恒大地產集團®
EVERGRANDE REAL ESTATE GROUP

Evergrande Real Estate Group Limited
恒大地產集團有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 3333)

Annual Report 2009

Contents

NATIONAL PROPERTIES LAYOUT

Guangdong

1 Jinbi Garden No. 1
2 Jinbi Garden No. 2
3 Jinbi Garden No. 3
4 Jinbi Palace
5 Jinbi City Plaza
6 Jinbi Emeral Court
7 Jinbi New City Garden
8 Jinbi Century Garden
9 Jinbi Bay Garden
10 Jinbi Atrium
11 Jinbi Junhong Garden
12 Evergrande Royal Scenic Peninsula
13 Evergrande Scenic Garden
14 Evergrande Oasis Guangzhou
15 Evergrande Splendor Qingyuan
16 Evergrande Metropolis Foshan

Chongqing

17 Evergrande Palace
18 Evergrande City
19 Evergrande Splendor
20 Evergrande Oasis
21 Evergrande Metropolis

Wuhan and the adjacent area

22 Evergrande Palace
23 Evergrande Splendor
24 Evergrande Oasis
25 Evergrande City

Chengdu and the adjacent area

26 Evergrande Oasis
27 Evergrande City
28 Evergrande Splendor

Changsha

29 Evergrande Palace
30 Evergrande Metropolis
31 Evergrande Oasis
32 Evergrande City
33 Evergrande Atrium

Shenyang

34 Evergrande Oasis
35 Evergrande City

Xi'an

36 Evergrande Metropolis
37 Evergrande Oasis
38 Evergrande City

Nanjing

39 Evergrande Splendor
40 Evergrande Oasis

Qidong

41 Evergrande Splendor

Tianjin

42 Evergrande Splendor

Kunming

43 Evergrande Splendor

Baotou

44 Evergrande Palace

Taiyuan

45 Evergrande Oasis
46 Evergrande Metropolis

Hefei

47 Evergrande Palace
48 Evergrande City

Guiyang

49 Evergrande Oasis

Luoyang

50 Evergrande Oasis

Nanning

51 Evergrande Oasis

Zhengzhou

52 Evergrande Oasis

Nanchang

53 Evergrande Oasis
54 Evergrande City

Shijiazhuang

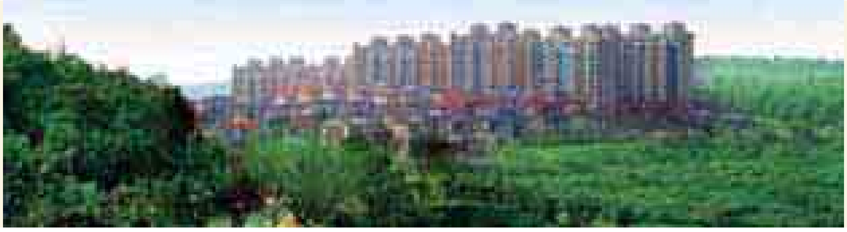
55 Evergrande City
56 Evergrande Splendor

Haikou

57 Evergrande Oasis

Total Land Reserve

54.98 Million Square meters



BOARD OF DIRECTORS AND COMMITTEES

CHAIRMAN OF THE BOARD OF DIRECTORS

Hui Ka Yan

EXECUTIVE DIRECTORS

Xia Haijun (Vice Chairman and chief executive officer)
Li Gang (Vice Chairman and executive vice president)
Tse Wai Wah
Xu Xiangwu
Xu Wen
Lai Lixin
He Miaoling

INDEPENDENT NON-EXECUTIVE DIRECTORS

Yu Kam Kee, Lawrence
Chau Shing Yim, David
He Qi

AUDIT COMMITTEE

Chau Shing Yim, David (Chairman)
Yu Kam Kee, Lawrence
He Qi

REMUNERATION COMMITTEE

Hui Ka Yan (Chairman)
Yu Kam Kee, Lawrence
He Qi

NOMINATION COMMITTEE

Hui Ka Yan (Chairman)
He Qi
Chau Shing Yim, David

AUTHORISED REPRESENTATIVES

Hui Ka Yan
Fong Kar Chun, Jimmy

CORPORATE AND SHAREHOLDER INFORMATION

CORPORATE INFORMATION

HEAD OFFICE

23rd Floor, Talent Center
45 Tianhe Road
Guangzhou
Guangdong Province
The PRC
Postal code: 510075

PLACE OF BUSINESS IN HONG KONG

1201 Two Pacific Place
88 Queensway, Hong Kong

WEBSITE

www.evergrande.com

COMPANY SECRETARY

Fong Kar Chun, Jimmy, Hong Kong solicitor

AUDITOR

PricewaterhouseCoopers

PRINCIPAL BANKERS

Industrial and Commercial Bank of China Limited
Agricultural Bank of China Limited
China Construction Bank Corporation
Bank of China Limited
China Everbright Bank Limited
China CITIC Bank Corporation Limited
China Minsheng Bank Limited
Bohai Bank Limited
Bank of Communications Ltd
Shanghai Pudong Development Bank Co., Ltd

SHAREHOLDER INFORMATION

LISTING INFORMATION

The shares of the Company are listed in The Stock Exchange of Hong Kong Limited ("Stock Exchange")
The senior notes of the Company are quoted in Singapore Stock Exchange Limited ("Singapore Stock Exchange")

SECURITY CODE

Stock

HKEX: 3333

SENIOR NOTES

Singapore Stock Exchange Short Name: Evergrande13% 150127A,Evergrande13%150127R
Abbreviated Name: EVERN15A, EVERN15R
ISIN Code: US300151AA58, USG3225AAA19

INVESTOR RELATIONSHIP

For enquiries, please contact:
Investor relationship – Mr Fong Kar Chun, Jimmy
Email: evergrandeIR@evergrande.com
Telephone: (852) 22879202 / 22879218 / 22879208

FINANCIAL CALENDAR

Announcement of final results:	12 April 2010
Deadline for registration of share transfer:	19 May 2010 to 24 May 2010 (both days inclusive)
Annual General Meeting:	24 May 2010
Distribution of final dividend:	3 June 2010

FINANCIAL SUMMARY

SUMMARY OF BALANCE SHEET

As at 31 December

	2009	2008	Changes
Total cash (including cash and cash equivalents and restricted cash) (RMB Million)	**14,378**	1,918	649.0%
Total assets (RMB Million)	**63,071**	28,523	121.1%
Borrowings included in current liabilities (RMB Million)	**6,360**	6,214	2.4%
Borrowings included in non-current liabilities (RMB Million)	**7,816**	4,226	84.9%
Capital and reserves attributable to shareholders of the Company (RMB Million)	**12,862**	8,262	55.7%
Total borrowings/total Assets	**22.5%**	36.6%	-14.1%
Total borrowings/total equity	**110.2%**	126.4%	-16.2%

SUMMARY OF INCOME STATEMENT

For the year ended 31 December

	2009	2008	Changes
Revenue (RMB Million)	**5,723**	3,607	58.4%
Gross profit (RMB Million)	**1,946**	1,482	31.8%
Profit for the year (RMB Million)	**1,117**	632	77.8%
Profit margin	**19.5%**	17.5%	2.0%
Profit attributable to shareholders of the Company (RMB Million)	**1,046**	525	98.1%
Basic earnings per share (RMB cent)	**7.4**	3.8	94.7%
Dividend per share (RMB cent)	**0.7**	N/A	N/A

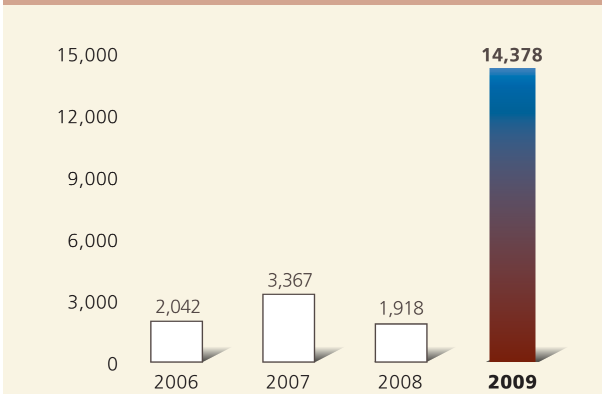
FINANCIAL SUMMARY (continued)

2006-2009 COMPARISON OF MAJOR FINANCIAL INDICATORS

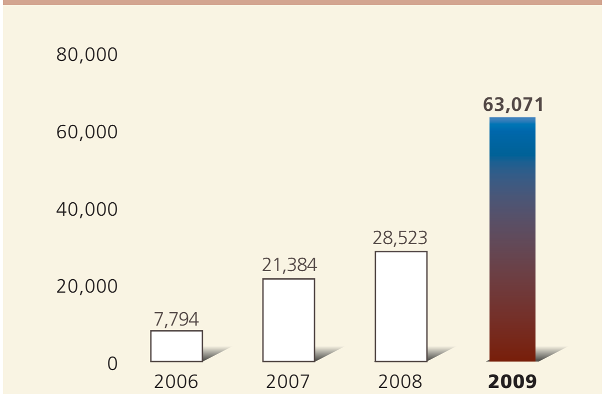
RMB Million

Comparison of major financial indicators

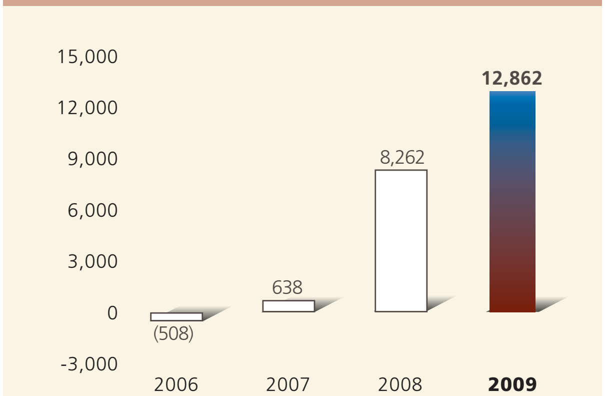
Total cash (including cash and cash equivalents and restricted cash) *(RMB Million)*



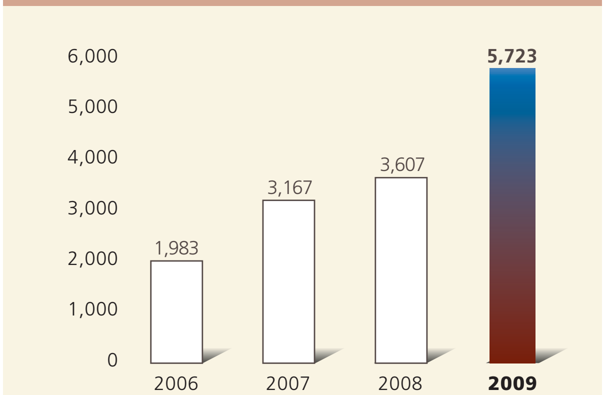
Total assets *(RMB Million)*



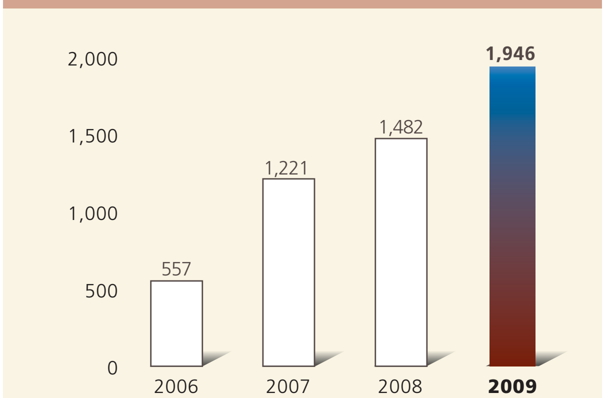
Capital and reserves attributable to shareholders of the Company *(RMB Million)*



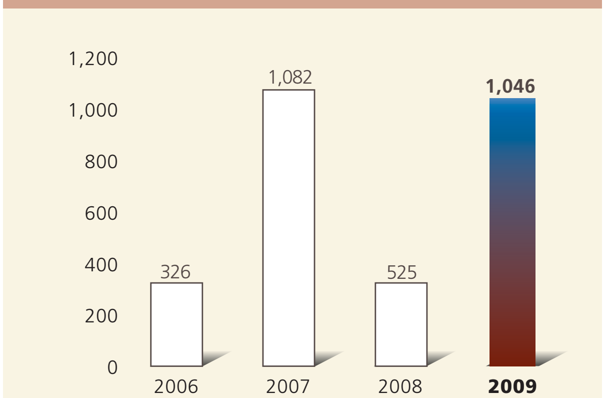
Revenue *(RMB Million)*



Gross profit *(RMB Million)*



Profit attributable to the shareholders of the Company *(RMB Million)*



Leader in standardised quality property development in China

REPORT OF THE CHAIRMAN OF THE BOARD OF DIRECTORS

Dear shareholders,

I am glad to present the first annual report of Evergrande Real Estate Group Limited since our listing on the Main Board of the Stock Exchange. Revenue and gross profit of the Group for the year were RMB5.72 billion and RMB1.95 billion respectively, or a year-on-year growth of 58.4% and 31.8%, net profit increased by 77.8% to RMB1.12 billion. Profit attributable to shareholders amounted to RMB1.05 billion, earnings per share amounted to RMB0.07. Majority of above results were historic high compared with the corresponding period, we carried out our commitment to shareholders and investors made at the time of our listing.

In order to reciprocate the trust and support of shareholders, the Board of Directors proposed to distribute a final dividend of RMB0.7 cents for 2009, and it will be distributed upon approval in the general meetings of shareholders of the Group.

BUSINESS REVIEW

In 2009, the Group continued with the standardised operational model of quality properties and integrated centralised management style. As a result, multiple fold increase was achieved in several business and financial indicators, milestone was achieved in the corporate development area, and our leading position in the real estate sector of China was further strengthened.

The Group achieved historic breakthrough. The Group achieved contracted sales amount of approximately RMB30.3 billion for the year, a year-on-year growth of 402.3%, the GFA of contracted sales was approximately 5.637 million square meters, a year-on-year growth of 396.5%; revenue and gross profit for the year amounted to approximately RMB5.72 billion and approximately RMB1.95 billion respectively, or a year-on-year growth of 58.4% and 31.8% respectively, net profit attributable to shareholders increased by 98.1% to RMB1.05 billion; total cash (including cash and cash equivalents and restricted cash) amounted to RMB14.38 billion, a year-on-year growth of 649.0%.

Successful listing of the Group set the milestone in the corporate brand building. From the beginning of 2009, the Group quickly leveraged the gradual heating up of the property market, and immediately adjusted the business strategy, obtaining excellent results of RMB30.3 billion in contracted sales. Besides, the Group captured the best opportunity of the capital market and was successfully listed on the Main Board of the Stock Exchange on 5 November 2009. The Evergrande brand became a household name in China, the recognition and reputation of the brand reached an unprecedented level.

LAND RESERVE

The Group adopted a forward-looking strategy and focused on building up a land reserve in capital cities of those provinces in China with high economic growth, huge potential of property prices appreciation. As of the end of 2009, the Group had 57 real estate projects in 25 major cities in China, and a land reserve of 54.98 million square meters high quality and low cost land for large scale development in the coming 5 years.

The Group continued to put emphasis on those Chinese cities with high growth and those zones with beautiful environment, good planning and well developed transportation network and great potential of land prices appreciation and obtained a large land reserve of high quality and low cost land. During the year, we acquired 13 land plots in 9 cities in China, including Chongqing, Xi'an, Taiyuan, Hefei, Changsha etc, the GFA of the land reserve increased by 13.08 million square meters. While we continued to strengthen the national strategic location chart of properties, we entered new markets of Nanchang, Shijiazhuang, Haikou during the year to effectively captured the rapid growth of emerging markets.

