have any single significant customer with the transaction value above 10% of the external sales.

6. Property, Plant and Equipment

	Buildings RMB'000	Hotel properties RMB'000	Group Furniture, fixtures and equipment RMB'000	Motor vehicles RMB'000	Total RMB'000
Year ended 31st December 2008					
Opening net book amount	82,501	1,360,233	13,998	21,198	1,477,930
Additions	—	—	7,826	3,486	11,312
Depreciation	(2,180)	(72,455)	(7,916)	(6,752)	(89,303)
Disposals	—	—	(1,165)	(1,681)	(2,846)
Disposal of subsidiaries	—	(805,119)	(4,346)	(1,638)	(811,103)
Closing net book amount	80,321	482,659	8,397	14,613	585,990
At 31st December 2008					
Cost	86,731	601,431	27,057	26,510	741,729
Accumulated depreciation	(6,410)	(118,772)	(18,660)	(11,897)	(155,739)
Net book amount	80,321	482,659	8,397	14,613	585,990
Year ended 31st December 2009					
Opening net book amount	**80,321**	**482,659**	**8,397**	**14,613**	**585,990**
Additions	**–**	**–**	**1,371**	**2,789**	**4,160**
Depreciation	**(2,248)**	**(25,915)**	**(3,639)**	**(4,119)**	**(35,921)**
Disposals	**–**	**–**	**(160)**	**(186)**	**(346)**
Disposal of a subsidiary	**(12,140)**	**–**	**(25)**	**(154)**	**(12,319)**
Closing net book amount	**65,933**	**456,744**	**5,944**	**12,943**	**541,564**
At 31st December 2009					
Cost	**72,926**	**601,431**	**26,869**	**24,241**	**725,467**
Accumulated depreciation	**(6,993)**	**(144,687)**	**(20,925)**	**(11,298)**	**(183,903)**
Net book amount	**65,933**	**456,744**	**5,944**	**12,943**	**541,564**

Depreciation expense of RMB25,915,000 (2008: RMB80,670,000) has been charged in "cost of sales", and RMB10,006,000 (2008: RMB8,633,000) in "administrative expenses" (note 28).

The carrying value of hotel properties of RMB456,744,000 (2008: RMB482,659,000) has been pledged as security for a long-term bank loan of RMB270,000,000 (2008: RMB300,000,000) (note 24).

6. Property, Plant and Equipment *(Continued)*

	Company			
	Buildings	**Furniture, fixtures and equipment**	**Motor vehicles**	**Total**
	RMB'000	RMB'000	RMB'000	RMB'000
Year ended 31st December 2008				
Opening net book amount	69,617	1,497	7,230	78,344
Additions	—	5,086	1,342	6,428
Depreciation	(1,824)	(1,069)	(1,778)	(4,671)
Disposal	—	(9)	(1,222)	(1,231)
Closing net book amount	67,793	5,505	5,572	78,870
At 31st December 2008				
Cost	72,925	8,419	8,350	89,694
Accumulated depreciation	(5,132)	(2,914)	(2,778)	(10,824)
Net book amount	67,793	5,505	5,572	78,870
Year ended 31st December 2009				
Opening net book amount	**67,793**	**5,505**	**5,572**	**78,870**
Additions	**—**	**—**	**160**	**160**
Depreciation	**(1,859)**	**(1,591)**	**(1,544)**	**(4,994)**
Disposal	**—**	**(166)**	**(24)**	**(190)**
Closing net book amount	**65,934**	**3,748**	**4,164**	**73,846**
At 31st December 2009				
Cost	**72,925**	**8,036**	**8,318**	**89,279**
Accumulated depreciation	**(6,991)**	**(4,288)**	**(4,154)**	**(15,433)**
Net book amount	**65,934**	**3,748**	**4,164**	**73,846**

7. Land Use Rights

Land use rights represent the Group's interest in lands in the PRC, which are all held on leases of 50 years. The movements are as follows:

	Group	
	2009	2008
	RMB'000	RMB'000
At 1st January	**45,835**	96,817
Amortisation	**(1,046)**	(2,583)
Disposal of a subsidiary	**—**	(48,399)
At 31st December	**44,789**	45,835

The carrying value of land use rights of RMB44,789,000 (2008: 45,835,000) has been pledged as security for bank borrowings of RMB270,000,000 (2008: 300,000,000) (note 24).

8. Properties Under Development

	Group	
	2009	2008
	RMB'000	RMB'000
At 1st January	**9,426,252**	11,455,826
Additions	**2,695,289**	5,229,732
Disposal of a subsidiary	**(12,967)**	(1,777,024)
Transfer to properties held for sale	**(3,331,619)**	(5,120,352)
Resumption of land (note 27(i))	**—**	(361,930)
At 31st December	**8,776,955**	9,426,252
Non current	**2,910,208**	4,323,038
Current	**5,866,747**	5,103,214
	8,776,955	9,426,252
Properties under development comprise:		
Land use rights	**4,179,978**	4,475,153
Construction costs and capitalized expenditure	**4,257,042**	4,623,615
Finance costs capitalised	**339,935**	327,484
	8,776,955	9,426,252

8. Properties Under Development *(Continued)*

Land use rights represent prepaid operating lease payments, which are analysed as follows:

	Group As at 31st December	
	2009 RMB'000	2008 RMB'000
In the PRC held on:		
Leases of over 50 years	**4,065,683**	4,358,088
Leases within 50 years	**114,295**	117,065
	4,179,978	4,475,153

Note:

(a) As at 31st December 2009, certain properties under development amounted to RMB1,274,342,000 (2008: RMB454,051,000) have been pledged as securities for bank borrowings of RMB1,010,000,000 (2008: RMB1,242,000,000) (note 24).

(b) As at 31st December 2009, right to yields on certain land use rights (gains from the sale of land use rights or other profit obtained from the relevant land use rights) have been pledged as security for bank borrowings of RMB3,859,000,000 (2008: RMB4,241,500,000) (note 24).

9. Subsidiaries

	Company As at 31st December	
	2009 RMB'000	2008 RMB'000
Unlisted investments, at cost	**4,514,940**	3,847,981
Receivables from subsidiaries (i)	**3,003,240**	3,088,381
Payables to subsidiaries (ii)	**(2,563,490)**	(654,844)

Notes:

(i) Receivables from subsidiaries are unsecured, carrying interest at prevailing market rates and have no fixed terms of repayment.

(ii) Payables to subsidiaries are unsecured, interest free and have no fixed terms of repayment.

9. Subsidiaries *(Continued)*

The directors are of the opinion that the following is a list of the principal subsidiaries at 31st December 2009 (all of which are directly or indirectly held by the Company, established and operate in the PRC, except otherwise stated) which materially affect the results or assets of the Group:

Name	Legal status	Principal activities	Particulars of registered capital	Attributable interest held	
				2009	2008
Beijing Rongjin Real Estate Development Company Limited (i)	Sino-foreign cooperative joint venture	Property development and investment	USD6,360,000	**59.5%**	59.5%
Central Plaza Real Estate Development Company Limited (ii)	Sino-foreign cooperative joint venture	Property development and investment	USD11,258,000	**100%**	100%
Central Plaza Xinrong Hotel Management Company Limited (ii)	Sino-foreign cooperative joint venture	Hotel operation	USD6,062,000	**100%**	100%
S.C. Real Estate Development Company Limited	Limited liability company	Property development	RMB640,000,000	**100%**	100%
Beijing Arkgarden Real Estate Development Company Limited	Sino-foreign cooperative joint venture	Property development	USD9,200,000	**75%**	75%
Beijing Sunshine Jindu Properties Company Limited	Limited liability company	Property development	RMB370,000,000	**100%**	100%
Beijing Anhua Shiji Real Estate Development Company Limited	Sino-foreign cooperative joint venture	Property development	USD30,000,000	**55%**	55%
Beijing HYHL Real Estate Development Company Limited (iii)	Sino-foreign cooperative joint venture	Property development	USD10,000,000	**100%**	100%
Beijing Capital Xinzi Real Estate Limited ("Beijing Xinzi") (note 38(v))	Sino-foreign cooperative joint venture	Property development	RMB496,590,000	**100%**	55%
Beijing Shangboya Investment Consultant Company Limited (iv)	Limited liability company	Investment holding	RMB30,000,000	**100%**	100%