PROPERTY DEVELOPMENT AND SALES

As at the beginning of 2009, the Group captured the rapid re-heating up of the market and quickly adjusted the marketing strategies and intensity of development to ensure continuous supply for the escalating sales figure. The marketing philosophy of "Launching of sales at cost" of the Group was deeply rooted among people, the launch of "real landscape, good decoration and completed buildings" also helped us to achieve sales and breakthrough in growth. The contracted sales amount reached RMB30.3 billion, a year-on-year growth of 402.3%, of which RMB27.64 billion were scheduled to be completed in 2010; the GFA of contracted sales were 5.637 million square meters for the year, a year-on-year growth of 396.5%; the average selling price of the year was RMB5,375 per square meters, of which the average selling price was RMB6,157 per square meters for December 2009, a substantial increase of 54.7% from RMB3,979 per square meters of January 2009. During the year, the Group delivered 25 projects, the total amount of properties delivered for the year was RMB5.04 billion, representing a year-on-year increase of 44.4%; the total area of properties delivered for the year was 0.88 million square meters, representing a year-on-year increase of 147.8%; as at the end of 2009, the Group had a total of 41 projects under construction, or 16.48 million square meters of saleable area under construction; 32 projects for sale, 13 projects pending for sale, and we are well prepared for continuous sales in 2010.

FINANCIAL FUNDS

As usual, the Group adhered to prudent financial management, adopted stable financial policies, emphasised on the maintenance of high liquidity and availably of funds. During the year, the funding structure of the Group was further optimised by the proceeds from the IPO of HKD3.19 billion. At the same time, the excellent results of property sales of the year further strengthened the financial position of the Group. As at the end of 2009, the Group was at net cash position. The Group had total cash (including cash and cash equivalents and restricted cash) of RMB14.38 billion, representing an increase of 649%, and total bank loan of RMB14.18 billion. At the same time, the unutilised bank facilities were RMB20.45 billion and collectable contracted sales were RMB5.70 billion. The stable financial management policy and adequate financial resources enhanced the healthy rapid growth of the Group.

BUSINESS PHILOSOPHY AND BRAND VALUE

In 2009 the Group adopted "stable operation, summit conquering" as the guidelines, adhering to integrated centralised management as well as standardised operational model of quality products, continued to strengthen the strategic alliance with domestic and overseas top brands, thus the quality and brand image of our products were continuously enhanced. Given the excellent brand and high quality of our properties, the properties of the Group were sought after in the market and were granted various awards in China. According to the announcement of "China Real Estate Value Ranking" in September 2009, the brand value of the Group amounted to RMB6.75 billion.

MANAGEMENT TEAM AND MANAGEMENT STYLE

The Board is of the opinion that our excellent management team and advanced management style contributed greatly to the success of the Group. The management team always has insights and sophisticated plans in the areas of human resources and human resources system to achieve economy of scale and enhance brand image of the Group for long term benefit. As at the end of 2009, the Group had a total of 8,559 employees, of which 90% employees of the property development stream were graduates with university degree or above, and formed a highly educated team of young and high quality staff.

The Group adopted the best management style among constructs in China. We adopted integrated centralised management to ensure unified management of regional companies, and implemented strict target planning management on full scale.

The insightful strategic decisions and sound execution capability of the management team can help the Group to maintain long term steady and rapid development; at the beginning of 2009 in particular, the management team of the Group promptly responded to the rapid heating up of the real estate market in China, and made decisive adjustments in development and construction and sales plans. At the same time, they employed the fast mode in several projects were launched 6 months after the lands were obtained.

CORPORATE GOVERNANCE

The Board understands that to protect and utilize corporate resources and create value for shareholders is the first priority of an enterprise to sustain. The Board therefore committed to improve the standard of corporate governance, and keep enhancing our profitability and ability for sustainable growth. In 2009, the Group had made great achievement in standardizing our management, strengthening internal monitor system and cost control, increasing the overall transparency of the Company and perfecting the corporate internal control mechanism and risk management of the Board, etc.

In additions, the Group emphasizes on the transparency and efficiency of information disclosure, it employs various methods, such as monthly sales briefing and monthly communications, sales results release conference, investors meetings, to deliver comprehensive information such as the latest development strategies, development progress, sales results and market prospects of the Group to the public.

The board believes that, the efforts mentioned above could help us maximize our financial performance, so as to maximize the value of our shareholders and implement the strong and sustainable development strategies of the Group.

CORPORATE SOCIAL RESPONSIBILITIES AND AWARDS

The Group pursues Corporate Social Responsibility philosophy, and actively assumed social responsibilities, devoted its best efforts in charity activities in livelihood, sports and environmental protection, worked hard to foster social harmony and progress and a win-win development.

During the year, the Group launched the "Evergrande Ten Thousand Charity Walk" (「獻一份愛，暖萬人心傳中國情」慈善萬人行) event together with China Foundation For Poverty Alleviation (中國扶貧基金會) under the theme of "Your love warms up the hearts of ten thousand people". The Group made a donation of RMB30 million for this event, and thus provided funds for the emergency assistance to an aggregate of 10,000 people under ten categories of "specially Poor People" such as Specially Poor Orphan, Specially Poor Elderly, Specially Poor Farmers etc. That event was the largest charity activity of China Poverty Relief Foundation in 2009 in terms of significances and donation amount, and it was named by that foundation as the benchmark event of social involvement.

During the year the Group was ranked among the top ten in the sector in the "Top 10 Property Developers of China", announced by China Real Estate Top 10 Research Group for the sixth consecutive years. Regarding the building up of a sense of corporate citizen, the Group was awarded "China Real Estate Enterprises with Sense of Social Responsibility" (「中國房地產年度社會責任感企業」) and "Annual Enterprise with Social Contribution Award" (「年度社會貢獻企業大獎」) As for the aspects of business operation and investment value, the Group was awarded "Top Ten Operational Efficiency" (「運營效率Top 10」) and "Top Ten Growth" (「成長性Top 10」) of the China Top Hundred Real Estate Enterprises as well as "The Best Ten Listed Companies" (「十佳上市公司」) of 2009 Real Estate Annual Overall Ranking. The above awards demonstrated that our achievement in the corporate social responsibility, internal control and brand building was highly recognized among the society.

DEVELOPMENT STRATEGIES

2010 is a year of continuity of the past efforts and extension into the future. The Group will continue the development philosophy of "New starting point, new philosophy, new mindset, new standard", and seek more breakthrough at a higher development perspective to further strengthen our leading position in the real estate sector of China.

The Group will continue to stay in capital cities to capture the development opportunities of districts and regions with high economic growth any time, and will obtain sizeable, high quality and low cost land reserve with flexible methods, and to achieve low costs of land reserve and sustainability of development.

The Group will continue to optimize the standardisation with refinement to cover the entire sector chain, to ensure the successful development and sales of each project. As for product strategies, we at here to a rich residential product with for development by rotation in the future 3-5 years, the reasonable ratio of 1:7:2 for high-end, mid-end and mid-high-end and tourist properties in order to cover the maximum consumer groups. Regarding brand strategy, we

maintain our quality, brand strategy, and we will continue to expand, strengthen the existing brand alliance, strictly implement standards of "best-in-class" properties, maintain the leading position in terms of the product quality in the sector. Concerning development strategies, we will continue to implement the fast mode development quality, strive for simultaneous enhancement in growth rate and quality of growth.

The Group will continue to uphold prudent financial management, stress the stability of finance, availability of funds and liquidity, and will strictly control various costs by a combination of different methods and will increase the rate of utilization and rate of returns of funds. We will maintain more than RMB4 billion unrestricted cash, the target gearing ratio below 40%, the gross profit margin between 30%-40%, the net margin not less than 15%, the targetal EBITDA interest coverage ratio not less than 5.0 times for the whole year. At the same time, we will explore several channels of financing, leverage on the domestic and overseas financing platforms and further strengthen our funding base. In January 2010, the Group successfully issued USD750,000,000 senior notes, and repaid in full the remaining structured secured loan of approximately USD290 million which would mature in October 2010 in advance so as to achieve a more reasonable percentage of long-term and short-term borrowings.

BUSINESS OUTLOOK

The Board is of the view that the real estate market of China will face more complexity and policy factors in 2010 with the gradually resuming rapid macro economy growth, acceleration of urbanisation, inflation expectation, increased supply of land, increase in the proportion of government subsidised housing etc will support the sector to maintain steady and faster development, while the macro fine tuning measures including credit, industry and taxation fine tuning policies brought by the pressure of inflation and property price increase will exert certain impact upon the market, we do not rule out the possibility of transitional and partial volatility in the real estate market amid the overall stable situations.

The Board believes that there is no fundamental change in the substantive factors for the long term positive direction of the real estate sector in China. In spite of certain volatility to be faced by the sector in the short run, the long term development remains healthy, the Board is confident in the development prospects of the Group. After several years of hard work with good development foundation and conditions, the Group has already become a leader in quality properties in standardized operation in China. The strong business result growth in the past year well indicates the capability and strength of the Group.

For 2010, challenges and opportunities co-exist, the Board is highly confident in obtaining excellent results once again. We planned to achieve an increase of over 20% in contracted sales amount for 2010 compared with the same period of 2009, and we will review sales target each month and adjust development and sales plans in response to the ever changing market situations in a timely manner.

The Board believes that with our forward-looking strategies and solid foundation of presence throughout China, rich industry experience, strong brand and financial strength, continuous hard work and ever changing innovation, the Group will certainly be able to make new breakthrough in various indicators and continue to maintain our leading position in quality properties in China under standardized management.

APPRECIATION

The steady development of the businesses of Evergrande has always been given trust and support from all the shareholders, investors and business partners as well as the loyalty of all members of staff, on behalf of the Board of Directors, I express heartfelt gratitude.

Hui Ka Yan
Chairman

Hong Kong, 12 April 2010

Leader in
standardized
quality property
development
in China.

MANAGEMENT DISCUSSION AND ANALYSIS

2009 OVERALL PERFORMANCE

- During the year the Group delivered 25 projects, the total amount of properties delivered for the year was RMB5.04 billion, representing a year-on-year increase of 44.4%; the GFA of properties delivered for the year was 0.881 million square meters, representing an increase of 147.8% compared with last year;
- During the year gross profit amounted to RMB1.95 billion, net profit attributable to shareholders amounted to RMB1.05 billion, representing an increase of 31.8% and 98.1% compared with last year respectively;
- The IPO of the Group was completed successfully on 5 November 2009, raising a proceed of HKD3.19 billion.
- As at the end of 2009, the Group was at net cash position. The Group had total cash (including cash and cash equivalents and restricted cash) of RMB14.38 billion, representing and increase of 649.0%, and total bank loan of RMB14.18 billion;
- As at 31 December 2009, the Group had a total of 57 property projects in 25 major cities and the GFA of the land reserve was 54.976 million square meters, the average land cost was approximately RMB452 per square meters;
- The Group achieved contracted sales amount of RMB30.3 billion for the year, the GFA of contracted sales were 5.637 million square meters, representing a year-on-year increase of 402.3% and 396.5%;
- As at the end of 2009, the overall sales rate of completed properties of the Group was over 80%.

REVENUE

Revenue of the Group for the year amounted to RMB5.72 billion, or a growth of 58.4% compared with last year, of which revenue generated from property business amounted to RMB5.04 billion, or a year-on-year growth of 44.4%; revenue generated from property management services amounted to RMB80 million, or an annual growth of 1.0% compared with last year; revenue generated from property construction, land leveling and other development related services amounted to RMB563 million or an annual growth of 556 million compared with last year.

GROSS PROFIT

Gross profit of the Group amounted to RMB1.95 billion, or an increase of 31.8% compared with last year, which was mainly due to a remarkable increase in the area of properties delivered during the year. Gross profit margin was 34.0% or a decrease of approximately 7.0% compared with last year, which was mainly due to the delivery of mid-end and mid-high-end properties nation widely in current year, while the revenue of the last year was mainly attributable to several mid-high-end and high-end properties in Guangdong province at relatively higher selling price.

SELLING AND MARKETING COSTS

Selling and marketing costs of the Group rose to RMB1.075 billion of 2009 from RMB665 million of 2008, which was principally due to an increase in the number of projects launching in the market, significant expansion in scale and the corresponding increase in national marketing and brand publicity activities. Our selling and marketing costs are booked in current year in which they are incurred in connection with the pre-sale activities, while the revenue generated in connection with such selling and marketing costs may be booked in the subsequent period when the relevant properties are delivered.

ADMINISTRATIVE EXPENSES

Administrative expenses of the Group increased by RMB200 million to RMB745 million from RMB545 million of 2008, which was mainly due to our continued expansion in the business throughout China and corresponding increases in the number of employees and their remuneration level.

LAND RESERVE

- The Group nearly acquired 13 land plots in 9 cities in China, and the GFA of these land reserve was 13.08 million square meters;
- The Group entered some emerging markets such as Nanchang, Shijiazhuang, Haikou etc with vision;
- As at the end of 2009, the total GFA of land reserve of the Group reached 54.976 million square meters, the average cost was approximately RMB452 per square meters;

The Group adopted forward-looking land reserve strategy, focused on those densely populated capital cities in China, obtained high quality and low cost land. As at the end of 2009, the total GFA of the land reserve of the Group reached 54.976 million square meters which is sufficient to meet the needs of large scale development in the coming five years. The average cost of the land reserve was approximately RMB452 per square meters. The Group believed our land reserve had higher appreciation potential.

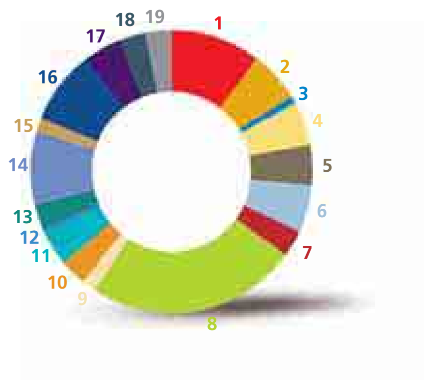
No.	Project	City	Area (square meters)	Total GFA (square meters)	Land reserve (square meters)	Attributable equity interest (%)
	Guangdong province					
1	Jinbi Garden No. 2	Guangzhou	69,146	305,722	30,201	100
2	Jinbi Garden No. 3	Guangzhou	145,978	460,323	79,545	100
3	Jinbi Junhong Garden	Guangzhou	36,357	197,013	39,438	100
4	Evergrande Royal Scenic Peninsula	Foshan	543,528	1,073,147	695,060	100
5	Evergrande Scenic Garden	Guangzhou	536,199	751,914	646,394	100
6	Evergrande Oasis Guangzhou	Guangzhou	111,048	484,919	484,692	100
7	Evergrande Metropolis Foshan	Foshan	171,869	861,897	861,897	100
8	Evergrande Splendor Qingyuan	Qingyuan	1,801,408	2,803,581	2,803,581	100
	Chongqing city					
9	Evergrande Splendor Chongqing	Chongqing	808,799	813,432	700,060	100
10	Evergrande City Chongqing	Chongqing	316,329	1,174,862	1,020,543	100
11	Evergrande Palace Chongqing	Chongqing	169,812	388,599	313,112	100
12	Evergrande Oasis Chongqing	Chongqing	91,928	465,753	465,753	100
13	Evergrande Metropolis Chongqing	Chongqing	191,400	841,597	841,597	100
	Tianjin city					
14	Evergrande Splendor Tianjin	Tianjin	854,165	512,650	351,350	100
	Hubei province					
15	Evergrande Splendor E'zhou	E'zhou	765,073	858,257	726,790	100
16	Evergrande Palace Wuhan	Wuhan	284,577	564,596	451,306	100
17	Evergrande Oasis Wuhan	Wuhan	314,901	815,914	815,914	100
18	Evergrande City Wuhan	Wuhan	370,692	835,480	835,480	100
	Sichuan province					
19	Evergrande Splendor Pengshan	Meishan	1,491,632	1,559,723	1,559,723	100
20	Evergrande Oasis Chengdu	Chengdu	142,145	629,449	470,907	100
21	Evergrande City Chengdu	Chengdu	169,501	698,761	558,124	100
	Liaoning province					
22	Evergrande Oasis Shenyang	Shenyang	602,130	2,291,000	2,104,723	100
23	Evergrande City Shenyang	Shenyang	355,000	887,500	730,798	100
	Shaanxi province					
24	Evergrande Metropolis Xi'an	Xi'an	78,574	309,079	309,079	100
25	Evergrande Oasis Xi'an	Xi'an	207,175	630,070	630,070	65
26	Evergrande City Xi'an	Xi'an	162,471	690,339	690,339	100
	Jiangsu province					
27	Evergrande Splendor Nanjing	Nanjing	983,033	1,133,523	1,123,841	100
28	Evergrande Oasis Nanjing	Nanjing	137,098	306,862	306,862	100
29	Evergrande Splendor Qidong	Qidong	5,978,624	11,957,045	11,957,045	100
	Yunnan province					
30	Evergrande Splendor Kunming	Kunming	660,891	918,832	899,595	100
	Inner Mongolia Autonomous Region					
31	Evergrande Palace Baotou	Baotou	437,925	1,666,225	1,666,225	100
	Shanxi province					
32	Evergrande Oasis Taiyuan	Taiyuan	691,797	1,848,044	1,744,294	100
33	Evergrande Metropolis Taiyuan	Taiyuan	121,746	408,449	408,449	55
	Guizhou province					
34	Evergrande Oasis Guiyang	Guiyang	146,825	312,583	312,583	100
	Anhui province					
35	Evergrande Palace Hefei	Hefei	142,578	516,088	516,088	100
36	Evergrande City Hefei	Hefei	310,929	932,787	932,787	70
	Hunan province					
37	Evergrande Palace Changsha	Changsha	144,978	495,207	495,207	51
38	Evergrande Metropolis Changsha	Changsha	185,376	840,914	840,914	100
39	Evergrande City Changsha	Changsha	268,506	862,833	862,833	51
40	Evergrande Oasis Changsha	Changsha	144,187	747,484	747,484	100
41	Evergrande Atrium Changsha	Changsha	565,210	1,769,205	1,769,205	60
	Guangxi Zhuang Autonomous Region					
42	Evergrande Oasis Nanning	Nanning	341,449	787,756	787,756	80
	Henan province					
43	Evergrande Oasis Zhengzhou	Zhengzhou	438,667	1,591,151	1,591,151	80
44	Evergrande Oasis Luoyang	Luoyang	892,080	3,164,544	3,164,544	100
	Jiangxi province					
45	Evergrande City Nanchang	Nanchang	976,800	1,367,526	1,367,526	51
46	Evergrande Oasis Nanchang	Nanchang	1,620,008	972,005	972,005	100
	Hebei province					
47	Evergrande City Shijiazhuang	Shijiazhuang	245,414	950,972	950,972	100
48	Evergrande Splendor Shijiazhuang	Shijiazhuang	666,667	666,667	666,667	85
	Hainan province					
49	Evergrande Oasis Haikou	Haikou	840,390	1,675,188	1,675,188	100
	Total		**27,733,015**	**57,797,466**	**54,975,697**	

LAND RESERVE

The land reserve of the Group was located in 25 major regional cities in China, of which 18 are provincial capitals or municipalities; as at the end of 2009, the Group possessed totally 57 property projects, 86% of which were located in provincial capitals or municipalities.

GFA distribution of the land reserve

1	Guangdong	10.3%
2	Chongqing city	6.1%
3	Tianjin city	0.6%
4	Hubei province	5.2%
5	Sichuan province	4.7%
6	Liaoning province	5.2%
7	Shaanxi province	3.0%
8	Jiangsu province	24.4%
9	Yunnan province	1.6%
10	Inner Mongolia Autonomous Region	3.0%
11	Shanxi province	3.9%
12	Guizhou province	0.6%
13	Anhui province	2.6%
14	Hunan province	8.6%
15	Guangxi Zhuang Autonomous Region	1.4%
16	Henan province	8.7%
17	Jiangxi province	4.3%
18	Hebei province	2.9%
19	Hainan province	3.0%
	Total	100%



Regional distribution of projects

Number of projects located in provincial capitals or municipalities	49	86.0%
Number of projects not located in provincial capitals or municipalities	8	14.0%
Total	57	100%

During the year, the overall economy of China stabilised, started to pick up and gradually became stronger. The Group quickly sensed the trend of a heating up land market, and was the first to acquire 13 plots of high quality land in 9 cities such as Chongqing, Meishan, Xi'an, Taiyuan, Hefei, Changsha, Nanchang, Shijiazhuang, Haikou etc. The GFA of the addition of land reserve was 13.08 million square meters, the average cost of the addition of land reserve was approximately RMB602 per square meters.

During the year, the Group continued to enter some emerging markets such as Nanchang, Shijiazhuang, Haikou etc in order to seize the development opportunities of the rapid growth of property demand in Chinese cities. The proportion of the addition of land reserve of the above cities were 17.9%,12.4% and 12.8% respectively.

LIST OF ADDITIONAL LAND RESERVE FOR THE YEAR

No.	Project	Area (square meters)	GFA of land reserve (square meters)
	Chongqing city		
1	Evergrande Splendor Chongqing (Phase 2)	808,799	700,060
	Sichuan province		
2	Evergrande Splendor Pengshan (Phase 2)	1,052,370	1,336,060
	Shaanxi province		
3	Evergrande City Xi'an	162,471	690,339
	Shanxi province		
4	Evergrande Metropolis Taiyuan	121,746	408,449
	Anhui province		
5	Evergrande City Hefei	310,929	932,787
	Hunan province		
6	Evergrande City Changsha	268,506	862,833
7	Evergrande Oasis Changsha	144,187	747,484
8	Evergrande Atrium Changsha	565,210	1,769,205
	Jiangxi province		
9	Evergrande City Nanchang	976,800	1,367,526
10	Evergrande Oasis Nanchang	1,620,008	972,005
	Hebei province		
11	Evergrande City Shijiazhuang	245,414	950,972
12	Evergrande Splendor Shijiazhuang	666,667	666,667
	Hainan province		
13	Evergrande Oasis Haikou	840,390	1,675,188
	Total	7,783,497	13,079,575

The Group is of the opinion that with the large population of China, the development stages and characteristics of the real estate markets of each region are different. A huge land reserve scattering throughout the capital cities of major provinces facilitates us to respond to the macro fine tuning measures of the government and the risks caused by market volatility of a single district, whereas we can share the immense opportunities of the economic upheaval and acceleration of urbanization of China.

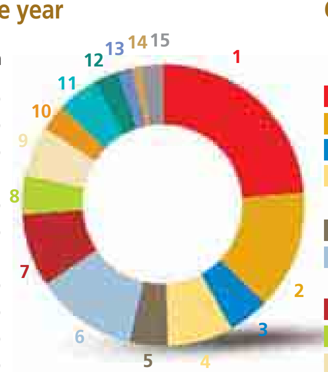
CONTRACTED SALES OF PROPERTIES

In 2009, thanks to its insight, the Group captured the first strategic opportunities of a rapidly re-heating up of the market and adjusted its marketing strategies and intensity of development. It successively commenced sales of 14 projects in 11 cities in China, the number of projects for sale increased to 32 for the year across 19 major centrally located cities in China.

The contracted sales amount of the Group reached RMB30.3 billion, or an annual growth of 402.3%; the area of contracted sales were 5.637 million square meters, or an annual growth of 396.5%.

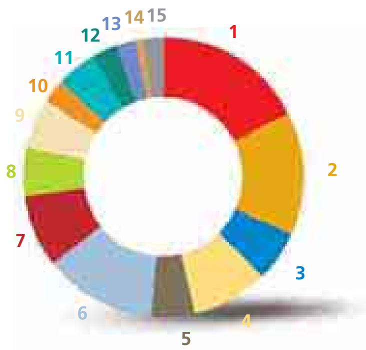
Contracted sales amount for the year

	Region	Amount	Proportion
1	Guangdong	7,193,621,339	23.7%
2	Chongqing	4,162,418,370	13.7%
3	Changsha	1,428,317,725	4.7%
4	Wuhan & adjacent areas	2,235,295,392	7.4%
5	Shengyang	1,348,365,269	4.5%
6	Chengdu & adjacent areas	3,556,293,447	11.7%
7	Xi'an	2,497,407,516	8.2%
8	Kunming	1,288,480,109	4.3%
9	Taiyuan	1,758,815,986	5.8%
10	Tianjin	950,771,868	3.1%
11	Nanjing	1,423,909,326	4.7%
12	Hefei	921,017,800	3.0%
13	Luoyang	496,489,190	1.6%
14	Guiyang	298,996,092	1.0%
15	Baotou	738,786,257	2.4%
	Total	30,298,985,686	100.00%

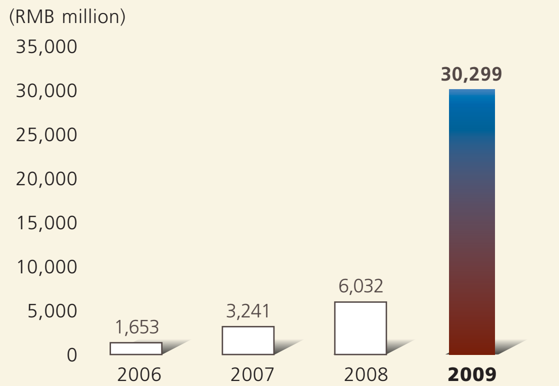


GFA of contracted sales for the year

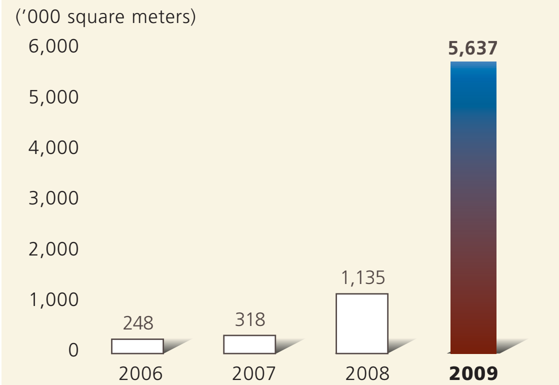
	Region	Area	Proportion
1	Guangdong	994,782	17.6%
2	Chongqing	803,197	14.2%
3	Changsha	330,835	5.9%
4	Wuhan & adjacent areas	492,422	8.7%
5	Shengyang	294,152	5.2%
6	Chengdu & adjacent areas	728,110	12.9%
7	Xi'an	467,482	8.3%
8	Kunming	312,245	5.5%
9	Taiyuan	324,707	5.8%
10	Tianjin	159,156	2.8%
11	Nanjing	262,990	4.7%
12	Hefei	158,491	2.8%
13	Luoyang	121,310	2.2%
14	Guiyang	70,266	1.2%
15	Baotou	117,023	2.1%
	Total	5,637,168	100.0%



2006-2009 Growth in contracted sales



2006-2009 Growth in Contracted sold GFA



PROPERTY DEVELOPMENT

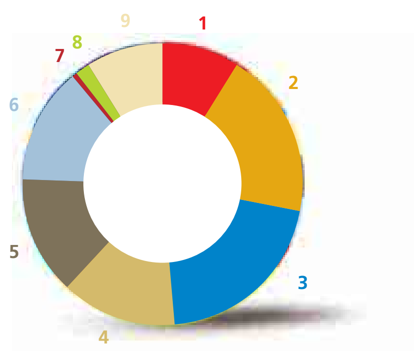
There were 11 projects completed during the year which were situated at 10 cities in China with a completed total GFA of 1.19 million square meters. The following table sets out the completed areas.

2009 OVERALL STATUS OF COMPLETED PROJECTS

Serial No.	Property Project	Stage	Completion Time	Completed GFA (000' square meters)
1.	Evergrande Scenic Garden	First stage (partial)	March 2009	105.5
2.	Evergrande Palace Chongqing	First stage (partial)	March 2009	75.5
3	Evergrande Palace Wuhan	First stage (partial)	June 2009	113.3
4.	Evergrande Oasis Chengdu	First stage (partial)	June 2009	158.5
5.	Evergrande City Chongqing	First stage (partial)	September 2009	154.3
6.	Evergrande Splendor Tianjin	First stage (partial)	September 2009	161.3
7.	Evergrande Splendor E'zhou	First stage (partial)	September 2009	131.5
8.	Evergrande City Shenyang	First stage (partial)	September 2009	156.7
9.	Evergrande Splendor Nanjing	First stage (partial)	September 2009	9.7
10.	Evergrande Splendor Kunming	First stage (partial)	September 2009	19.2
11.	Evergrande Oasis Taiyuan	First stage (partial)	October 2009	103.8
Total				**1,189.3**

2009 DISTRIBUTION OF COMPLETED AREA

1	Guangzhou	8.9%
2	Chongqing	19.3%
3	Wuhan and the adjacent areas	20.6%
4	Chengdu	13.3%
5	Tianjin	13.6%
6	Shenyang	13.2%
7	Nanjing	0.8%
8	Kunming	1.6%
9	Taiyuan	8.7%
	Total	100%



During the year the Group delivered 25 projects across 11 cities in China, the total amount of properties delivered for the year was RMB5.04 billion, representing an increase of 44.4% per year; the total area of properties delivered for the year was 0.881 million square meters, representing an increase of 147.8% per year. The following table set outs the said revenue from each project and its percentage share of the revenue.

2009 OVERALL SITUATION OF DELIVERY OF PROPERTIES

Project	Revenue (RMB million)	Percentage of revenue
Guangdong		
Evergrande Royal Scenic Peninsula	1,275.7	25.3%
Evergrande Scenic Garden	505.2	10.0%
Jinbin Series of Projects	70.8	1.4%
Chongqing		
Evergrande Palace Chongqing	358.4	7.1%
Evergrande City Chongqing	318.7	6.3%
Evergrande Splendor Chongqing	112.8	2.2%
Chengdu		
Evergrande Oasis Chengdu	384.3	7.6%
Evergrande City Chengdu	258.8	5.1%
Shenyang		
Evergrande Oasis Shenyang	433.0	8.6%
Evergrande City Shenyang	334.0	6.6%
Wuhan and the adjacent areas		
Evergrande Palace Wuhan	330.2	6.6%
Evergrande Splendor E'zhou	53.8	1.1%
Tianjin		
Evergrande Splendor Tianjin	358.1	7.1%
Taiyuan		
Evergrande Oasis Taiyuan	186.6	3.7%
Kunming		
Evergrande Splendor Kunming	44.5	0.9%
Nanjing		
Evergrande Splendor Nanjing	18.0	0.4%
Total	**5,042.9**	**100.0%**

OVERALL SITUATION OF PROJECTS UNDER CONSTRUCTION

As at 31 December 2009, the Group had 41 projects under construction with 16.55 million square meters of GFA, the saleable area under construction was 16.479 million square meters.