9. Subsidiaries *(Continued)*

Name	Legal status	Principal activities	Particulars of registered capital	Attributable interest held	
				2009	2008
Beijing Shangbodi Investment Consultant Company Limited (iv)	Limited liability company	Investment holding	RMB30,000,000	**100%**	100%
Tianjin Xinchuang Land Limited (v)	Sino-foreign equity joint venture	Property development	USD25,000,000	**55%**	55%
Beijing Donghai Investment Development Company Limited (vi)	Limited liability company	Investment holding	RMB21,000,000	**100%**	100%
Chengdu Capital Xinzi Real Estate Development Limited	Sino-foreign cooperative joint venture	Property development	USD30,000,000	**55%**	55%
Jiangsu Capital Real Estate Development Limited	Sino-foreign cooperative joint venture	Property development	USD12,500,000	**60%**	60%
Beijing Caotang Real Estate Development Limited (vi)	Limited liability company	Property development	RMB10,000,000	**100%**	100%
Beijing Capital Land Chengdu Company Limited	Limited liability company	Property development	RMB150,000,000	**100%**	100%
Tianjin Banshan Renjia Real Estate Company Limited ("Tianjin Banshan") (note 38(iv)) (vii)	Limited liability company	Property development	USD60,000,000	**55%**	100%
Beijing Sun Shine City Real Estate Development Company Limited ("Sun Shine City") (viii)	Sino-foreign cooperative joint venture	Property development	USD20,000,000	**50%**	50%
Chengdu Capital Yidu Real Estate Development Company Limited	Sino-foreign cooperative joint venture	Property development	USD100,000,000	**55%**	55%
Wuxi Xindong Real Estate Development Company Limited	Limited liability company	Property development	RMB100,000,000	**100%**	100%
Tianjin Capital Xinyuan Real Estate Development Company Limited	Limited liability	Property development	USD95,000,000	**55%**	55%

9. Subsidiaries *(Continued)*

Name	Legal status	Principal activities	Particulars of registered capital	Attributable interest held	
				2009	2008
Tianjin Capital Xingang Real Estate Development Company Limited	Limited liability company	Property development	USD95,000,000	**55%**	55%
JingJin Tongcheng (Tianjin) Investment Company Limited (ix)	Limited liability company	Property development and Investment	RMB50,000,000	**90%**	N/A
Shanxi Capital Xinzi Real Estate Development Limited ("Shanxi Xinzi") (x)	Limited liability company	Property development	RMB10,000,000	**N/A**	100%
Beijing Maple Real Estate Development Company Limited (note 35(c))	Limited liability company	Property development	RMB82,770,000	**N/A**	99.99%

Notes:

(i) 10% directly and 49.5% indirectly held by the Company

(ii) 75% directly and 25% indirectly held by the Company

(iii) 85% directly and 15% indirectly held by the Company

(iv) 90% directly and 10% indirectly held by the Company

(v) 55% indirectly held by the Company

(vi) 100% indirectly held by the Company

(vii) In 2007, the Company acquired 85% of Tianjin Banshan, and the remaining consideration amounted to RMB14,000,000 was paid by the Company in 2009.

(viii) According to the Article of Association, the Company gets the majority of seats in the Board of directors in Sun Shine City. Accordingly, the Company actually controlled Sun Shine City, which has become as subsidiary of the Company.

(ix) Jing Jin Tongcheng (Tianjin) Investment Company Limited was established in September 2009, and the Company holds 90% of its share indirectly. At 31st December 2009, the capital amount to RMB40,000,000 has not been injected by both shareholders.

(x) In July 2009, the company registration of Shanxi Xinzi have been cancelled and the Group withdrew the share capital of RMB10,000,000.

10. Jointly Controlled Entities

	Group		Company	
	2009 RMB'000	2008 RMB'000	**2009 RMB'000**	2008 RMB'000
Equity jointly controlled entities				
At 1st January	**373,828**	352,513	**206,181**	156,181
Share of profit	**20,364**	21,315	**—**	—
Addition	**275,013**	50,000	**275,013**	50,000
Acquisition	**221,400**	—	**—**	—
Dividend received	**(100,000)**	(50,000)	**—**	—
At 31st December	**790,605**	373,828	**481,194**	206,181
Unlisted investments, at cost	**—**	—	**481,194**	206,181
Group's share of net assets, unlisted	**790,605**	373,828	**—**	—

The following is a list of the principal jointly controlled entities at 31st December 2009, all of which are established and operate in the PRC:

Name	Legal status	Principal activities	Particulars of registered capital	Attributable interest held 2009	Attributable interest held 2008
Equity jointly controlled					
Beijing Ruijingqingyuan Real Estate Development Company Limited	Limited liability company	Property development	RMB20,000,000	**50%**	50%
Shenyang Jitian Real Estate Development Company Limited	Sino-foreign cooperative joint venture	Property development	USD40,000,000	**50%**	50%
Chongqing Capital Xinshi Real Estate Development Company Limited ("Chongqing Xinshi") (i)	Sino-foreign cooperative joint venture	Property development	USD95,000,000	**50%**	50%
Outlets Property Investment Guang Dong Limited ("Outlets Guangdong") (ii)	Sino-foreign cooperative joint venture	Property development and investment	USD40,000,000	**50%**	N/A
Beijing Anshunyuan Real Estate Development Company Limited ("Anshunyuan") (iii)	Limited liability company	Property development and investment	RMB50,000,000	**50%**	N/A

10. Jointly Controlled Entities *(Continued)*

(i) Chongqing Xinshi was established by the Company and Reco Ziyang Pte Ltd. ("Reco Ziyang", the minority shareholder of certain subsidiaries of the Group) in 2008, with total investment amounted to USD95,000,000. The Company and Reco Ziyang shall both contribute 50% of the total amount of investment respectively. The capital contribution of the Company was fully injected in 2009.

(ii) In 2009, the Group acquired 50% of Outlets Guangdong, for a consideration of USD20,000,000. The difference between the consideration and the fair value of the Group's share of the identifiable net assets acquired at the acquisition date amounted to RMB59,844,000, and was recognised as other gains. After the acquisition, Outlets Guangdong became a jointly controlled entity of the Group.

(iii) In 2009, the Group acquired 50% of the Anshunyuan for a consideration of RMB25,000,000. After the acquisition, Anshunyuan became a jointly controlled entity of the Group.

The following amounts represent the Group's shares of the assets and liabilities, and revenue and results of the jointly controlled entities:

Name	Assets	Liabilities	Revenue	Profit/ (loss)
2009				
Beijing Ruijingqingyuan Real Estate Development Company Limited	**312,067**	**(199,817)**	**67,457**	**27,967**
Shenyang Jitian Real Estate Development Limited	**654,633**	**(523,904)**	**—**	**(8,932)**
Chongqing Xinshi	**575,757**	**(248,920)**	**—**	**1,939**
Outlets Guang Dong	**403,492**	**(207,703)**	**—**	**(610)**
Anshunyuan	**248,964**	**(223,964)**	**—**	**—**
	2,194,913	**(1,404,308)**	**67,457**	**20,364**
2008				
Beijing Ruijingqingyuan Real Estate Development Company Limited	440,906	(256,624)	266,359	35,209
Shenyang Jitian Real Estate Development Limited	485,983	(346,322)	—	(13,779)
Chongqing Xinshi	49,885	—	—	(115)
	976,774	(602,946)	266,359	21,315

11. Associates

	Group		Company	
	2009	2008	**2009**	2008
	RMB'000	RMB'000	**RMB'000**	RMB'000
At 1st January	**1,071,327**	317,204	**877,913**	179,260
Share of loss	**(6,589)**	(553)	**—**	—
Additions	**450,279**	672,292	**447,541**	672,292
Transferred from subsidiaries	**—**	82,944	**—**	60,951
Dividends (note 15(c))	**(162,565)**	(560)	**—**	—
Disposal	**(40,449)**	—	**(43,000)**	—
Provision for impairment loss	**—**	—	**—**	(34,590)
At 31st December	**1,312,003**	1,071,327	**1,282,454**	877,913
Investments, at cost				
— unlisted	**—**	—	**1,323,182**	918,641
Provision for impairment loss	**—**	—	**(40,728)**	(40,728)
	—	—	**1,282,454**	877,913
Group's share of net assets				
— unlisted	**1,312,003**	1,071,327	**—**	—
	1,312,003	1,071,327	**—**	—

11. Associates *(Continued)*

The following is a list of the principal associates at 31st December 2009, all of which are unlisted, established and operate in the PRC:

Name	Legal status	Principal activities	Particulars of registered capital	Attributable interest held	
				2009	2008
Beijing GoldenNet Property Investment Consultant Company Limited ("GoldenNet") (i)	Limited liability company	Property sales agency	RMB5,000,000	**14%**	14%
Beijing Xing Tai Real Estate Development Company Limited ("Beijing Xing Tai") (ii)	Limited liability company	Property development	RMB55,180,000	**N/A**	25%
Beijing Yang Guang Yuan Real Estate Development Company Limited	Limited liability company	Property development	RMB72,190,000	**35%**	35%
Beijing SCJF Real Estate Agency Company Limited	Limited liability company	Property sales agency	RMB18,000,000	**49%**	49%
Shenyang Xinzi Capital Real Estate Development Company Limited	Sino-foreign equity joint venture limited	Property development	USD92,500,000	**30%**	30%
Xi'an Xin Kai Capital Real Estate Development Company Limited ("Xi'an Xin Kai") (iii)	Sino-foreign equity joint venture limited	Property development	USD165,000,000	**40%**	40%
Tianjin Capital Xinqing Real Estate Development Company Limited ("Tianjin Xinqing") (iv)	Sino-foreign equity joint venture limited	Property development	USD95,000,000	**40%**	40%
Tianjin Capital Xinming Real Estate Development Company Limited	Sino-foreign equity joint venture limited	Property development	USD95,000,000	**40%**	40%
Beijing Shangyi Real Estate Development Company Limited	Limited liability company	Property development	RMB10,310,000	**47%**	47%
Beijing Financial Street International Hotel Company Limited ("Financial Street") (v)	Sino-foreign cooperative joint venture	Hotel operation	USD5,640,000	**59.5%**	59.5%
Outlets (China) Limited ("Outlets (China)") (vi)	Limited liability company	Investment holding	USD2,000,000	**20%**	N/A

11. Associates *(Continued)*

(i) GoldenNet shares the same member of the key management personnel of the Company, therefore is classified as an associate.

(ii) In November 2009, the Company disposed all share of Beijing Xing Tai to a subsidiary of Yang Guang Company Limited ("Yang Guang"), which shares the same member of the key management personnel of the Company for the consideration of RMB123,500,000, and a net gain of RMB83,051,000 was recognised.

(iii) In 2008, the Company entered into contract with Reco Ziyang to increase the registered capital of the Xi'an Xin Kai from USD95,000,000 to USD165,000,000, the Company shall contribute 45% of the total investment, which was fully injected in 2009.

(iv) In 2008, the Company entered into contract with Reco Ziyang to increase the registered capital of the Tianjin Xinqing from RMB10,000,000 to USD95,000,000, the Company shall contribute 45% of the total investment, which was fully injected in 2009.

(v) The Group has no control over the board of the directors and such board is responsible for determining the financial policies in the ordinary course of business, and accordingly, this company is stated as an associate of the Group.

(vi) Outlets (China) was established in 2009, and the Company indirectly hold 20% of its share.

11. Associates *(Continued)*

The following amounts represent the Group's share of the assets, liabilities and revenue and results of the associates:

Name	Assets	Liabilities	Revenue	Profit/ (loss)
2009				
GoldenNet	**6,087**	**(71)**	**42**	**3,264**
Beijing Yang Guang Yuan Real Estate Development Company Limited	**208,460**	**(134,372)**	**18,057**	**2,613**
Beijing SCJF Real Estate Agency Company	**6,546**	**(5,758)**	**4,151**	**(2,055)**
Shenyang Xinzi Capital Real Estate Development Company Limited	**352,182**	**(156,482)**	**—**	**(1,199)**
Xi'an Xin Kai	**775,448**	**(280,474)**	**—**	**(4,807)**
Tianjin Xinqing	**295,455**	**(35,600)**	**—**	**(69)**
Tianjin Capital Xinming Real Estate Development Company Limited	**528,439**	**(268,159)**	**—**	**(2,037)**
Beijing Shangyi Real Estate Development Company Limited	**466,357**	**(459,321)**	**203**	**(16)**
Financial Street	**648,891**	**(638,359)**	**43,277**	**(23,436)**
Beijing Xing Tai	**N/A**	**N/A**	**128,626**	**21,153**
Outlets (China)	**2,734**	**—**	**—**	**—**
	3,290,599	**(1,978,596)**	**194,356**	**(6,589)**
2008				
GoldenNet	3,381	(630)	—	52
Beijing Xing Tai	766,213	(584,353)	339,971	41,760
Beijing Yang Guang Yuan Real Estate Development Company Limited	201,913	(130,439)	17,692	(823)
Beijing SCJF Real Estate Agency Company	8,312	(5,469)	5,088	(1,653)
Shenyang Xinzi Capital Real Estate Development Company Limited	264,111	(67,212)	—	(3,775)
Xi'an Xin Kai	348,944	(40,516)	—	(624)
Tianjin Xinqing	10,944	(7,210)	—	(263)
Tianjin Capital Xinming Real Estate Development Company Limited	431,815	(169,497)	—	(625)
Beijing Shangyi Real Estate Development Company Limited	607,272	(600,220)	—	(12)
Financial Street	699,831	(665,863)	—	(34,590)
	3,342,736	(2,271,409)	362,751	(553)

12. Available-for-sale Financial Assets

	Group and Company	
	2009	2008
	RMB'000	RMB'000
As at 1st January	**114,757**	444,176
Net gains/(losses) transfer to equity	**149,372**	(308,683)
Disposals	**(57,041)**	—
Transferred to other receivables	**—**	(20,736)
As at 31st December	**207,088**	114,757

	Group and Company As at 31st December	
	2009	2008
	RMB'000	RMB'000
Fair value:		
— listed	**207,088**	89,372
— unlisted	**—**	25,385
Total	**207,088**	114,757
Market value of listed securities	**207,088**	89,372

Available-for-sale financial assets are all denominated in RMB.

None of these financial assets is either past due or impaired.

The fair values of unlisted securities are based on cash flows discounted using a rate based on the market interest rate.

13. Inventories and Properties Held for Sale

	Group As at 31st December		Company As at 31st December	
	2009 RMB'000	2008 RMB'000	**2009 RMB'000**	2008 RMB'000
Merchandise	**2,610**	2,962	**—**	—
Low value consumable materials	**990**	1,024	**—**	—
Total inventories	**3,600**	3,986	**—**	—
Development costs	**2,060,015**	2,383,449	**42,799**	45,863
Land use rights	**189,182**	177,788	**6,047**	6,480
Finance costs capitalised	**51,006**	84,524	**—**	—
Total properties held for sale	**2,300,203**	2,645,761	**48,846**	52,343

The cost of inventories and properties held for sale recognised as expense and included in "cost of sales" amounted to RMB3,291,906,000 in 2009 (2008: RMB2,989,174,000).

Land use rights represent prepaid operating lease payments, which are analysed as follows:

	Group As at 31st December		Company As at 31st December	
	2009 RMB'000	2008 RMB'000	**2009 RMB'000**	2008 RMB'000
In the PRC held on:				
Leases of over 50 years	**169,498**	157,489	**—**	—
Leases within 50 years	**19,684**	20,299	**6,047**	6,480
	189,182	177,788	**6,047**	6,480

14. Land development

Land development refers to primary land development projects. No land use rights certificates were obtained for these projects, and the Group generally receives an amount as compensation. Main activities for primary land development projects included dismantling and land levelling works.

15. Trade and Other Receivables

	Group As at 31st December		Company As at 31st December	
	2009 RMB'000	2008 RMB'000	**2009 RMB'000**	2008 RMB'000
Trade receivables (a)	**53,386**	284,559	**160**	165
Other receivables	**158,710**	215,609	**35,573**	61,371
Less: provisions for impairment of receivables (f)	**(32,963)**	(72,003)	**(24,000)**	(37,400)
Receivables-net	**179,133**	428,165	**11,733**	24,136
Dividends receivable from subsidiaries of Yang guang (c)	**194,802**	—	**194,802**	—
Tax and other prepayments	**529,905**	203,164	**15,501**	15,751
Amounts due from jointly controlled entities (d)	**698,733**	37,127	**—**	1,127
Amounts due from associates (d)	**1,377,599**	1,836,956	**1,063,620**	493,381
Prepayment of property development	**360,200**	10,000	**10,000**	10,000
	3,340,372	2,515,412	**1,295,656**	544,395

Notes:

(a) At 31st December 2009 and 2008, the ageing analysis of the trade receivables was as follows:

	Group As at 31st December		Company As at 31st December	
	2009 RMB'000	2008 RMB'000	**2009 RMB'000**	2008 RMB'000
Within one year	**45,554**	6,388	**—**	—
Over two years and within three years	**—**	258,304	**—**	—
Over three years	**7,832**	19,867	**160**	165
	53,386	284,559	**160**	165

At 31st December 2009, trade receivables include property sale receivable due from a subsidiary of Yang Guang amounted to RMB40,794,000 (2008: nil).