There were 32 projects for sale, 7.476 million square meters were granted pre-sales permit, 2.408 million square meters were granted pre-sales permit but not yet sold; commencement of sales were not yet made for 13 projects.

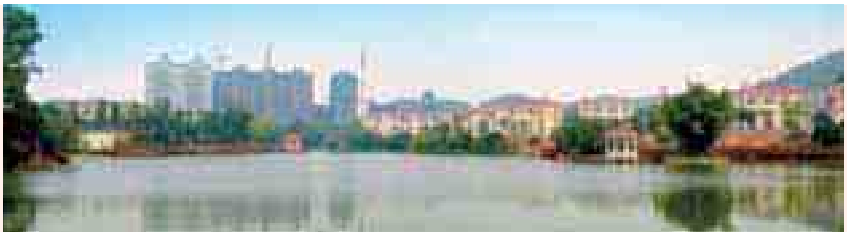
MAJOR PROJECTS UNDER CONSTRUCTION

Evergrande Royal Scenic Peninsula

- It is a large scale property located in the ecological living community of Guangzhou, Jinshazhou area and is positioned as a luxurious residential property in Urban Lane One of the Pearl Delta. It enjoys 2.8 km scenery of the Pearl River
- It occupies 543,528 square meters, with a total planned GFA of 1,073,147 square meters
- Phase I of the project was completed and delivered and part of the Phase 2 construction is scheduled to be completed in 2010

Evergrande Royal Scenic Peninsula

- Sales were commenced in October 2007
- It was awarded "2009 China Real Estate New Perspective Best Luxurious Community in Guangzhou", "Top Ten Most Comprehensive Community in the Property Market in Southern China" and "Top Ten Most Beautiful Villa in the Pearl Delta" etc



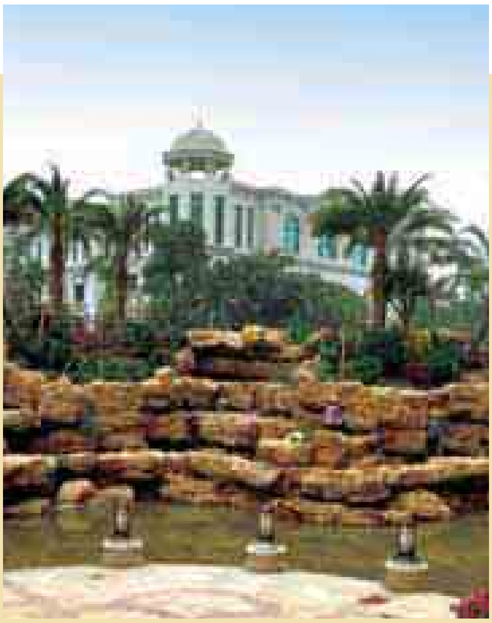
MAJOR PROJECTS UNDER CONSTRUCTION (continued)

Evergrande Scenic Garden

- It is located at the junction of Zengcheng, Guangzhou and Xin Xin Highway, and is positioned a villa city with original hills and lakes. There are 2 natural lakes and 1 reservoir
- It occupies 536,199 square meters, with a total planned GFA of 751,914 square meters
- Sales were commenced in September 2008
- It was awarded "2009 China Real Estate New Perspective Best Luxurious Community in Guangzhou" and "Guangzhou Top Ten Star Properties" etc
- Part of Phase 1 of the project was completed and delivered and part of the construction is scheduled to be completed in 2010

Evergrande Oasis Guangzhou

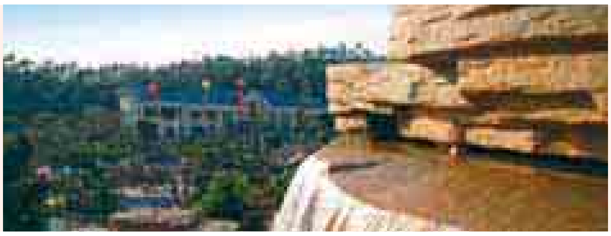
- It is located along the southern shore in the residential district in Jinshazhou which is under key development by the government, and it is positioned as a landscape residential property with river scenery. It enjoys the river scenery of Lane One of the upstream Pearl River and is close to the exit of Subway Line 6.
- It occupies 111,048 square meters, with a total planned GFA of 484,919 square meters
- Sales were commenced in September 2009
- The Phase 1 construction is scheduled to be completed in 2010



MAJOR PROJECTS UNDER CONSTRUCTION (continued)

Evergrande Splendor Qingyuan

- It is located at Longjin exit of Qingxin – Guangqing Joint Expressway and is positioned as a villa city integrating residence, tourist and leisure activities and business conference
- It occupies 1,801,408 square meters, with a total planned GFA of 2,803,581 square meters
- Sales were commenced in January 2009
- It was awarded "2009 China Real Estate New Perspective Project with The Highest Investment Value"
- Part of the Phase 1 construction is scheduled to be completed in 2010



MAJOR PROJECTS UNDER CONSTRUCTION (continued)

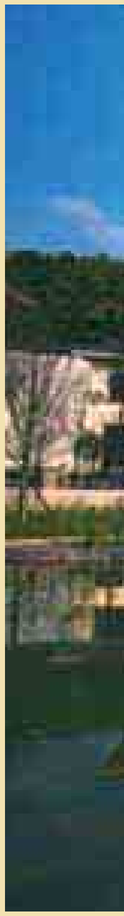
Chongqing

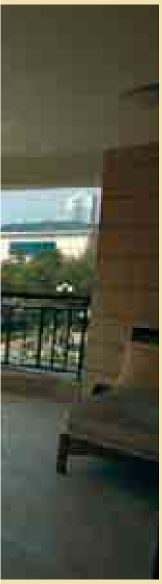
Evergrande Palace Chongqing

- It is located on Jinshan Road in the northern new district which is under key development by the government, and it is positioned as a first class new residential property in Chongqing. There are botanic garden and several large ecological park behind it. And it is near to the central business district of the new town
- It occupies 169,812 square meters, with a total planned GFA of 388,599 square meters
- Sales were commenced in July 2008
- Part of the Phase 1 construction was completed and delivered and part of the construction is scheduled to be completed in 2010

Evergrande City Chongqing

- It is located on Banan Road in Banan District and is positioned as a large scale ecological residential property. It is adjacent to Jiangnan University Town and the Hotspring Resort District and a station of Light Rail No. 3 which is under construction
- It occupies 316,329 square meters, with a total planned GFA of 1,174,862 square meters
- Sales were commenced in September 2008
- Part of the Phase 1 construction was completed and delivered and part of the construction is scheduled to be completed in 2010





Evergrande Splendor Chongqing

- It is located in Shuangfu Industrial Park, Jiangjin city and is positioned as a large scale ecological residential property integrating residence, tourism, conference and leisure activities
- It occupies 808,799 square meters, with a total planned GFA of 813,432 square meters
- Sales were commenced in September 2008
- The Phase 1 construction was completed and delivered and part of the Phase 2 construction is scheduled to be completed in 2010

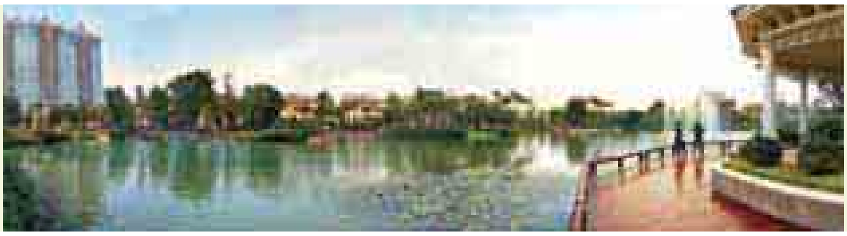
MAJOR PROJECTS UNDER CONSTRUCTION (continued)

Evergrande Oasis Chongqing

- It is located in the commercial centre of Jiulongpo District and is positioned a large scale urban scenic community. It is adjacent to the Chongqing Zoo and a high speed light rail station
- It occupies 91,928 square meters, with a total planned GFA of 465,753 square meters
- Sales were commenced in September 2009
- Part of the Phase 1 construction is scheduled to be completed in 2010

Evergrande Metropolis Chongqing

- It is located on Shiyou Road in Yuzhong District and is adjacent to the traditional commercial circle. It is positioned as a garden-style residential community suitable for lodging.
- It occupies 191,400 square meters, with a total planned GFA of 841,597 square meters
- Sales were commenced in September 2009
- Part of the Phase 1 construction is scheduled to be completed in 2010



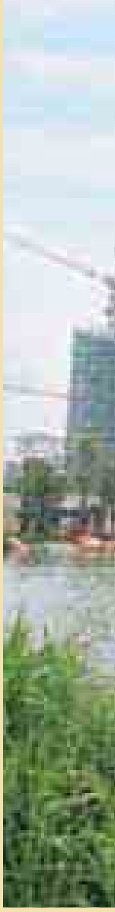
Wuhan & adjacent areas

Evergrande Palace Wuhan

- It is located on Luoyu East Road, Hongshan District and is positioned as the top luxurious residence of Greater Wuhan. It is adjacent to Forest Park and regional commercial centre, several high schools and high-tech companies.
- It occupies 284,577square meters, with a total planned GFA of 564,596 square meters
- Sales were commenced in April 2008
- Part of the Phase 1 construction was completed and delivered and part of the construction is scheduled to be completed in 2010

Evergrande City Wuhan

- It is located along Jinyin Lake, Huanhu Road, Dongxihu Districtand is positioned as a large scale scenic residential property
- It occupies 370,692 square meters, with a total planned GFA of 835,480 square meters
- Sales were commenced in March 2009
- Part of the Phase 1 construction is scheduled to be completed in 2010



Evergrande Oasis Wuhan

- It is located along Zhiyin Lake, Extension Lane, Hanyang Road, Caidian District and is positioned as a garden-style urban residential property
- It occupies 314,901 square meters, with a total planned GFA of 815,914 square meters
- Sales were commenced in June 2009
- The Phase 1 construction is scheduled to be completed in 2010

Evergrande Splendor E'zhou

- It is by the side of Honglian Lake and is positioned as a large scale resort community with hills and water nearby, integrating residence, tourism, conference and entertainment
- It occupies 765,073 square meters, with a total planned GFA of 858,257 square meters
- Sales were commenced in September 2008
- Part of Phase 1 of the project was completed and delivered and part of the construction is scheduled to be completed in 2010

Chengdu & adjacent areas

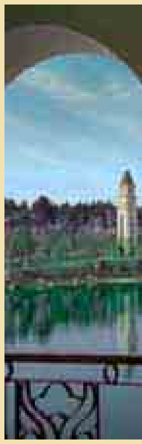
Evergrande Oasis Chengdu

- It is located on Yin He Street, Chenglong Road, Longquanyi and is positioned as a large scale scenic residential property with a full range of ancillary facilities. It is adjacent to several urban ecological tourist zones.
- It occupies 142,145 square meters, with a total planned GFA of 629,449 square meters
- Sales were commenced in April 2008
- It were awarded "Chengdu Housing Dynamic – Media Award", "Chengdu Top Ten Most Desired Properties" and "Annual Property of Chengdu" etc.
- Part of Phase 1 of the project was completed and delivered and part of the construction is scheduled to be completed in 2010

MAJOR PROJECTS UNDER CONSTRUCTION (continued)

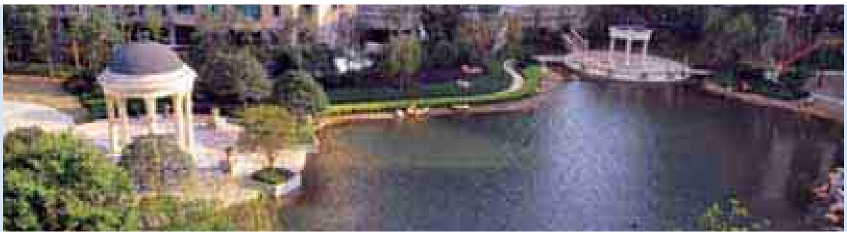
Evergrande City Chengdu

- It is located on Section 3, Guanghua Road, Wenjiang and is positioned as a garden-style urban residential property. It is adjacent to Wenjiang District Government and an 800-acre floral theme park.
- It occupies 169,501 square meters, with a total planned GFA of 698,761 square meters
- Sales were commenced in July 2008
- Part of Phase 1 of the project was completed and delivered and part of the construction is scheduled to be completed in 2010



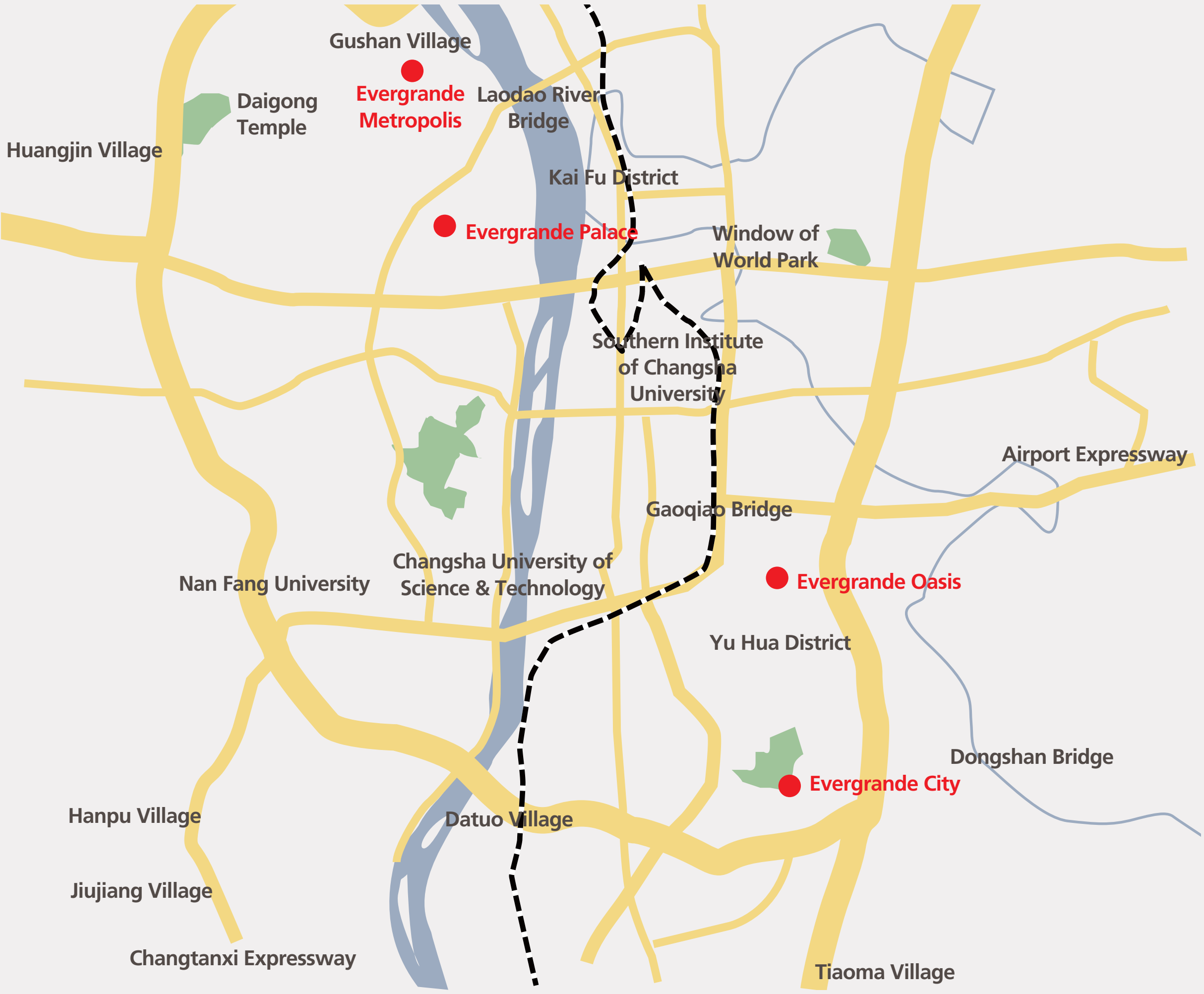
Evergrande Splendor Pengshan

- It is located in the scenic district of Mumahoushan, Pengshan city and is positioned as a large scale resort community integrating residence, tourism, conference and leisure activities
- It occupies 1,491,632 square meters, with a total planned GFA of 1,559,723 square meters
- Sales were commenced in June 2009
- The Phase 1 construction is scheduled to be completed in 2010