15. Trade and Other Receivables *(Continued)*

Notes: *(Continued)*

(a) *(Continued)*

Trade receivables aged over one year are mainly related to sales of office building units in bulk and large pieces of developed land. In 2009, trade receivables of RMB160,000 (2008: RMB12,186,000) were past due but not impaired with the ageing of over 3 years. RMB7,672,000 (2008: RMB7,681,000) is considered as past due and impaired, with the ageing of over 3 years, and impairment of RMB3,844,000 is provided (2008: RMB3,844,000). No trade receivables are considered as not past due but impaired as at year end (2008: RMB258,304,000), and hence no impairment is provided (2008: RMB25,831,000).

(b) The credit terms in connection with sales of properties granted to the customers are set out in the sale and purchase agreements and vary from agreements. There is no concentration of credit risk with respect to trade receivables, as the Group has a large number of customers. The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. The Group does not hold any collateral as security.

(c) The total dividend receivable include RMB162,565,000 declared by Beijing Xing Tai in 2009, which was previously an associate of the Company, and was disposed in November 2009 (note 11(ii)), and RMB32,237,000 declared by Feng Du Capital Real Estate Development Company Limited ("Feng Du"), previously an available-for-sale financial asset, and disposed in 2009. Both Xingtai and Feng Du are subsidiaries of Yang Guang.

(d) The Group's amounts due from jointly controlled entities and associates mainly comprise of the following:

	As at 31st December	
	2009	2008
	RMB'000	RMB'000
Anshunyuan (i)	**175,000**	—
Outlets Guangdong (ii)	**166,986**	—
Tianjin Xinqing (iii)	**—**	347,196
Xi'an Xin Kai (iii)	**—**	140,000
Chongqing Capital Xinshi Real Estate Development Company Limited (iii)	**346,747**	—
Tianjin Capital Xinming Real Estate Development Company Limited (iii)	**—**	423,612
Beijing Shangyi Real Estate Development Company Limited (i)(iv)	**967,034**	594,368
Financial Street (i)(iv)	**407,849**	331,589
	2,063,616	1,836,765

15. Trade and Other Receivables *(Continued)*

Notes: *(Continued)*

(d) *(Continued)*

(i) Unsecured, carrying interest at prevailing market rates, with no fixed terms of repayment.

(ii) Unsecured, interest rate not yet determined and should be repaid before 28th December 2010.

(iii) Unsecured, interest free, with no fixed terms of repayment.

(iv) The condensed combined balance sheet of these companies are as follows:

	As at 31st December 2009 RMB'000
Non-current assets	**922,003**
Current assets	**1,137,448**
Non-current liabilities	**528,886**
Current liabilities	**1,521,265**
Total equity	**9,300**

These are no provisions held against receivables from jointly controlled entities, associates. (2008: nil).

(e) Amounts of trade and other receivables are all denominated in RMB.

(f) Movements on the Group's provision for impairment of receivables are as follows:

	2009 RMB'000	2008 RMB'000
At 1st January	**72,003**	33,358
(Reversal of)/provisions for impairment of receivables	**(13,209)**	38,691
Disposal of a subsidiary	**(25,831)**	(46)
At 31st December	**32,963**	72,003

The above amount includes provisions for impairment of other receivables RMB29,119,000 (2008: RMB42,328,000).

The creation and release of provision for impaired receivables have been included in "administrative expenses" in the consolidated income statement (note 28).

(g) The other classes within trade and other receivables do not contain impaired assets.

(h) The carrying amounts of trade and other receivables approximate their fair values.

16. Restricted Bank Deposits

The restricted bank deposits have been pledged as security for certain mortgage loans to customers (note 36).

17. Cash and Cash Equivalents

	Group As at 31st December		Company As at 31st December	
	2009 RMB'000	2008 RMB'000	**2009 RMB'000**	2008 RMB'000
Cash at bank and in hand	**4,879,372**	2,147,142	**1,155,608**	68,586

The carrying amounts of cash and cash equivalents are denominated in the following currencies:

	Group As at 31st December		Company As at 31st December	
	2009 RMB'000	2008 RMB'000	**2009 RMB'000**	2008 RMB'000
RMB	**4,777,450**	2,034,935	**1,150,177**	56,200
USD	**29,116**	41,307	**20**	12,386
HKD	**72,806**	70,900	**5,411**	—
	4,879,372	2,147,142	**1,155,608**	68,586

18. Share Capital and Premium

At 31st December 2009 and 2008, the ordinary shares and share premium of the Company was as follows:

	Number of shares '000	**Ordinary shares** RMB'000	**Share premium** RMB'000	**Total** RMB'000
Registered, issued and fully paid:				
As at 1st January and 31st December 2008	2,027,960	2,027,960	987,446	3,015,406
Registered, issued and fully paid:				
As at 31st December 2009	2,027,960	2,027,960	987,446	3,015,406

19. Retained Earnings

	Group		Company	
	2009	2008	**2009**	2008
	RMB'000	RMB'000	**RMB'000**	RMB'000
At 1st January	**1,070,146**	761,359	**570,687**	563,359
Profit for the year	**538,435**	382,890	**377,144**	184,337
Dividends relating to 2008/2007	**(162,237)**	(243,355)	**(162,237)**	(243,355)
Transfer (to)/from statutory reserve fund	**(20,356)**	169,252	**(20,356)**	66,346
At 31st December	**1,425,988**	1,070,146	**765,238**	570,687
Representing:				
Proposed final dividend at 31st December	**223,076**	162,237	**223,076**	162,237
Retained earnings — Others	**1,202,912**	907,909	**542,162**	408,450
At 31st December	**1,425,988**	1,070,146	**765,238**	570,687

According to the respective Articles of Association, the Company and subsidiaries are required to transfer certain percentages of their profit to their statutory reserve fund on an annual basis. The statutory reserve fund can be used to offset accumulated loss or convert as share capital of the Company.

20. Other Reserves

Group

	Other reserves		
	Capital surplus RMB'000	**Statutory reserve fund** RMB'000	**Total** RMB'000
Balance at 1st January 2008	535,202	254,874	790,076
Transfer to retained earnings	—	(169,252)	(169,252)
Fair value loss on available-for-sale financial assets, gross	(308,683)	—	(308,683)
Fair value loss on available-for-sale financial assets, tax	77,171	—	77,171
Reserve realised upon disposal of properties held for sale, gross	(129,264)	—	(129,264)
Reserve realised upon disposal of properties held for sale, tax	32,316	—	32,316
Acquisition of interest from minority shareholders	(111,932)	—	(111,932)
Partial disposal of interest to minority shareholders	(17,774)	—	(17,774)
Balance at 31st December 2008	77,036	85,622	162,658
Balance at 1st January 2009	**77,036**	**85,622**	**162,658**
Transfer from retained earnings	**—**	**20,356**	**20,356**
Fair value gain on available-for-sale financial assets, gross	**149,372**	**—**	**149,372**
Fair value gain on available-for-sale financial assets, tax	**(37,343)**	**—**	**(37,343)**
Reserve realised upon disposal of available-for-sale financial assets, gross	**(3,393)**	**—**	**(3,393)**
Reserve realised upon disposal of available-for-sale financial assets, tax	**848**	**—**	**848**
Reserve realised upon disposal of properties held for sale, gross	**(113,023)**	**—**	**(113,023)**
Reserve realised upon disposal of properties held for sale, tax	**28,256**	**—**	**28,256**
Acquisition of interest from minority shareholders	**(75,183)**	**—**	**(75,183)**
Partial disposal of interest to minority shareholders	**51,370**	**—**	**51,370**
Balance at 31st December 2009	**77,940**	**105,978**	**183,918**

20. Other Reserves *(Continued)*

Company

	Other reserves		
	Capital surplus RMB'000	Statutory reserve fund RMB'000	Total RMB'000
Balance at 1st January 2008	318,870	151,968	470,838
Transfer to retained earnings	—	(66,346)	(66,346)
Fair value loss on available-for-sale financial assets, gross	(308,683)	—	(308,683)
Fair value loss on available-for-sale financial assets, tax	77,171	—	77,171
Balance at 31st December 2008	87,358	85,622	172,980
Balance at 1st January 2009	**87,358**	**85,622**	**172,980**
Transfer from retained earnings	**—**	**20,356**	**20,356**
Fair value gain on available-for-sale financial assets, gross	**149,372**	**—**	**149,372**
Fair value gain on available-for-sale financial assets, tax	**(37,343)**	**—**	**(37,343)**
Reserve realised upon disposal of available-for-sale financial assets, gross	**(3,393)**	**—**	**(3,393)**
Reserve realised upon disposal of available-for-sale financial assets, tax	**848**	**—**	**848**
Balance at 31st December 2009	**196,842**	**105,978**	**302,820**

21. Trade and Other Payables

	Group As at 31st December		Company As at 31st December	
	2009 RMB'000	2008 RMB'000	**2009 RMB'000**	2008 RMB'000
Trade payables (i)	**13,504**	10,340	**—**	—
Dividends payable to the promoters	**18,811**	63,421	**5,772**	63,421
Dividends payable to minority shareholders of subsidiaries	**528,699**	528,699	**—**	—
Accrued construction costs (ii)	**1,586,203**	2,130,342	**11,319**	15,840
Amounts due to associates (iii)	**—**	37,269	**—**	36,637
Amounts due to a jointly controlled entity (iii)	**—**	18,783	**—**	18,783
Amounts due to a minority shareholder (note 38(v))	**369,500**	—	**—**	—
Interest Payables to minority shareholders	**93,254**	107,999	**—**	—
Other payables	**728,778**	436,292	**522,766**	105,656
	3,338,749	3,333,145	**539,857**	240,337

(i) At 31st December 2009 and 2008, the ageing analysis of the trade payables was as follows:

	Group As at 31st December		Company As at 31st December	
	2009 RMB'000	2008 RMB'000	**2009 RMB'000**	2008 RMB'000
Within one year	**13,149**	9,621	**—**	—
Over one year	**355**	719	**—**	—
	13,504	10,340	**—**	—

(ii) Accrued construction costs are amounts accrued by the Company according to respective construction contracts or project survey reports.

(iii) At 31st December 2009 and 2008, the amounts due to associates and jointly controlled entities are unsecured, interest free and have no fixed terms of repayment.

(iv) The carrying amounts of trade and other payables approximate their fair values.

22. Advances from Customers

Advances from customers are amounts received from customers for properties sold, but the risks and rewards of the properties have not been transferred to the customers as at 31st December 2009 and 2008.

As at 31st December 2009, advances from customers include property sale received from subsidiaries of Yang Guang amounted to RMB318,323,000 (2008: RMB128,000,000).

23. Tax Payables

	Group As at 31st December		Company As at 31st December	
	2009 RMB'000	2008 RMB'000	**2009 RMB'000**	2008 RMB'000
Business tax payable	**92,316**	32,936	**2,170**	5,385
Current income tax payable				
— PRC income tax	**262,999**	172,893	**1,114**	—
— PRC LAT	**623,124**	414,647	**20**	—
Others	**8,793**	3,346	**652**	1,478
	987,232	623,822	**3,956**	6,863

24. Borrowings

	Group As at 31st December		Company As at 31st December	
	2009 RMB'000	2008 RMB'000	**2009 RMB'000**	2008 RMB'000
Non-current,				
Bank borrowings	**4,300,000**	5,661,500	**3,600,000**	3,941,500
5-year bond (a)	**986,710**	—	**986,710**	—
Other loans	**223,111**	—	**—**	—
	5,509,821	5,661,500	**4,586,710**	3,941,500
Current,				
Bank borrowings	**964,000**	722,000	**259,000**	300,000
Other loans	**131,825**	501,401	**—**	—
	1,095,825	1,223,401	**259,000**	300,000
	6,605,646	6,884,901	**4,845,710**	4,241,500

(a) On 24th September 2009, the Company issued bond with an aggregate principal amount of RMB1,000,000,000, with a maturity period of 5 years ("5-year bond"). The net proceeds were RMB986,000,000 (net of issuance costs of RMB14,000,000), and were raised for repayments of bank borrowings for the amount of RMB200,000,000, while the remaining proceeds are used for property development purposes. The bond carries a fixed annual interest rate of 6.5%, of which will be paid annually. The principal is fully repayable on 24th September 2014.

Beijing Capital Group (parent company) provides unconditional and irrevocable joint liability guarantee for the 5-year bond over maturity period.

24. Borrowings *(Continued)*

At 31st December 2009 and 2008, the Group's borrowings were repayable as follows:

	Group				Company	
	Bank borrowings As at 31st December		Other loans As at 31st December		Bank borrowings As at 31st December	
	2009 RMB'000	2008 RMB'000	**2009 RMB'000**	2008 RMB'000	**2009 RMB'000**	2008 RMB'000
Within 1 year	**964,000**	722,000	**131,825**	501,401	**259,000**	300,000
Between 1 and 2 years	**1,390,000**	1,821,500	**223,111**	—	**1,000,000**	541,500
Between 2 and 5 years	**2,790,000**	2,890,000	**–**	—	**2,600,000**	2,600,000
Wholly repayable within 5 years	**5,144,000**	5,433,500	**354,936**	501,401	**3,859,000**	3,441,500
Over 5 years	**120,000**	950,000	**–**	—	**–**	800,000
	5,264,000	6,383,500	**354,936**	501,401	**3,859,000**	4,241,500

The effective interest rates at the balance sheet date were as follows:

	2009		2008	
	RMB	**USD**	RMB	USD
Bank borrowings	**6.36%**	**N/A**	6.87%	N/A
5-year bond	**6.50%**	**N/A**	—	N/A
Other loans	**6.22%**	**6.63%**	6.98%	6.63%

Bank borrowings of RMB1,010,000,000 (2008: RMB1,242,000,000) were secured by certain relevant properties under development amounted to RMB1,274,342,000 (2008: RMB454,051,000) (note 8(a)).

Bank borrowings of RMB3,859,000,000 (2008: RMB4,241,500,000) were secured by rights to yields on certain land use rights (gains on the sales of land use rights or other profit obtained from the related land use rights) (note 8(b)).

Bank borrowings of RMB270,000,000 (2008: RMB300,000,000) were secured by the hotel properties and the land use rights (note 6 and 7).

24. Borrowings *(Continued)*

The exposure of the Group's borrowings to interest-rate changes and the contractual repricing dates at the balance sheet dates are as follows:

	Group As at 31st December		Company As at 31st December	
	2009 RMB'000	2008 RMB'000	**2009 RMB'000**	2008 RMB'000
6 months or less	**651,825**	2,333,424	**—**	—
6 -12 months	**4,644,000**	4,241,500	**3,859,000**	4,241,500
	5,295,825	6,574,924	**3,859,000**	4,241,500

The exposure of the Group's borrowings to fixed interest-rate at the balance sheet dates are as follows:

	Group As at 31st December		Company As at 31st December	
	2009 RMB'000	2008 RMB'000	**2009 RMB'000**	2008 RMB'000
	1,309,821	309,977	**986,710**	—

The carrying amounts of short-term and long-term borrowings approximate their fair value.

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

	Group As at 31st December		Company As at 31st December	
	2009 RMB'000	2008 RMB'000	**2009 RMB'000**	2008 RMB'000
RMB	**6,307,424**	6,836,170	**4,845,710**	4,241,500
USD	**298,222**	48,731	**—**	—
	6,605,646	6,884,901	**4,845,710**	4,241,500

The Group has the following undrawn borrowing facilities:

	As at 31st December	
	2009 RMB'000	2008 RMB'000
Floating rate		
— expiring beyond one year	**10,100,000**	2,000,000

The facilities have been arranged to finance the working capital of the Group.