MAJOR PROJECTS UNDER CONSTRUCTION (continued)

Changsha



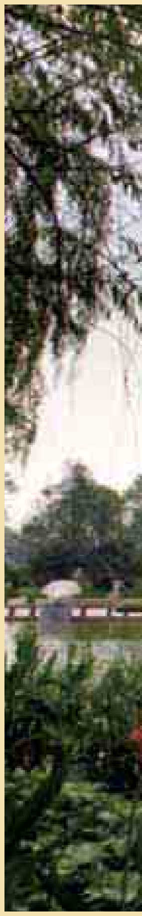
Evergrande Palace Changsha

- It is located on Jinxing Road, Yuelu District and is positioned as a high-end urban luxurious property. It is adjacent to the new district near the city government of Changsha
- It occupies 144,978 square meters, with a total planned GFA of 495,207 square meters
- Sales were commenced in January 2009
- Part of the Phase 1 construction is scheduled to be completed in 2010

MAJOR PROJECTS UNDER CONSTRUCTION (continued)

Evergrande Metropolis Changsha

- It is located on Jinxing Road, Wangcheng, Changsha and is positioned as a garden-view urban residential property. It is adjacent to hot spring scenic area, overlooking Xiangjiang River
- It occupies 185,376 square meters, with a total planned GFA of 840,914 square meters
- Sales were commenced in May 2009
- Part of the Phase 1 construction is scheduled to be completed in 2010



Evergrande City Changsha

- It is located on Wangjiali Road, Yuhua District, Changsha city and is positioned as a garden-style urban residential property. It is opposite a national Forest Park and Hunan Botanic Garden
- It occupies 268,506 square meters, with a total planned GFA of 862,833 square meters
- Sales were commenced in January 2010
- Part of the Phase 1 construction is scheduled to be completed in 2010

MAJOR PROJECTS UNDER CONSTRUCTION (continued)

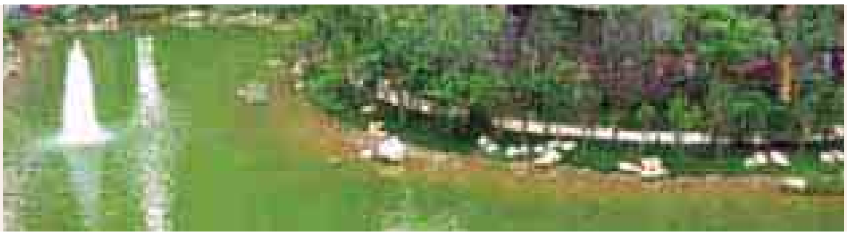
Evergrande Oasis Changsha

- It is located on Laodong East Road, Yuhua District, Changsha city and is positioned as a garden-style residential property in Wuguang new city, overlooking Liuyang River in the east
- It occupies 144,187 square meters, with a total planned GFA of 747,484 square meters
- Sales were commenced in January 2010
- Part of the Phase 1 construction is scheduled to be completed in 2010

Tianjin

Evergrande Splendor Tianjin

- It is to the south of Panshan Scenic Area, Ji County, Tianjin and is positioned as a large scale conference and resort community serving Beijing and Tianjin
- It occupies 854,165 square meters, with a total planned GFA of 512,650 square meters
- Sales were commenced in September 2008
- Part of the Phase 1 construction was completed and delivered and part of the construction is scheduled to be completed in 2010



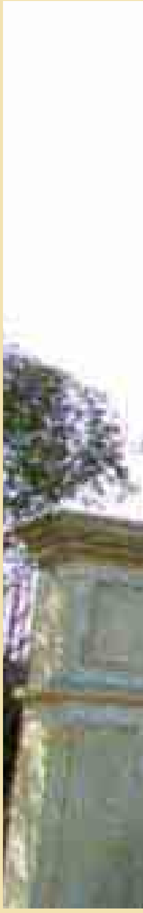
MAJOR PROJECTS UNDER CONSTRUCTION (continued)

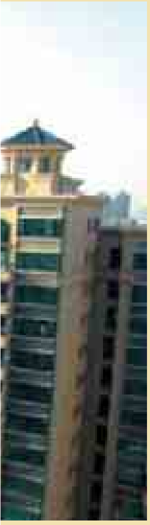
Evergrande Metropolis Xi'an

- It is located on the Extension Lane, East 2nd Ring Road, Xi'an city and is positioned as a garden-style residential property suitable for lodging. It is within 2 km from Chanba University Town and several urban gardens
- It occupies 78,574 square meters, with a total planned GFA of 309,079 square meters
- Sales were commenced in September 2008
- Part of the Phase 1 construction is scheduled to be completed in 2010

Evergrande Oasis Xi’an

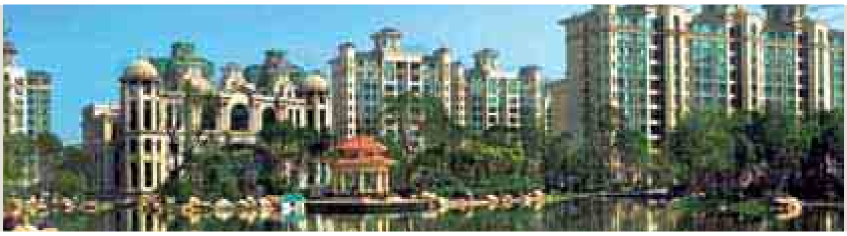
- It is located on the west shore of Chan River, Xianning East Road and is positioned as a large scale waterfront residential property with 1,000 metres river scenery
- It occupies 207,175 square meters, with a total planned GFA of 630,070 square meters
- Sales were commenced in September 2008
- Part of the Phase 1 construction is scheduled to be completed in 2010





Evergrande City Xi'an

- It is located on Zhangba North Road, Yanta District and is positioned as a large scale urban garden-style residential property. It is adjacent to Xi'an Hi-Tech Industrial park
- It occupies 162,471 square meters, with a total planned GFA of 690,339 square meters
- Sales were commenced in September 2009
- Part of the Phase 1 construction is scheduled to be completed in 2010



Shenyang

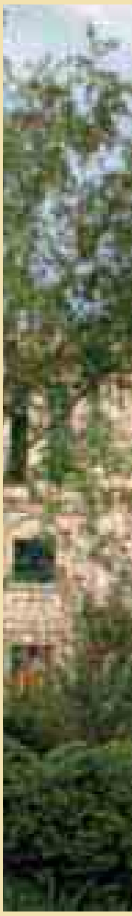

Evergrande City
Shenyang Rao Cheng Expressway
Huanggu District
Tiexi District
Shenyang City
Dadong District
Yuhong District
Heping District
Shenhe District
Shenjingzizhen
Dongling District
Evergrande Oasis
Guchengzizhen
Shenyang Rao Cheng Expressway
Baitazhen
Shen-da Expressway

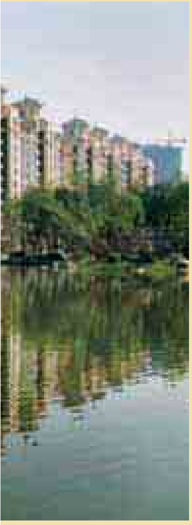
Evergrande Oasis Shenyang

- It is located on the north shore of Hun River, Dati Road, Yuhong District and is positioned as a large scale residential property with river view, overlooking 2.5 km river scenery
- It occupies 602,130 square meters, with a total planned GFA of 2,291,000 square meters
- Sales were commenced in December 2007
- Part of the Phase 1 construction was completed and delivered and part of the construction is scheduled to be completed in 2010

Evergrande City Shenyang

- It is located on Qianshan West Road, Yuhong District, Shenyang and is positioned as a large scale garden-style residential property
- It occupies 355,000 square meters, with a total planned GFA of 887,500 square meters
- Sales were commenced in September 2008
- Part of the Phase 1 construction was completed and delivered and part of the construction is scheduled to be completed in 2010






Nanjing

Evergrande Splendor Nanjing

- It is located on the southeast side of Wolong Lake, north of Lishui, Nanjing and is positioned as a large scale resort community integrating residence, tourism, conference and leisure activities
- It occupies 983,033 square meters, with a total planned GFA of 1,133,523 square meters
- Sales were commenced in September 2008
- Part of the Phase 1 construction was completed and delivered and part of the construction is scheduled to be completed in 2010

Evergrande Oasis Nanjing

- It is located at the foot of Fangshan Mountain, Inner Ring Road, Jiangning Economic Development Zone and is positioned as an ecological residential property along the upstream of Qinhuai River
- It occupies 137,098 square meters, with a total planned GFA of 306,862 square meters
- Sales were commenced in September 2008

Taiyuan

Evergrande Oasis Taiyuan

- It is located on Dayun Road, Xiaodian District and is positioned as a large scale ecological water-view residential property within 10 minutes' drive from Taiyuan Airport and the South Passenger Railway Station
- It occupies 691,797 square meters, with a total planned GFA of 1,848,044 square meters
- Sales were commenced in September 2008
- Part of the Phase 1 construction was completed and delivered and part of the construction is scheduled to be completed in 2010

Hefei

Evergrande Palace Hefei

- It is located on Xiyou Road, Hefei and is positioned as an urban luxurious residential property in the new government affairs and cultural district under key development by the government
- It occupies 142,578 square meters, with a total planned GFA of 516,088 square meters
- Sales were commenced in June 2009
- Part of the Phase 1 construction is scheduled to be completed in 2010

Evergrande City Hefei

- It is located on Wanggang Road, Longgang Development Zone, Hefei city and is positioned as an ecological urban residential property
- It occupies 310,929 square meters, with a total planned GFA of 932,787 square meters
- Part of the Phase 1 construction is scheduled to be completed in 2010

Kunming

Evergrande Splendor Kunming

- It is located in Taiping New District, Anning City, Kunming and is positioned as a large scale resort community integrating residence, tourism, conference and leisure activities and is adjacent to 40 square kilo metres of Xishan Forest Park
- It occupies 660,891 square meters, with a total planned GFA of 918,832 square meters
- Sales were commenced in September 2008
- Part of the Phase 1 construction was completed and delivered and part of the construction is scheduled to be completed in 2010

MAJOR PROJECTS UNDER CONSTRUCTION (continued)

Baotou

Evergrande Palace Baotou

- It is located to the east of Jiuyuan District Government and is positioned as a luxurious residential property with mountain and water view on the axis of the city centre
- It occupies 437,925 square meters, with a total planned GFA of 1,666,225 square meters
- Sales were commenced in August 2009
- Part of the Phase 1 construction is scheduled to be completed in 2010.

Guiyang

Evergrande Oasis Guiyang

- It is located on Yunhuan Road, Baiyuan District and is positioned as an urban residential property with mountain and water view in the new ecological living district under key development by the government
- It occupies 146,825 square meters, with a total planned GFA of 312,583 square meters
- Sales were commenced in September 2009
- Part of the Phase 1 construction is scheduled to be completed in 2010.

Luoyang

Evergrande Oasis Luoyang

- It is located on Zhongzhou East Road, Chanhe District and is positioned as a large scale residential property with river view enjoying 3.6 km scenery of the north shore of Luohe River
- It occupies 892,080 square meters, with a total planned GFA of 3,164,544 square meters
- Sales were commenced in September 2009
- Part of the Phase 1 construction is scheduled to be completed in 2010.

Qidong

Evergrande Splendor Qidong

- It is located at the mouth of Yangtze River on the northern coast of Shanghai joining the sea and is positioned as a large scale resort community featuring the Venetian theme, and it is surrounded by the ocean on three sides with a 4.8 km coastline
- It is expected that the government planned Shanghai-Chongming Island-Jiangsu Expressway is expected to be completed in 2011 and by then it takes only 50 minutes by car to go to Shanghai city central district from our property
- It occupies 5,978,624 square meters, with a total planned GFA of 11,957,045 square meters

Nanchang

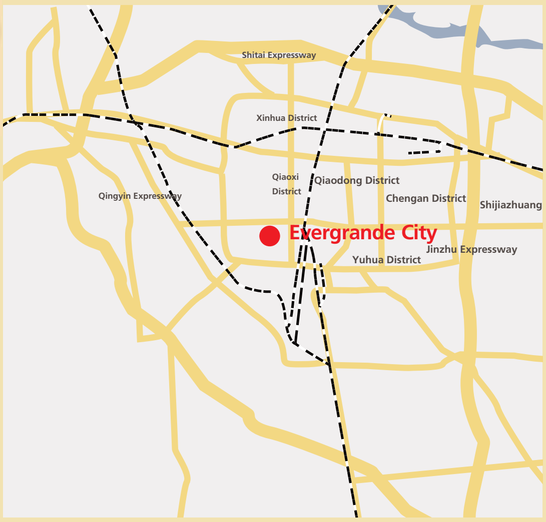
Evergrande Oasis Nanchang

- It is located in Yinsanjiao, Yingxiong Development Zone, Nanchang city and is positioned as a urban residential property featuring the golf theme
- It occupies 1,620,008 square meters, with a total planned GFA of 972,005 square meters
- Part of the Phase 1 construction is scheduled to be completed in 2010.

Shijiazhuang

Evergrande City Shijiazhuang

- It is located on Huai'an Road, Qiaoxi District and is positioned as a large scale urban scenic residential property in the busy centre of the city and surrounded by several city gardens and upscale hotels and commercial centres etc
- It occupies 245,414 square meters, with a total planned GFA of 950,972 square meters



INVESTMENT PROPERTIES

During the year the Group appropriately increased its investment properties profile such as stores and car parks in order to obtain long term and stable growth of cash flow to supplement the property operation. As at the end of 2009, the Group possessed an aggregate of 95,180 square meters of investment properties such as stores and complexes etc and 10,352 units of car parks. During the year the rental situation of the properties were satisfactory, we achieved a total rental income of RMB38 million, or a year-on-year increase of 46.0%; segmental profit was RMB879 million, of which fair value gain of the investment properties amounted to RMB843 million (net of deferred tax was approximately RMB632 million).

OTHER PROPERTY RELATED BUSINESSES

The related businesses of property management and property construction met the needs of property development and became an integral part of the value chain of the Group, and enhanced our core competitiveness.

PROPERTY MANAGEMENT

Jinbi Property Management Co Ltd under the Group was incorporated in 1997 and possessed first class property management qualifications in China, and it was one of the first which obtained the ISO9001: 2000 quality management system certification. For the 12 years since its establishment, Jinbi Property Management always provided dedicated property services to thousands of property owners through its security guard team with its own features, special property services and special community culture, and it was the trend leader.

During the year the Group recorded a revenue from property management of RMB80 million, representing a year-on-year growth of 1.0%. It was mainly because the GFA of completed and delivered properties for the year was higher and thus additional property management fee was charged.

As of the end of 2009 Jinbi Property Management had 39 property management projects, managing approximately 4.247 million square meters of residential and public area. It had a management and professional technical team of almost 4,000 employees and provided property services and ancillary facility repair and maintenance, security, cleaning, gardening and community cultural services to over 31,000 property owners.

After several years of learning and practice, Jinbi Property Management always upheld the "Speedy services to meet property owners' speedy needs, thinking from the minds of property owners, provision of whole-heartedly services" guidelines for quality, executed the "Dual satisfaction in terms of process and results" mission, created the property management style with Jinbi characteristics, launched various service measures such as "Today I serve you", "Dedicated Caretaker", "General Manager's Mail Box", "General Manager's Reception Day" and "General Manager's Hotline" etc, created a human-oriented management atmosphere of "Unlimited communication, eternal understanding, face-to-face sincere services", and built up an "information through-train" between the property management company and property owners.

In 2009, Jinbi Property Management and the projects under its management successively obtained the awards and compliments of "Guangdong Top Ten Best Property Management Company", "Enterprise Abiding by Contracts and Emphasising Credibility", "Best Luxurious Property Community in Guangzhou" and "Top Ten Most Comprehensive Community in the Property Market in Southern China".

PROPERTY CONSTRUCTION, LAND LEVELING AND OTHER PROPERTY DEVELOPMENT RELATED SERVICES

During the year the Group recorded a total of RMB563 million of revenue generated from property construction, land leveling and other property development related services, or a year-on-year increase of RMB556 million, which was mainly generated from our provision of construction services to certain projects during the year pursuant to the contracts that we had entered into with the independent third parties.

FINANCIAL REVIEW

BORROWINGS

As of 31 December 2009 the bank loans of the Group amounted to RMB14.176 billion with the following drawdown periods:

	2009 RMB Million	As a percentage of total loans	2008 RMB Million	As a percentage of total loans
Less than 1 year	**6,359.7**	**44.9%**	6,213.8	59.6%
1 – 2 years	**2,487.9**	**17.5%**	3,605.5	34.5%
2 – 5 years	**5,328.2**	**37.6%**	380.0	3.6%
Over 5 years	**–**	**–**	240.9	2.3%
Total	**14,175.8**	**100.0%**	10,440.2	100.0%

We have always been emphasising on a stable loan structure, as at the end of 2009 only approximately 44.9% of the loans had to be repaid within one year, and our total amount of cash and cash equivalents and restricted cash was RMB14.378 billion. With our successful issuance of USD750,000,000 senior notes on 27 January 2010, and our early repayment of approximately USD290 million structured secured loan due in October 2010, the structure of our borrowings was further optimised.

The above borrowings were pledged against the property and equipment, land use rights, investment properties, properties under development, completed properties held for sale, cash at bank of the Group and the equity capital of certain subsidiaries of the Group at an effective average interest rate of 6.44% for the year (2008: 10.92%).

LIQUIDITY

As at 31 December 2009, the total amount of cash and cash equivalents and restricted cash amounted to RMB14.378 billion, and together with the unutilised banking facilities of RMB20.45 billion and the collectable contracted sales of RMB5.70 billion, the Group has sufficient working capital. The successful issuance of USD750,000,000 senior notes on 27 January 2010 further provided adequate funds and strengthened the financial capability of the Group, and provided great financial support for our quest for the best business opportunities and speedy support.

GEARING RATIOS

As of 31 December 2009 the net current assets of the Group increased by 65.9% to RMB16.942 billion compared to 2008. The liquidity ratio excluding receipt in advance from customers, the liquidity ratio increased to 3.40 times in 2009 from 2.17 times in 2008. The total borrowings to total assets ratio decreased to 22.5% in 2009 from 36.6% in 2008. The total borrowings to equity ratio decreased to 110.2% in 2009 from 126.4% in 2008. The stable financial management policy and adequate financial resources enhanced the healthy rapid growth of the Group.

CONTINGENCY

On 8 January 2008, the Group entered into a land grant contract with Guangzhou State-owned Land Bureau to acquire a piece of land located in Tianhe District of Guangzhou at a consideration of approximately RMB4.1 billion. The land was originally designated for residential use, but has since been re-designated by Guangzhou city government as a result of its planned re-zoning of the area as part of a newly established financial district in Guangzhou city. The Group is in negotiation with the government with respect to the amendments to the terms of the land grant contract, including the use of the land and payment terms, but the result is pending as at the date of these consolidated financial statements. The Group has paid a deposit of RMB130 million but has not paid the remaining land premium which was due in July 2008 according to the original land grant contract. However, The Group has not received any notice from relevant government authorities for violation of the terms of the land grant contract.

Should the Group be unable to reach an agreement in its favour, the Group may be subject to forfeiture of the deposit of RMB130 million and penalty for delay payment of the land premium in accordance with the original land grant contract. The directors of the Company consider, based on their best estimation of the result of negotiation with the government, that the risk of forfeiture of the deposit and penalty of late payment would be low and therefore has not made any provision for the forfeiture of the deposit and penalty of late payment.

DIRECTORS AND ADMINISTRATIVE STRUCTURE

EXECUTIVE DIRECTORS

Hui Ka Yan (許家印)
age 51, has served as chairman of our group since 1996. Dr Hui was responsible for formulating the overall development strategies of our group. Dr Hui has over 26 years of experience in real estate investment, property development and corporate management. Currently Dr Hui is a member of the 11th National Committee of the Chinese People's Political Consultative Conference. In addition, Dr Hui also serves as a vice-chairman of the China Enterprise Confederation, China Enterprise Directors Association and China Real Estate Association. He was accredited as a "National Model Worker" (one of the highest civilian honors in China) by the State Council. He graduated from Wuhan University of Science and Technology with a bachelor's degree in metallurgy in 1982, and was awarded an honorary doctorate degree in commerce by the University of West Alabama in 2008. Dr Hui has also been a professor in management in Wuhan University of Science and Technology since 2003.

Xia Haijun (夏海鈞)
age 45, our vice chairman of the Board, chief executive officer. Dr Xia has 16 years of experience in property development and property management, and is accredited as a senior economist in China. Dr Xia is mainly in charge of the daily management of our nationwide business operations including administration and information management, brand and marketing planning management, property operation management, procurement tender and bidding management, design and management of project construction etc. Dr Xia joined us as our chief executive officer in June 2007 and was elected an executive Director on March 6, 2008. Dr Xia graduated from Jinan University with a master's degree in business administration in 1998 and a doctor's degree in industrial economy in 2001.

Li Gang (李鋼)
age 45, our vice chairman of the Board, executive vice president. Mr Li is primarily responsible for our business management, financial management, financial audit management, various monitoring and filing management, legal affairs management, fund raising and financing management etc. Mr Li has more than 15 years of experience in property development, operation and management. He joined us on April 2003 and was elected an executive Director on March 6, 2008.

DIRECTORS AND ADMINISTRATIVE STRUCTURE (continued)

Tse Wai Wah (謝惠華)

age 42, our executive Director and chief financial officer. Mr Tse joined us in December 2008 and was elected an executive Director on October 14, 2009. Mr Tse is primarily responsible for financial management and operational management. Mr Tse has over 16 years of experience in auditing, accounting and finance. Mr Tse graduated from the University of North Carolina at Charlotte with a Master of Business Administration degree. Currently he is a member of the Hong Kong Institute of Certified Public Accountants and the American Institute of Certified Public Accountants.

Xu Xiangwu (徐湘武)

age 45, our executive Director and vice president. Mr Xu is also the general manager of our management center. Mr Xu was elected an executive Director on October 14, 2009. He graduated from East China Jiaotong University with major in civil engineering in 1985 and obtained a master degree in structural engineering from the Central South University in 1989. He is solely responsible for our engineering construction system.

Xu Wen (徐文)

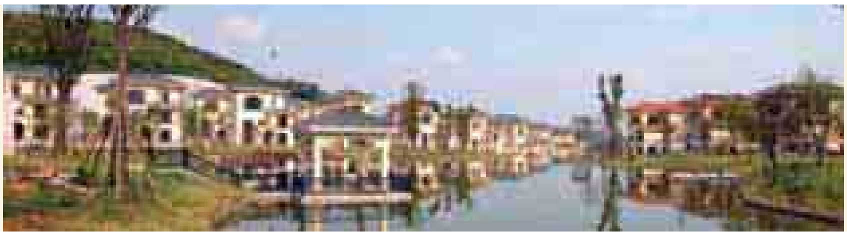
age 45, our executive Director and vice president. Mr Xu was elected an executive Director on October 14, 2009. Mr Xu has over 16 years of experience in project management, construction research and design, and is the chairman of the board of directors of Guangzhou Evergrande Materials and Equipment Company Limited. Mr Xu obtained a bachelor's degree in civil construction in 1985 and is a registered structural engineer and a qualified supervising engineer in China.

Lai Lixin (賴立新)

age 37, our executive Director and vice president. Mr Lai was elected an executive Director on December 17, 2008. Mr Lai has more than 15 years of experience in the operation and management of real estate projects. Mr Lai is currently responsible for our capital operation, investment strategies and management of development plans. He worked as the general manager of our planning centre and our assistant president, responsible for the marketing and sales management of our real estate projects. He graduated with a bachelor's degree in machinery manufacturing and engineering from Nanchang University in 1993 and received a master's degree in project management from Wuhan University of Science and Engineering in 2009.

He Miaoling (何妙玲)

age 43, our executive Director and vice president. Ms He was elected an executive Director on October 14, 2009. Ms He has more than 11 years of experience in marketing and brand promotion in the property industry. Ms He is currently responsible for the building up of corporate culture, corporate brand publicity and promotion, marketing planning of real estate projects and commercial operation etc. Ms He graduated from South China University of Technology with a bachelor's degree in applied mathematics in 1989.



INDEPENDENT NON-EXECUTIVE DIRECTORS

Yu Kam Kee, Lawrence (余錦基)

B.B.S., M.B.E., J.P., age 64, our independent non-executive Director. Mr Yu was elected an independent non-executive Director on October 14, 2009. Mr Yu underwent training at Bayer AG and Cassella AG in Germany and has accumulated many years of extensive experience in the chemical industry. He is the Honorary Life President of the Hong Kong Dyestuffs Merchants Association Limited. He also serves on many charitable and social organisations. He is now the Co-Chairman of the Campaign Committee of the Community Chest of Hong Kong, Governor of the Hong Kong Automobile Association, Director of the Hong Kong Football Association Limited and Chairman of the Champaign Committee of the Road Safety Council. He is a senior advisor of China Renji Medical Group Limited and an independent non-executive director of Great China Holdings Limited, Global Flex Holdings Limited and the Hong Kong Building and Loan Agency Limited, shares of all these companies are listed on the Stock Exchange. Mr Yu was the chairman and executive director of China Renji Medical Group Limited, Wing On Travel (Holdings) Limited and See Corporation Limited (shares of all these companies are listed on the Stock Exchange) until April 18, 2007, December 1, 2007 and October 1, 2009, respectively, when his resignations as the chairman and executive director from the three companies took effect. Mr Yu was also the chairman and non-executive director of Trasy Gold Ex Limited, shares of which are listed on the Hong Kong Stock Exchange, until October 1, 2009 when his resignation took effect.

Chau Shing Yim, David (周承炎)

age 45, our independent non-executive Director. Mr Chau was elected an independent non-executive Director on October 14, 2009. Mr Chau has over 20 years' experience in corporate finance, working on projects ranging from initial public offerings and restructuring of PRC enterprises for cross-border and domestic takeovers. He was formerly a partner of Deloitte Touche Tohmatsu in Hong Kong, heading the merger and acquisition and corporate advisory services. He is a member of the Hong Kong Securities Institute, the Institute of Chartered Accountants of England and Wales, or ICAEW with the Corporate Finance Qualification granted by ICAEW, and the Hong Kong Institute of Certified Public Accountants, or HKICPA. Mr Chau was an ex-committee member of the Disciplinary Panel of HKICPA. He is an executive director of Tidetime Sun Holdings Limited and an independent non-executive director of Lee & Man Paper Manufacturing Limited, Shandong Molong Petroleum Machinery Company Limited and Varitronix International Limited, shares of all these companies are listed on the Hong Kong Stock Exchange.

He Qi (何琦)

age 51, our independent non-executive Director. Mr He was elected an independent non-executive Director on October 14, 2009. Mr He is the Deputy Secretary of China Real Estate Association, as well as the director of the training center and the intermediary professional committee of the China Real Estate Association. He worked in the State Infrastructure Commission of the State City Construction General Bureau from 1981 to 1994. He was an executive of the Development Center of the China Real Estate Association from 1995 to 1999, and a standing deputy city major of Ji'an City of Jiangxi Province from 1999 to 2001. He has been the Deputy Secretary of the China Real Estate Association from 2006 to now.

COMPANY SECRETARY

Fong Kar Chun, Jimmy (方家俊)

age 35, our vice president and our company secretary. Mr Fong is a member of the Law Society of Hong Kong and has been a qualified solicitor in Hong Kong since 2001. Mr Fong joined us in June 2009 and is responsible for planning and implementing our international fund raising and overseeing the investors relationship department with Mr Lai. Before joining us, Mr Fong was formerly as a director in the investment banking division of the Royal Bank of Scotland (previously known as ABN AMRO Bank N.V.) specialising in mergers and acquisitions and equity capital market fund raising, and Sidley Austin (a global law firm in Hong Kong) and DLA Piper (an international law firm in Hong Kong) as a solicitor. Mr Fong obtained his Bachelor of Laws and a postgraduate certificate in laws from the University of Hong Kong in 1997 and 1998 respectively. Mr Fong obtained his Master of Laws in Banking and Finance Laws from the London School of Economics and Political Science, University of London in 2000.

SENIOR MANAGEMENT

Sun Yunchi (孫雲馳)

age 36, our vice president. Mr Sun has more than 14 years of experience in capital operations and management, currently he is responsible for the fund raising and financing management for some of our regions. Mr. Sun graduated from the Qingdao University of Mining (青島礦山職業大學) in 1995, major in accounting.

Li Guodong (李國東)

age 46, our vice president. Mr Li graduated from Henan Radio and Television University with major in auditing. He has over 13 years of experience in capital operation and management and is currently responsible for the fund raising and financing management for some of our regions.

Shi Shouming (時守明)

age 35, our vice president and general manager of our investment center. Mr Shi has more than 11 years of experience in the management of project development and operation, and he is also a certified public accountant in China. He is currently responsible for the development of our property projects. He graduated from Sichuan University with a bachelor's degree in management engineering in 1997.

Wei Keliang (魏克亮)

age 51, our vice president. Mr Wei has more than 21 years of experience in economic management and fund management, and is accredited as a senior economist. He is currently responsible for the fund raising and financing management for some of our regions. Mr Wei graduated from Zhengzhou University and obtained a master's degree in economics in 1996.

Peng Jianjun (彭建軍)

age 39, our vice president and general manager of our hotel management group, and is responsible for the management and operation of our hotel sector. Mr Peng obtained a PhD degree in management from Jinan University in 2005. He is accredited as a senior economist and has won numerous awards as a distinguished hotel manager.

Lin Manjun (林漫俊)

age 39, our vice president and the general manager of the tender and bidding center, he is solely responsible for contract management and budgeting and audit management. He has over 16 years of experience in project design and tender and bidding management. Mr Lin graduated from the Wuhan Urban Construction Institute with a major in construction.