25. Deferred Income Tax

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 tax assets and liabilities relate to income taxed levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis. The offset amounts are as follows:

	Group As at 31st December		Company As at 31st December	
	2009 RMB'000	2008 RMB'000	**2009 RMB'000**	2008 RMB'000
Deferred tax assets:				
— Deferred tax assets to be recovered after more than 12 months	**44,406**	52,275	**25,042**	13,305
— Deferred tax assets to be recovered within 12 months	**41,756**	48,278	**2,832**	27,616
	86,162	100,553	**27,874**	40,921
Deferred tax liabilities:				
— Deferred tax liabilities to be recovered after more than 12 months	**(112,253)**	(75,758)	**(53,623)**	(17,128)
— Deferred tax liabilities to be recovered within 12 months	**(9,963)**	(66,475)	**—**	—
	(122,216)	(142,233)	**(53,623)**	(17,128)
	(36,054)	(41,680)	**(25,749)**	23,793

The movement on the deferred income tax assets/(liabilities) account is as follows:

	Group		Company	
	2009 RMB'000	2008 RMB'000	**2009** RMB'000	2008 RMB'000
At 1st January	**(41,680)**	(218,017)	**23,793**	(79,829)
Recognised in the income statement (note 31)	**(7,515)**	29,047	**(13,047)**	26,451
Tax charge relating to other comprehensive income	**20,017**	147,854	**(36,495)**	77,171
Disposal of a subsidiary	**(6,876)**	(564)	**—**	—
At 31st December	**(36,054)**	(41,680)	**(25,749)**	23,793

25. Deferred Income Tax *(Continued)*

Deferred income tax assets are recognised for tax loss carry forwards to the extent that the realisation of the related tax benefit through the future taxable profits is probable. The Group did not recognise deferred income tax assets of RMB47,071,000 (2008: RMB26,873,000) in respect of losses amounting to RMB188,285,000 (2008: RMB107,493,000) that can be carried forward against future taxable income. These tax losses will expire from 2010 to 2014.

The movement in deferred tax assets and liabilities, without taking into consideration the offsetting of balances within the same tax jurisdiction during the year is as follows:

Deferred tax assets:

	Group						
	Difference in cost base of properties RMB'000	Tax losses RMB'000	Unpaid accruals RMB'000	Provision for impairment of receivables RMB'000	Amortisation of land use rights RMB'000	Others RMB'000	Total RMB'000
At 1st January 2008	9,949	32,771	8,162	6,135	9,791	5,262	72,070
Recognised in the income statement	(9,949)	20,075	19,144	9,673	(9,791)	(105)	29,047
Disposal of a subsidiary	—	(564)	—	—	—	—	(564)
At 31st December 2008	—	52,282	27,306	15,808	—	5,157	100,553
Recognised in the income statement	**–**	**(22,837)**	**15,061**	**(3,350)**	**–**	**3,611**	**(7,515)**
Disposal of a subsidiary	**–**	**(418)**	**–**	**(6,458)**	**–**	**–**	**(6,876)**
At 31st December 2009	**–**	**29,027**	**42,367**	**6,000**	**–**	**8,768**	**86,162**

	Company				
	Unpaid accruals RMB'000	Provision for impairment of receivables RMB'000	Amortisation of land use rights RMB'000	Tax Losses RMB'000	Total RMB'000
At 1st January 2008	8,162	6,135	173	—	14,470
Recognised in the income statement	1,893	3,215	(173)	21,516	26,451
At 31st December 2008	10,055	9,350	—	21,516	40,921
Recognised in the income statement	8,987	(3,350)	—	(18,684)	(13,047)
At 31st December 2009	**19,042**	**6,000**	**–**	**2,832**	**27,874**

25. Deferred Income Tax *(Continued)*

Deferred tax liabilities:

	Group			Company
	Fair value loss/(gain) of available-for-sale financial assets	**Fair value gain of properties under development**	**Total**	**Fair value loss/(gain)of available-for-sale financial assets**
	RMB'000	RMB'000	RMB'000	RMB'000
At 1st January 2008	(84,701)	(205,386)	(290,087)	(94,299)
Charged to other comprehensive income	83,222	64,632	147,854	77,171
As at 31st December 2008	(1,479)	(140,754)	(142,233)	(17,128)
Charged to other comprehensive income	(36,495)	56,512	20,017	(36,495)
As at 31st December 2009	**(37,974)**	**(84,242)**	**(122,216)**	**(53,623)**

26. Retirement Benefit Obligations

The Group's employees participate in various retirement benefit plans organised by the relevant municipal and provincial government in the PRC under which the Group was required to make monthly contributions at rates ranging from 10% to 20%, depending on the applicable local regulations, of the employees' basic salary for the Relevant Periods.

In addition, the Group participates in a pension scheme under the rules and regulations of the Mandatory Provident Fund Scheme for all employees in Hong Kong. The contributions to the Mandatory Provident Fund Scheme are based on minimum statutory contribution requirement of 5% of eligible employees' relevant aggregate income.

27. Other Gains — Net

	Year ended 31st December	
	2009	2008
	RMB'000	RMB'000
Gains on sales of available-for-sale financial assets	**38,956**	—
Gains on sales of financial assets at fair value through profit or loss	**—**	552
Compensation for resumption of land (i)	**—**	50,303
Gain from disposal of subsidiaries (note 35(c))	**8,077**	1,016
Exchange gain/(loss)	**178**	(9,561)
Gains on acquisition of a jointly controlled entity (note 10(ii))	**59,844**	—
Government grants	**16,048**	—
Dividends from available-for-sale financial assets	**9,201**	—
Others	**2,698**	2,324
	135,002	44,634

(i) Taiyuan Changfeng project was developed by Shanxi Xinzi. In 2005, Shanxi Xinzi entered into a land use right purchase contract with Taiyuan Municipal Bureau of Land and Resources and paid the contract amount. In 2008, due to the change of government's planning, the land was resumed and the initial amount paid and related expenditure was refunded to Shanxi Xinzi. As a result, the difference between the Compensation for resumption of land and its carrying value of RMB361,930,000 at the acquisition date amounted to RMB50,303,000, and was recognised as other gains in 2008.

28. Expenses by Nature

Expenses included in cost of sales, selling and marketing costs and administrative expenses are analysed as follows:

	Year ended 31st December	
	2009	2008
	RMB'000	RMB'000
Depreciation	**35,921**	89,303
Amortisation	**1,046**	2,583
(Reversal of)/provisions for impairment of receivables	**(13,209)**	38,691
Employee benefit expenses (directors' emoluments included)	**98,826**	121,067
Advertising costs	**54,629**	67,041
Cost of properties sold	**3,291,906**	2,972,843
Cost of inventories sold in relation to hotel operations	**11,173**	54,043
Business taxes and other levies	**292,790**	290,970
Office expenses	**24,720**	22,591
Auditor's remuneration	**6,500**	6,680
Consulting expenses	**13,234**	7,478
Commission fee	**61,705**	70,293
Energy expenses in relation to hotel operations	**7,364**	15,531
Management fee and maintenance expenses in relation to hotel operations	**13,929**	23,321
Others	**25,145**	5,611
Total cost of sales, selling and marketing costs and administrative expenses	**3,925,679**	3,788,046

29. Employee Benefit Expense

	Year ended 31st December	
	2009	2008
	RMB'000	RMB'000
Wages and salaries	**103,568**	142,428
Social security costs	**59,930**	25,522
Retirement benefit costs		
— defined contribution plans	**9,712**	11,451
	173,210	179,401
Less: capitalised in properties under development	**(74,384)**	(58,334)
	98,826	121,067

Wages and salaries include directors' emoluments.

(a) Retirement benefit costs — defined contribution plans

There were no forfeited contributions during the year or available at 31st December 2009 (2008: Nil) to reduce future contributions.

Contributions totaling RMB501,000 (2008: RMB431,000) were included in trade and other payables at the year end.

29. Employee Benefit Expense *(Continued)*

(b) Directors' and senior management's emoluments

The remuneration of every director for the year ended 31st December 2009 is set out below:

Name of Director	Fees	Salary	Other benefits	Employer's contribution to retirement benefit scheme	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Mr. Liu Xiaoguang	—	2,420	—	—	2,420
Mr. Tan Jun	—	3,146	228	26	3,400
Mr. Zhang Juxing	—	1,500	188	26	1,714
Mr. Feng Chunqin	500	—	—	—	500
Ms. Zhu Min	500	—	—	—	500
Ms. Cao Guijie	500	—	—	—	500
Mr. Ke Jianmin	242	—	—	—	242
Mr. Li Zhaojie	242	—	—	—	242
Mr. Yu Changjian	150	—	—	—	150
Mr. Wei Jianping	—	342	121	26	489
Mr. Ng Yuk Keung	242	—	—	—	242
Mr. Wang Qi	150	—	—	—	150
	2,526	7,408	537	78	10,549

29. Employee Benefit Expense *(Continued)*

(b) Directors' and senior management's emoluments *(Continued)*

The remuneration of every director for the year ended 31st December 2008 is set out below:

Name of Director	Fees	Salary	Other benefits	Employer's contribution to retirement benefit scheme	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Mr. Liu Xiaoguang	—	2,420	—	—	2,420
Mr. Tan Jun	—	3,146	208	23	3,377
Mr. He Guang (i)	—	1,976	—	131	2,107
Mr. Feng Chunqi	37	—	—	—	37
Mr. Wang Zhengbin (i)	—	—	—	—	—
Ms. Zhu Min	37	—	—	—	37
Mr. Muk Kin Yau (i)	—	—	—	—	—
Mr. Kwong Kai Sing, Benny (i)	224	—	—	—	224
Mr. Ke Jianmin	242	—	—	—	242
Mr. Yu Xingbao (i)	112	—	—	—	112
Mr. Li Zhaojie	130	—	—	—	130
Mr. Yu Changjian	11	—	—	—	11
Mr. Wei Jianping	—	276	97	23	396
Mr. Wang Qi	67	—	—	—	67
Mr. Zhang Juxing (ii)	—	111	12	2	125
Ms. Cao Guijie (ii)	37	—	—	—	37
Mr. Ng Yuk Keung (ii)	18	—	—	—	18
	915	7,929	317	179	9,340

(i) Resigned on 4th December 2008.