Wang Chuan (王川)

age 43, our vice president. Ms Wang has over 20 years of research and development, design and management experience. She is solely responsible for the design, cost and quality control, landscape design and construction. Ms Wang graduated from Chongqing City Construction Project Institute.

Wu Liqun (伍立群)

age 46, our vice president. Ms Wu has over 15 years of property development experience with sales and personnel management in particular. Ms Wu is currently responsible for the work related to external affairs outside Guangdong province. Ms Wu graduated from Hunan University in 1987.

Liu Yongzhuo (劉永灼)

age 29, our vice president. He is currently responsible for external affairs in Guangdong province, administrative and information management and our volleyball clubs. Mr Liu graduated from the faculty of business administration of Shanghai Eastern China Model Teacher University.

Xu Jianhua (許建華)

age 47, our assistant president and general manager of the capital market department. Mr Xu has more than 11 years of experience in capital operation and is accredited as a senior economist. He is currently responsible for our domestic and overseas equity financing and trust financing. Mr Xu graduated from Zhongshan University and obtained a post-doctoral degree in applied economics and finance from South Western University of Finance and Economics in 2003.

CORPORATE SOCIAL RESPONSIBILITY REPORT

In 2009 the Group continued our philosophy of "Corporate Social Responsibility" through active devotion to charity activities in education, livelihood, sports and culture. During the year, the Group launched the "Evergrande Ten Thousand Charity Walk" event together with China Poverty Relief Foundation (中国扶貧基金會), and made a lump sum donation of RMB30 million. We also devoted ourselves in the volleyball field of China and spent RMB20 million to set up the Evergrande Women Volleyball Team to foster the professional development of volleyball. In view of this, we obtained high acceptance and good compliment from the state and the society. We were awarded "2009 China Top Ten Responsible Enterprises in the Real Estate Sector", "2009 Charitable Contribution Award" etc. The Chairman of the Board of the Group was awarded "China Charity Award" by the Ministry of Civil Affairs of the state, "China Poverty Relief Philanthropist" by China Poverty Relief Foundation and "Brilliant Contribution Award" by Fast Train to Health Foundation of China etc.

DISASTER AND POVERTY RELIEF

According to the statistics, China has over 125 million of its population below the poverty line with high pressure in living. The global financial crisis has increased this pressure, thus rendering assistance to the "have-not" has become a primordial priority. On 2 July 2009, the Group launched the "Evergrande Ten Thousand Charity Walk" event together with China Poverty Relief Foundation, and made a lump sum donation of RMB30 million. The event provided funds for the emergency assistance to more than ten thousand people under ten categories of "Specially Poor People" such as Specially Poor Orphan, Specially Poor Elderly, Specially Poor Handicapped Person etc. This charity event attracted more companies to participate in charitable activities and strong echo from the society. That event became the largest charity activity of China Poverty Relief Foundation in 2009 in terms of importance and donation amount. As of 22 December 2009, the statistics of the Poverty Relief Foundation indicated that the event had accomplished the subsidy for 13,278 people.

CORPORATE SOCIAL RESPONSIBILITY REPORT (continued)

On 5 November 2009, the Group was successfully listed on the main board of HKEX, and on that day we donated HKD1 million to the Campaign Committee of Community Chest of Hong Kong for disaster and poverty relief purposes.

In March 2009, during China's "Two Meetings", the Chairman of the Board of Directors of the Group, Hui Ka Yan submitted two proposals on livelihood to the meetings, namely "The Setting Up of a "Compulsory Donation of Corporate Profits" Mechanism and the Establishment of a "Subsidy Fund for Low Income Family" in Cities and Towns in China" and "The Proposal to the State on Property Price Reduction through "Three Control Measures" to Ensure the Long Term, Stable and Healthy Development of the Real Estate Market". The proposals were under hot discussion and obtained compliments generally by the attendants of the meetings and media. A lot of media reportings were made by Xin Hua Press, Central Television Company, Central People's Broadcasting Company, People's Daily, China News Press (中國新聞社) etc.

SPORT

In April 2009, the Group funded RMB20 million to incorporate and register the first professional volleyball club of the state – Evergrande Volleyball Club. Lang Ping serves as Chief Coach and provides guidance. Several candidates of the "Golden Generation" of China Women Volleyball Team and members of Unites States State Team joined. They won 12 consecutive matches in the national competition and seized AA (甲A), making an invaluable attempt in the professional development of China volleyball. Later on, the Group also organised and set up Evergrande Women Youth Team and Teenager Team also with Lang Ping as Chief Coach to actively nurture and supply talents for volleyball game of the state.

CONCERN FOR EMPLOYMENT

The aftermath of the financial crisis was still felt during 2009. As usual, the Group regarded human resources as the momentum of company development. We continued to maintain a stable income and made increments to staff, to recruit talents, and we provided fundings to some re-employment projects, provided suitable jobs for unemployed people, maintaining social stability through more employment.

In March 2009, the Group recruited more than 300 fresh graduates from various colleges in China and helped alleviate the pressure brought by fresh graduates upon the government and society; the Group also continued to inject various resources to provide proper on-the-job training to 2009 university students, and made tailor-made long term career development plans to make the best from their talents.

CARE FOR EMPLOYEES

The Group advocated the "People-oriented" philosophy of care for employees. We improved the fringe benefit protection system and backoffice supplies. Employees are entitled to "Five Insurance and One Pension" upon work commencement, thus eliminating all their worries. The Group also funded and established a training centre to enhance the occupational skills and management standard of staff through continuous on-the-job training.

Corporate culture creation is an important measure for the rapid and steady development of the Group. The Group continued to innovate our corporate culture and launched new types of cultural and sport activities with remarkable features at suitable time. In January 2009, the Group held the Third Ten Thousand Participant Sport Gala under the theme of "Evergrande Property welcomes Asian Games, fully advocates every one keeping fit", and invited five major Guangdong sport teams under the leadership of world champion in pingpong, Qiao Hong etc to compete with Evergrande sport teams; the group also provided professional gyms, pingpong rooms, yoga studios etc for staff to work out and have leisure activities after work so as to increase the influence and attraction of the corporate culture.

FUTURE DIRECTION

In this new economic age full of challenges and with glimpse of hope, the Group assumes our corporate social responsibility with no hesitation. This responsibility includes not only realising the change to advanced management style and strategic development model at a high level, but also comprises multiple missions of guiding the sector to have positive development, performing the duties of corporate citizen, fostering social harmony to obtain respect from the society. The Group firmly believe that all our efforts will eventually be given fair rewards from the market and the most satisfactory returns to investors and employees.

INVESTOR RELATIONSHIP REPORT

The Group strives for establishing a two-way interactive relationship with investors.

Since our listing in November 2009 and up to the last two months of the year, the Group received the visits of almost 40 institutional investors, arranged 50 person-time visits of various property projects of the Group in China, participated in a trip of understanding the real estate industry of China organised by the Bank of America and Merrill Lynch, and announced the sales results of November; since 2010, we successively held several press meetings on monthly sales results and various activities such as meetings with investors and road show.

Besides, the Group emphasised on high transparency and efficiency of information disclosure, and transmitted comprehensive information such as the latest development strategies, development progress, sales results of the Group and market outlook etc to the public through various means like monthly sales briefing, monthly bulletin, sales results press conference, meetings with investors, website of the Group and email etc; the Group also stressed direct dialogue with investors and the public, on top of maintaining different types of regular communication with analysts, investors and the media, we made arrangements to have the executive directors, senior management or management team of the regional companies to receive investors for general visits, interviews and project visits etc in order to foster investors' and shareholders' understanding of the operation of the Group from a more in-depth perspective.

The Group firmly believes that a clear and transparent communication channel plus positive interactive relationship with investors will help us to formulate business strategies for the benefit of shareholders and to contribute value to shareholders.

MAJOR INVESTOR RELATIONSHIP ACTIVITIES OF THE GROUP FOR 2009

Month	Venue	Activities
November	Guangzhou	Participation in the Greater China Real Estate / Building Industry Final Meeting organised by the Bank of America and Merrill Lynch
December	Hong Kong	Participation in the Real Estate Industry Presentation organized by the Bank of America and Merrill Lynch
December	Hong Kong	Announcement of November 2009 sales results – Press conference – Fund manager and analyst briefing

CORPORATE GOVERNANCE REPORT

The Company recognizes the value and importance of achieving high corporate governance standards to enhance corporate performance and accountability. The Board of Directors will strive to the principles of corporate governance and adopt sound corporate governance practices to meet the legal and commercial standards, focusing on areas such as internal control, fair disclosure and accountability to the shareholders of the Company.

Since the listing of the Shares of the Company on The Main Board of the Stock Exchange on 5 November 2009, we have been conducting business according to the principles of the Code on Corporate Governance Practices ("Corporate Governance Code") set out in Appendix 14 of the Listing Rules, and we have complied with all the code provisions of the Corporate Governance Code during the year ended 31 December 2009.

BOARD OF DIRECTORS

Composition of the Board of Directors

According to the existing structure of the Company, the members of the Board of Directors comprise 8 executive directors and 3 independent non-executive directors. As of 31 December 2009, the directors of the Company are as follows:

Dr Hui Ka Yan *(Chairman)*
Dr Xia Haijun *(Vice Chairman, Chief Executive Officer)*
Mr Li Gang *(Vice Chairman, Executive Vice President)*
Mr Tse Wai Wah *(Executive Director)*
Mr Xu Xiangwu *(Executive Director)*
Mr Xu Wen *(Executive Director)*
Mr Lai Lixin *(Executive Director)*
Ms He Miaoling *(Executive Director)*
Mr Yu Kam Kee, Lawrence *(Independent Non-executive Director)*
Mr Chau Shing Yim, David *(Independent Non-executive Director)*
Mr He Qi *(Independent Non-executive Director)*

Details of the resume of the members of the Board of Directors are as set out on page 74 to page 76 of this annual report.

Since the Listing Date and up to 31 December 2009, the Board of Directors has at all times met the requirements of rules 3.10(1) and (2) of the Listing Rules relating to the appointment of at least three independent non-executive Directors with at least one independent non-executive Director possessing appropriate professional qualifications, or accounting or related financial management expertise.

Each of the executive Directors has entered into a service contract with the Company for a term of three years commencing from the Listing Date until terminated by not less than three months' notice in writing served by either party on the other. Each of the independent non-executive Directors has entered into a letter of appointment with the company for a term of one year commencing from the Listing Date. The appointments are subject to the provisions of retirement and rotation of Directors under the articles of association of the Company (the "**Articles**"). In accordance with the Articles, at every general meeting of the Company, one third of the Directors for the time being or, if their number is not three or a multiple of three, then the number nearest to but not less than one-third shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years.

The Company has received, from each of the independent non-executive Directors, an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Board of Directors was satisfied with the independency of the Independent Non-executive Directors.

BOARD OF DIRECTORS (continued)

Roles and duties

The Board of Directors shall be in charge of formulating strategic business development, reviewing and monitoring the business performance of the Group, approving major funds allocation and investment proposals as well as preparing and approving the financial statements of the Group. The Board of Directors also gave clear instructions on the authority delegated to the management for the administration and management of the Group.

Under code provision A.2.1 of the Corporate Governance Code, the roles of the chairman and chief executive officer of a listed company should be separate and should not be performed by the same individual. The Company was in compliance with code provision A.2.1 during the review period with Dr. Hui Ka Yan being the chairman and Dr. Xia Haijun being the CEO of the Company, respectively.

The Board of Directors is responsible for the internal control of the Group and for reviewing its effectiveness. Procedures have been designed for safeguarding assets against unauthorized use or disposition, the maintenance of proper accounting records for the provision of reliable financial information for internal use or for publications and the compliance of applicable laws, rules and regulations. The Directors have conducted a review of the overall effectiveness of the internal control system of the Group. An internal audit department has been established to perform regular financial and operational reviews and conduct audit of the Company and its subsidiaries. The work carried out by the internal audit department will ensure the internal controls are in place and functioning properly as intended.

The external auditors will report to the Company on the weakness in the Group's internal control and accounting procedures which have come to their attention during the course of their audit work.

The Board of Directors meets regularly to discuss and formulate the overall strategy as well as the operation and financial performance of the Group. Directors may participate either in person or through electronic means of communications.

The Company was listed on 5 November 2009 and no meeting of the Board of Directors was convened by the Company during the period from the Listing Date to 31 December 2009. The Company will adopt the practice of holding board meetings regularly for at least four times a year at approximately quarterly intervals. At least 14 days' notices will be given for a regular board meeting to give all Directors an opportunity to attend. For all other board meetings, reasonable notice will be given.

BOARD OF DIRECTORS (continued)

Roles and duties (continued)

3 meetings of the Board of Directors were convened for the period from 1 January 2009 to 4 November 2009 and the attendance of individual Directors at the meetings of the Board of Directors is set out below:

Director	Number of meetings attended/Number of meetings held Meeting of the Board of Directors
Executive Director	
Hui Ka Yan	3/3
Xia Haijun	3/3
Li Gang	3/3
Tse Wai Wah	1/1
Xu Xiangwu	1/1
Xu Wen	1/1
Lai Lixin	3/3
He Miaoling	1/1
Independent Non-executive Director	
Yu Kam Kee, Lawrence	0/1
Chau Shing Yim, David	1/1
He Qi	1/1

Committees of the Board of Directors

On 14 October 2009, the Company set up the Audit Committee, Remuneration Committee and Nomination Committee in respect of the Board of Directors.

AUDIT COMMITTEE

Audit Committee

The Audit Committee was set up on 14 October 2009 comprising 3 members, namely Mr Chau Shing Yim, David, Chairman of the Committee, Yu Kam Kee, Lawrence and He Qi , they were all independent non-executive Directors.

The Audit Committee adopted the written terms of reference which were mostly the same as those set forth in the code provision C3.3 of the Corporate Governance Code .

Audit Committee is principally responsible for the following (inter alia) duties:

- To provide recommendations and opinion on the appointment, re-appointment and dismissal of external auditors, approve the remuneration and terms of appointment of the external auditors and handle any issues related to the resignation or dismissal of the auditors;

AUDIT COMMITTEE (continued)

Audit Committee (continued)

- To review and monitor whether the external auditors are independent and objective and whether the audit procedures are effective according to the applicable standards;

- To formulate policies for non-audit services provided by the external auditors and carry out the execution of such policies;

- To monitor the completeness of the financial statements of the Company, the annual report and accounts, interim reports and quarterly reports of the Company, and read and judge the material financial reportings therein;

- To review the financial monitoring, internal control and risk management systems of the Company;

- To discuss the internal control system with the management and to ensure that the management has already performed its duties of setting up an effective internal control system;

- To review the financial and accounting policies and practice of the Group; and

- To read the letters from the external auditors to the management, any material queries that the auditors made to the management in respect of the accounting records, financial accounts or monitoring system as well as the management's replies, and to ensure that the Board of Directors responds on the issues raised.

As the Company was just listed on 5 November 2009, no meeting was held by the Audit Committee for the year ended 31 December 2009. Two meetings of the Audit Committee was held on 26 January 2010 and 1 April 2010, respectively to review the Group's 2009 results. The Audit Committee has recommended to the Board the re-appointment of PricewaterhouseCoopers as the Company's external auditor for the financial year ending 31 December 2010 at the forthcoming annual general meeting of the Company. From 2010 onward, the Audit Committee will conduct meeting at least twice a year.

For the year ended 31 December 2009, the remuneration of external auditors amounted to RMB6,985,000. For the year ended 31 December 2009, the external auditors had not provided any non-audit service. The Audit Committee was of the opinion that the independency of the Auditors was not affected by their provision of the non-audit work to the Group.