(ii) Appointed on 5th December 2008.

29. Employee Benefit Expense *(Continued)*

(c) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include three (2008: three) directors whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining two (2008: two) individuals during the year are as follows:

	Year ended 31st December	
	2009	2008
	RMB'000	RMB'000
Basic salaries, housing allowances, other allowances and benefits in kind	**2,846**	2,581

The emoluments fell within the following bands:

	Number of individuals	
	2009	2008
Emolument bands (in RMB)		
0 — 1,000,000	**—**	—
1,000,001 — 2,000,000	**2**	2

The above emoluments exclude the amount of long term incentive fund. For related information please refer to note 38(iii)(b).

(d) During the year, no emoluments had been paid by the Group to the directors or the five highest paid individuals as an inducement to join or upon joining the Group, or as compensation for loss of office.

30. Finance Income and Costs

	Year ended 31st December	
	2009	2008
	RMB'000	RMB'000
Interest expenses:		
Bank borrowings and bond, wholly repayable within five years	**395,092**	397,395
Bank borrowings, not wholly repayable within five years	**15,414**	78,566
Other borrowings, wholly repayable within five years	**30,079**	35,706
	440,585	511,667
Less: Amount capitalised in properties under development with capitalisation rate between 5.13% and 6.8% (2008: 6.66% and 7.56%) per annum	**(187,162)**	(273,496)
Finance costs	**253,423**	238,171
Finance income:		
Interest income on bank deposits	**(32,034)**	(31,139)
Interest income on loans to associate	**(32,385)**	(27,491)
Interest income on loans to others	**—**	(1,613)
Finance income	**(64,419)**	(60,243)
	189,004	177,928

31. Income Tax Expenses

No provision for Hong Kong profits tax has been made as the Group has no assessable profits in Hong Kong for the year ended 31st December 2009 (2008: Nil). PRC income tax is computed according to the relevant laws and regulations in the PRC. The applicable PRC income tax rate is 25% (2008: 25%).

Certain PRC subsidiaries are also subject to the PRC land appreciation tax ("LAT") which is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from sales of properties less deductible expenditure including costs of land use rights and development and construction expenditure.

31. Income Tax Expenses *(Continued)*

The amount of taxation charged to the consolidated income statement represents:

	Year ended 31st December	
	2009	2008
	RMB'000	RMB'000
Current income tax		
— PRC income tax	**325,331**	303,992
— PRC LAT	**289,159**	229,313
Total current tax	**614,490**	533,305
Deferred tax (note 25)	**7,515**	(29,047)
Income tax expense	**622,005**	504,258

The tax on the Group's profit before income tax differs from the theoretical amount that would arise using the PRC statutory rate of 25% as follows:

	Year ended 31st December	
	2009	2008
	RMB'000	RMB'000
Profit before income tax	**1,510,295**	1,266,520
Tax calculated at PRC statutory rate of 25% (2008:25%)	**377,574**	316,630
Income not subject to taxation	**(17,262)**	—
Share of profits less losses of jointly controlled entities and associates	**(3,444)**	(5,191)
Temporary differences due to previously unrecognised deferred income tax liabilities	**16,076**	—
Expenses not deductible for tax purposes	**10,671**	2,107
Effect of higher tax rates for the appreciation of land in the PRC	**216,869**	171,985
Unrecognised tax losses	**21,473**	18,727
Unrecognised temporary differences	**48**	—
Income tax expenses	**622,005**	504,258

32. Reserves and Profit Attributable to Equity Holders of the Company

For the year ended 31st December 2009, the profit attributable to equity holders of the Company is dealt with in the financial statements of the Company to the extent of RMB203,564,000 (2008: RMB184,337,000).

As at 31st December 2009, reserves of the Company available for distribution to shareholders amounted to RMB528,720,000 (2008: RMB507,749,000).

33. Earnings Per Share (Basic and Diluted)

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

	Year ended 31st December	
	2009	2008
	RMB'000	RMB'000
Profit attributable to equity holders of the Company	**538,435**	382,890
Weighted average number of shares in issue (thousands)	**2,027,960**	2,027,960
Earnings per share (basic and diluted) (RMB cents per share)	**26.55**	18.88

Diluted earnings per share is equal to the basic earnings per share since the Company has no dilutive potential shares as at 31st December 2009 and 2008.

34. Dividends

The dividend paid in 2009 was RMB162,237,000 (representing 2008 final dividend of RMB0.08 per share).

A final dividend for the year ended 31st December 2009 of RMB0.11 per ordinary share, amounting to a total dividend of RMB223,076,000, was proposed at the Board meeting held on 8th February 2010. Such dividend is subject to the approval of the shareholders at the forthcoming Annual General Meeting on 29th March 2010. These financial statements do not reflect this dividend payable, but it will be reflected as an appropriation of retained earnings for the year ended 31st December 2010.

	Year ended 31st December	
	2009	2008
	RMB'000	RMB'000
2009 Proposed final dividend of RMB0.11 per share (2008: RMB0.08 per share)	**223,076**	162,237

35. Notes to Consolidated Cash Flow Statement

(a) Reconciliation of profit before income tax to cash used in operations

	Year ended 31st December	
	2009	2008
	RMB'000	RMB'000
Profit before income tax	**1,510,295**	1,266,520
(Reversal of)/provisions for impairment of receivables	**(13,209)**	38,691
Share of profit of jointly controlled entities	**(20,364)**	(21,315)
Share of loss of associates	**6,589**	553
Net gains on disposal of an associate	**(83,051)**	—
Net gains on disposal of subsidiaries	**(8,077)**	(1,016)
Gain on disposal of financial assets at fair value through profit or loss	**—**	(552)
Gain on sales of available-for-sale financial assets	**(38,956)**	—
Gain on acquisition of a jointly controlled entity	**(59,844)**	—
Gains on dividend from available-for-sale financial assets	**(9,201)**	—
Other investment losses	**989**	—
Exchange (gain)/loss	**(178)**	9,561
Depreciation	**35,921**	89,303
Amortisation	**1,046**	2,583
Gain on disposal of property, plant and equipment (b)	**(282)**	(410)
Interest income	**(64,419)**	(60,243)
Interest expenses	**253,423**	238,171
Operating profit before working capital changes	**1,510,682**	1,561,846
(Increase)/decrease in restricted bank deposits	**(60,652)**	70,356
Decrease in inventories	**386**	2,750
Decrease/(increase) in properties held for sale	**289,610**	(1,892,735)
Decrease in properties under development	**555,353**	267,520
Increase in land development	**(69,585)**	—
Decrease/(increase) in trade and other receivables	**14,858**	(1,592,467)
Increase in trade and other payables	**2,636,226**	1,315,071
Cash generated from/(used in) operations	**4,876,878**	(267,659)

35. Notes to Consolidated Cash Flow Statement *(Continued)*

(b) In the cash flow statement, proceeds from sale of property, plant and equipment comprise:

	Year ended 31st December	
	2009	2008
	RMB'000	RMB'000
Net book amount	**346**	2,846
Gain on disposal of property, plant and equipment	**282**	410
Proceeds from disposal of property, plant and equipment	**628**	3,256

(c) Disposal of a subsidiary

In December 2009, the Company disposed of all equity interests in Beijing Maple Real Estate Development Company Limited to Beijing Haili Real Estate Limited. An analysis of net inflow of cash in respect of the disposal of a subsidiary is set out as below:

	As at disposal date
	RMB'000
Net assets disposed of	
Current assets	**358,854**
Non-current assets	**19,262**
Current liabilities	**(200,769)**
Minority interests	**(28,374)**
	148,973
Gain on disposal of a subsidiary	**8,077**
Cash consideration	**157,050**
Less: Cash disposed of the subsidiary	**(53,803)**
Net inflow of cash and cash equivalents in respect of disposal of a subsidiary	**103,247**

36. Contingent Liabilities

(a) Financial guarantees

(i) The Group has arranged bank financing for certain customers and had provided guarantees to secure obligations of these customers for repayments. The outstanding guarantees amounted to RMB3,122,583,000 as at 31st December 2009 (2008: RMB2,826,257,000).

Such guarantees will terminate upon (i) the issuance of the real estate ownership certificate which will generally be available within six months to two years after the Group deliver possession of the relevant property to its purchasers; (ii) the completion of the mortgage registration; and (iii) the issuance of the real estate miscellaneous right certificate relating to the relevant property.

(ii) As at 31st December 2009, other than guarantees provided for long-term bank borrowings of RMB125,000,000 (2008: RMB600,000,000) granted to a subsidiary of the Company, the Group had no material external guarantee.

(b) Joint responsibilities

In December 2008, Beijing Rongjin Real Estate Development Company Limited, a subsidiary of the Company, split up into two companies — a company with original name and Financial Street. Financial Street took over the hotel-related assets and liabilities, and was classified as an associate of the Group. As at 31st December 2009, the titles of the loan principal and interests due to China Merchants Bank, which were allocated to Financial Street and approximately amounted to RMB528,886,000, was in the process of being transferred, therefore, the Group still assumed the joint responsibility of repaying.

37. Commitments

(a) Capital commitments

Capital expenditure contracted for at the balance sheet date but not yet incurred is as follows:

	Group As at 31st December	
	2009	2008
	RMB'000	RMB'000
Property under development		
Contracted but not provided for	**2,087,484**	1,379,629
Authorised but not contracted for	**7,017,699**	8,385,950
	9,105,183	9,765,579
Land use right		
Contracted but not provided for	**220,443**	335,497
	9,325,626	10,101,076

(b) Operating lease commitments

The Group leases various offices under non-cancellable operating lease agreements. The lease terms are between 1 and 3 years, and the majority of lease agreements are renewable at the end of the period at market rate.

	Group As at 31st December		Company As at 31st December	
	2009	2008	**2009**	2008
	RMB'000	RMB'000	**RMB'000**	RMB'000
No later than 1 year	**5,347**	7,258	**1,051**	1,577
Later than 1 year and no later than 2 years	**1,789**	5,061	**—**	1,051
Later than 2 year and no later than 3 years	**—**	1,791	**—**	—
	7,136	14,110	**1,051**	2,628

37. Commitments *(Continued)*

(c) Investment commitments

	Group As at 31st December 2009 RMB'000	Company As at 31st December 2009 RMB'000	Group and Company As at 31st December 2008 RMB'000
A jointly controlled entity	—	—	274,644
Subsidiaries	**397,754**	—	187,952
Associates	—	—	327,472
	397,754	—	790,068

38. Related Party Transactions

The Group is controlled by Beijing Capital Group (parent company), which aggregately holds 47.34% of the Company's shares directly and indirectly, the parent company itself is a state-owned enterprise controlled by the PRC government.

For the year 2009 and 2008, the group's significant transactions with entities that are controlled, jointly controlled or significantly influenced by the PRC government, mainly include most of its bank borrowings and part of purchases of goods and services. The price and other terms of such transactions are settled in the fair value.

Apart from the above-mentioned transactions with the government-related entities and the related party information shown elsewhere in the consolidated financial statements, the following is a summary of significant related party transactions entered into in the ordinary course of business between the Group and its related parties during the year and balances arising from related party transactions at the end of the year.

38. Related Party Transactions *(Continued)*

(i) Related party transactions

	Related party	Nature of transaction	Year ended 31st December 2009 RMB'000	2008 RMB'000
(a)	Subsidiaries of Yang Guang	Sales of properties	**207,800**	—
(b)	Associates	Loans provided to associates	**448,926**	—
(c)	Jointly controlled entities	Loans provided to jointly controlled entities	**341,986**	—
(d)	Associates	Interest income	**32,385**	27,491
(e)	An Associate	Commission fee (i)	**61,228**	45,121
(f)	Minority shareholders of subsidiaries	Interest expenses	**28,087**	31,763

Note:

(i) The commission fee payable to the associates was charged ranging from 1% to 1.3% (2008: 1% to 1.6%) based on property sales price.

The Group does not have a system to identify the related parties within its retail customers, therefore the sales of goods disclosed above does not include the retail sales to related parties. The Group does not believe it is meaningful to disclose the retail sales to related parties as the sales terms, including pricing, with these related parties are similar as the ones with non-related parties.

38. Related Party Transactions *(Continued)*

(ii) Related party balances

	As at 31st December	
	2009 **RMB'000**	2008 RMB'000
Account receivables from a subsidiary of Yuang Guang (note 15(a))	**40,794**	—
Amounts due from Jointly controlled entities (note 15)	**698,733**	37,127
Amounts due from associates (note 15)	**1,377,599**	1,836,956
Dividends receivable from subsidiaries of Yang Guang (note 15)	**194,802**	—
Advance from the subsidiaries of Yang Guang (note 22)	**318,323**	128,000
Amounts due to a jointly controlled entity (note 21)	**—**	18,783
Amounts due to associates (note 21)	**—**	37,269
Dividends payable to the Promoters (note 21)	**18,811**	63,421
Dividends payable to minority shareholders of subsidiaries (note 21)	**528,699**	528,699
Interest payables to minority shareholders of subsidiaries (note 21)	**93,254**	107,999
Loans from minority shareholders of subsidiaries (note 24)	**354,936**	452,670
Amount due to a minority shareholder of subsidiaries (note 38(v))	**369,500**	—
Amounts due from a minority shareholder of subsidiaries	**10,240**	22,240
Commission fee prepaid to an associate	**16,114**	12,679
Remuneration payable to Directors	**35,231**	26,282

38. Related Party Transactions *(Continued)*

(iii) Key management compensation

(a) The compensation paid or payable to key management for employee services is shown below:

	Year ended 31st December	
	2009	2008
	RMB'000	RMB'000
Salaries and other short-term employee benefits	**18,614**	18,825
Post-employment benefits	**209**	315

The above compensation excluded the amount of long term incentive fund. For related information please refer to the following note (b).

(b) The Company accrued RMB24,000,000 in 2009 (2008: RMB12,000,000), in accordance to the incentive fund scheme as approved in the Extraordinary General Meeting held on 27th September 2007. Distributions to senior management, key management and technical experts represented 90% of the fund, with 60% of the fund being distributed to senior managements. The remainly 10% of the fund were distributed to the Directors as well as the Supervisors.

(iv) Disposal of interests in subsidiaries to a minority shareholder

In 2009, the Company partially disposal of equity interests in Tianjin Banshan to Reco Ziyang at a price consideration of RMB92,400,000, and a net income of RMB51,370,000 was recognised in the equity. After the disposal, the Company owned 55% equity interests in Tianjin Banshan and maintained its control upon Tianjin Banshan. Subsequently, the aforesaid parties entered into a capital injection agreement, pursuant to which the registered capital of Tianjin Banshan has been increased from RMB63,330,000 to USD60,000,000.

38. Related Party Transactions *(Continued)*

(v) Acquisition of interests in a subsidiary from a minority shareholder

In December 2009, the Company entered into a contract with Reco Ziyang, to acquire 45% interests of Beijing Xinzi for a cash consideration of RMB369,500,000. After the transaction, Beijing Xinzi became the wholly owned subsidiary of the Company. As at 31st December 2009, the Company has not yet paid the consideration.

(vi) Disposal of an associate

In November 2009, the Company disposed all share of Beijing Xing Tai to a subsidiary of Yang Guang. (note 11(ii))

39. Events after the balance sheet date

In January 2010, the Group acquired 60% interest of Guangdong Rongxin Real Estate Limited, Guangdong Guansheng Real Estate Limited and Guangdong Jingsheng Real Estate Limited, respectively from the Renowned Brand Outlets Store Properties Limited, Renowned Outlets Store Asia Limited and Renowned Brand Outlets Store Investment Limited. After the acquisition, above entities became subsidiaries of the Company.

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