Pursuant to the Articles, the tenure of the Auditors of the Company will expire upon the closing of the 2009 Annual General Meeting. The Audit Committee proposed to the Board of Directors to nominate the re-appointment of PricewaterhouseCoopers as Auditor of the Company in the 2009 Annual General Meeting.

REMUNERATION COMMITTEE

The Remuneration Committee was set up on 14 October 2009, its terms of reference were basically the same as the scope in code provision B.1.3 of the Corporate Governance Code . The majority of the members of the Remuneration Committee were independent non-executive Directors. For the year ended 31 December 2009, the members of the Remuneration Committee included Hui Ka Yan, Chairman of the Committee, Yu Kam Kee, Lawrence and He Qi .

The Remuneration Committee is principally in charge of the following duties:

- To make recommendation and suggestions to the Board of Directors in respect of the remuneration policy and structure of the full members of the directors and senior management of the Company and the setting up of proper and transparent procedures of the remuneration policy of the full members;

- To be delegated the duties by the Board of Directors for the determination of the prescribed remuneration package of all executive directors and the senior management;

- To review and approve the performance-based remuneration by referring to the company targets and mission fixed by the Board of Directors from time to time;

- To review and approve payments to the executive Directors regarding the compensation for their lost or termination of positions or appointment, to ensure that the compensation is determined in accordance with the relevant terms of the contracts, and that the compensation is fair and reasonable and will not result in an excessive burden to the Company;

- To review and approve the compensation arrangements involved in the termination or dismissal of directors due to improper conduct, to ensure that those arrangements are decided according to the relevant terms of the contracts, and that the compensation concerned is reasonable and proper; and

- To ensure that the directors or any of his associates cannot determine their own remuneration.

As the Company was just listed on 5 November 2009, no meeting was convened by the Remuneration Committee. From 2010 onwards, the Remuneration Committee shall convene at least two meetings a year.

NOMINATION COMMITTEE

The Nomination Committee was set up on 14 October 2009, its terms of reference were basically the same as the scope in code provision A.4.5 of the Corporate Governance Code . The majority of the members of the Nomination Committee were independent non-executive Directors. For the year ended 31 December 2009, the members of the Nomination Committee included Hui Ka Yan, Chairman of the Committee, He Qi and Chau Shing Yim, David .

NOMINATION COMMITTEE (continued)

Nomination Committee is principally in charge of the following duties:

- To review the structure, number of members and composition (including skills, knowledge and experience) of the Board of Directors on a regular basis, and make recommendation and suggestion to the Board of Directors on any intended changes;
- To identify persons with suitable qualifications to serve as members of the Board of Directors, and select and nominate the relevant persons to serve as director or make recommendation and suggestion to the Board of Directors in this regard;
- To appraise the independent status of the independent non-executive directors in accordance with the stipulations of the applicable laws, regulations and rules; and
- To make recommendation and suggestion to the Board of Directors regarding the appointment and re-appointment of directors by the Company and appointment renewal plans of directors (especially the chairman and chief executive director (if any) of the Company).

During the year ended 31 December 2009, no meeting has been convened by the Nomination Committee because the Company was just listed on 5 November 2009 and most of the current Directors were appointed in October 2009. The Nomination Committee considers that it is not necessary to review the size and composition of the Board and identify any new board member for the period from the Listing Date to 31 December 2009. The Nomination Committee members may call any meeting at any time when necessary.

SECURITIES TRANSACTIONS CONDUCTED BY THE DIRECTORS

The Company has adopted the Model Code for Securities Transactions Conducted by Directors of Listed Issuers ("Model Code") set forth in Appendix 10 of the Listing Rules as the code of conduct for securities transactions conducted by the Directors. After detailed and cautious enquiries, the Company confirmed that for the year ended 31 December 2009 the full members of the Board of Directors always abided by the Model Code.

DIRECTORS' RESPONSIBILITIES FOR FINANCIAL STATEMENTS

The Directors acknowledge their responsibilities for preparing the financial statements of the Group in accordance with statutory requirements and applicable accounting standards. The Directors also acknowledge their responsibilities to ensure that the financial statements of the Group are published in a timely manner.

The reporting responsibilities of our Company's external auditors on the financial statements of the Group are set out in the "Independent Auditor's Report" in this annual report.

COMPLIANCE ADVISOR

Since our listing, the Company has appointed Taifook Capital Limited as Compliance Advisor of the Group to provide guidance and opinion to us in respect of the compliance with the Listing Rules and other regulations and practice governing listed issuers in Hong Kong.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

The Company has received, from each of Guangzhou Hengda Industrial Group Company Limited, Xin Xin (BVI) Limited and Dr. Hui Ka Yan, an annual declaration on the compliance with the deed of non-competition (the "Deed") entered into by each of Guangzhou Hengda Industrial Group Company Limited, Xin Xin (BVI) Limited and Dr. Hui Ka Yan in favour of the Company pursuant to which each of Guangzhou Hengda Industrial Group Company Limited, Xin Xin (BVI) Limited and Dr. Hui Ka Yan have unconditionally undertaken to the Company that he/it will not directly or indirectly participate in, hold any right or interest, or otherwise be involved in, any business which may be in competition with the businesses of the Group. The independent non-executive Directors have reviewed and were satisfied that each of Guangzhou Hengda Industrial Group Company Limited, Xin Xin (BVI) Limited and Dr. Hui Ka Yan has complied with the Deed for the year ended 31 December 2009.

INVESTOR RELATIONSHIP

The Company emphasises on the communication with institutional investors so as to enhance the transparency of the Company, and stresses the importance of channels to collect the opinion of institutional investors and make the relevant feedback. During the year under review, the directors and senior management of the Company participated in several road shows and investment meetings. Besides, the Company also released information and responded to the questions from the media through press conference and the company website, and we communicated with the media on a regular basis.

The shareholders, investors and media can make enquiries with us by the following methods:

By telephone:	(852) 22879202 / 22879218 / 22879208
By post:	1201 Two Pacific Place, 88 Queensway, Hong Kong
Attention:	Fong Kar Chun, Jimmy
By E-mail:	evergrandeir@evergrande.com

REPORT OF THE BOARD OF DIRECTORS

The Directors of the Company are pleased to present their report and the audited financial statements for the year ended 31 December 2009 of the Group.

MAJOR BUSINESS

The Group is a developer of large scale quality residential property projects and a leader adopting standardised operational model to manage various projects in different cities across China. The analysis of the revenue of the Group for the year is set out in Note 5 to the Financial Statements.

FINANCIAL STATEMENTS

The results of the Group for the year are set out in the Consolidated Statement of Comprehensive Income.

The financial position as of 31 December 2009 of the Group are set out in the Consolidated Balance Sheet.

The cash flow position of the Group during the year is set out in the Consolidated Statement of Cash Flows.

CAPITAL

The changes in capital of the Group during the year are set out in Note 14 to the Financial Statements.

FINAL DIVIDEND

The Board has passed the resolution to propose the payment of a final dividend on or before 3 June 2010 (Thursday) of RMB0.7 cents per share (the "2009 Final dividend"), on the annual general meeting to be held on 24 May 2010 (Monday) (the "Annual General Meeting") to shareholders of the Company whose names appear on the Company's Register of Members on 24 May 2010 (Monday). The 2009 Final Dividend is subject to the approval at the coming Annual General Meeting of the Company.

There is no arrangement that a shareholder of the Company has waived or agreed to waive any dividends.

BOOK CLOSE PERIOD

The Company's Register of Members will be closed from 19 May 2010 (Wednesday) to 24 May 2010 (Monday) (both days inclusive), during which no transfer of shares will be registered. To ensure that shareholders are entitled to receive the distribution of final dividends to be approved at the Annual General Meeting, shareholders must deliver their duly stamped instruments of transfer, accompanied by the relevant share certificates, to Computershare Hong Kong Investor Services Limited, located at Shops 1712–1716, 17th Floor, Hopwell Centre, 183 Queen's Road East, Wanchai, Hong Kong by no later than 4:30 p.m. on 18 May 2010 (Tuesday) for registration of the relevant transfer.

RESERVE

Details of the changes in reserve of the Group during the year are set out in Note 15 to the Financial Statements.

As of 31 December 2009, the reserve available for distribution of the Company was RMB8.28 billion, of which the intended distribution of final dividend for the year was RMB105,000,000.

PROPERTY, PLANT AND EQUIPMENTS

The changes in property, plant and equipments during the year are set out in Note 6 to the Financial Statements.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, the percentage of purchases attributable to the Group's five largest suppliers combined was less than 30% of the Group's total purchase. The percentage of turnover attributable to the Group's five largest customers combined was less than 30% of the Group's total turnover.

The Company was aware that none of the directors nor his connected persons and none of the shareholders possessing over 5% of the interest in the capital of the Company possessed any interest in the above-mentioned suppliers and customers.

DONATION

During the year the charitable contributions and other donations made in Hong Kong and China totaled RMB35.90 million.

DIRECTORS

The directors in office during the year and as of the date of this report are as follows:

Executive Director

Dr Hui Ka Yan	
Dr Xia Haijun	
Mr Li Gang	
Mr Tse Wai Wah	(appointed on 14 October 2009)
Mr Xu Xiangwu	(appointed on 14 October 2009)
Mr Xu Wen	(appointed on 14 October 2009)
Mr Lai Lixin	
Ms He Miaoling	(appointed on 14 October 2009)

Independent Non-executive Director

Mr Yu Kam Kee, Lawrence	(appointed on 14 October 2009)
Mr Chau Shing Yim, David	(appointed on 14 October 2009)
Mr He Qi	(appointed on 14 October 2009)

Director

Andrew Xiangui Huang	(resigned on 14 October 2009)
Lionel Soh	(resigned on 14 October 2009)
Wong Man Hoi	(resigned on 14 October 2009)
Don Lim Jung Chiat	(resigned on 14 October 2009)
Tommy Cheung	(resigned on 30 June 2009)
Timothy Joseph Grady	(resigned on 14 October 2009)

Details of the resume of the directors and senior management are set forth in the section "Directors and management structure" of this report.

Pursuant to Article 16.18 of the Articles and the Corporate Governance Code and the letters of appointments of all independent non-executive Directors, Li Gang, Tse Wai Wah, Xu Xiangwu, Xu Wen, Lai Lixin, He Miaoling, Mr. Yu Kam Kee, Lawrence, Mr. Chau Shing Yim, David, Mr. He Qi will retire in the coming annual general meeting, and they are qualified to be re-elected and re-appointed.

SERVICE CONTRACTS OF DIRECTORS

There was no service contract entered by the Company and any Directors to be re-elected in the coming annual general meeting stipulating that the Company shall not terminate the appointment without compensation payment (other than the statutory compensation).

DIRECTORS' INTERESTS IN CONTRACTS

Other than those transactions disclosed in Note 33 to the Financial Statements and in the section "Connected transactions" below, there was no other significant contract with any member of the Group as the contracting party and in which the Directors of the Company possessed direct or indirect substantial interests, and which was still valid on the year end date or any time during the year and related to the business of the Group.

DIRECTORS' INTERESTS IN COMPETITIVE BUSINESS

No Directors nor their respective connected persons possessed any interests in any business that competed or might compete with the business that the Group conducted.

Xin Xin (BVI) Limited is controlled by its beneficiary owner, our Chairman, Dr Hui Ka Yan, and he is the controlling shareholder of the Company.

The controlling shareholders provided annual confirmation of their compliance to the deed of non-competition undertaken by them.

The independent non-executive Directors reviewed whether the controlling shareholders abided by the non-competition undertaking. The independent non-executive Directors confirmed that they had determined no controlling shareholder violated the non-competition undertaking that the latter had made.

SHARE OPTION SCHEME

On 14 October 2009, the Company adopted a share option scheme ("Share Option Scheme") whereby the Board of Directors can grant options for the subscription of our shares to the employees, managerial staff and senior employees and those other persons that the Board of Directors considers that they will contribute or have contributed to the Group (the "Participants") as described in the Share Option Scheme in order to serve as compliment and to reciprocate their contribution to the Group.

As at 14 April 2010 the maximum number of shares that can be issued according to the Share Option Scheme was 1,500,000,000 shares which is equivalent to 10% of the issued capital of the Company on that date 2010. The number of Shares in respect of these options shall be granted according to the Share Option Scheme shall not exceed 10% of the issued shares immediately after the completion of the Global Offering (as defined in the Prospectus). Unless otherwise approved by the shareholders of the Company in general meeting, the number of shares that may be granted to the Participants under the options shall not exceed 1% within any 12-month period (other than those granted to the substantial shareholders (as defined in the Listing Rules)), or the total number of shares that may be granted under the options to the independent non-executive Directors or any of their respective connected persons shall not exceed 0.1% of the shares in issue of the Company from time to time.

There is no minimum period that the options must be held before they become exercisable, and the options granted shall be exercised within the period decided by the Board of Directors, however no options shall be exercised 10 years after they have been granted.

The exercise price of the option shall be the higher of (a) the closing price of the Shares on the daily quotation sheet of the Stock Exchange on the date of grant; (b) the average closing price of the Shares on the daily quotation sheet of the Stock Exchange for the five business days immediately preceding the date of grant; and (c) nominal value of the Share.

SHARE OPTION SCHEME (continued)

Each grantee shall pay a consideration of HKD1.00 at the time the option is granted.

The Share Option Scheme shall take effect from the date it is adopted and shall remain effective within a period of 10 years from that date.

Since the Share Option Scheme was adopted, no options were issued and no options were exercised under it.

Other details of the Share Option Scheme are provided in the Prospectus.

PRE-IPO SHARE OPTION SCHEME

The Company adopted a pre-IPO share option scheme on 14 October 2009 ("Pre-IPO Share Option Scheme"). The purposes and main terms of the Pre-IPO Share Option Scheme are similar to Share Option Scheme, and the main terms are as follows:

(a) The subscription price per share shall be equal to the Offer Price of the Shares under the Global Offering, that means HKD3.50 per share;

(b) The total number of shares involved in the Pre-IPO Share Option Scheme was 208,000,000 shares, which is equivalent to approximately 1.39% of the Shares in issue of the Company after the Global Offering is completed; and

(c) No further options shall be offered or granted starting from the date the Shares are traded on the Stock Exchange.

The followings are details of the options granted pursuant to the Pre-IPO Share Option Scheme but not yet exercised:

Grantee	Date of grant of options	Number of options granted	Number of options exercised/ cancelled/lapsed during the year	Number of options not yet exercised on 31 December 2009
Directors	14 October 2009	70,000,000	–	70,000,000
Other employees	14 October 2009	138,000,000	–	138,000,000
Total		208,000,000		208,000,000

The options prior to the IPO were granted to the grantees on 14 October 2009. Those grantees to whom options have been granted are entitled to exercise the options according to the following method:

(a) A maximum of 30% of the shares (rounded to the nearest integer) involved in the options granted can be exercised any time from the anniversary of 5 November 2009 ("Listing Date") to 36 months after the anniversary of the Listing Date;

(b) A maximum of 60% of the shares (rounded to the nearest integer) involved in the options granted minus the number of shares in respect of those options exercised can be exercised any time from the second anniversary of the Listing Date to 36 months after the second anniversary of the Listing Date;

(c) The number of shares involved in the options granted minus the number of shares in respect of those options exercised can be exercised any time from the third anniversary of the Listing Date to 36 months after the third anniversary of the Listing Date;

As of the date of this annual report, the number of shares not yet issued under the Pre-IPO Share Option Scheme was 208,000,000 shares, which was equivalent to approximately 1.39% of the issued capital of the Company.

Other details of the Pre-IPO Share Option Scheme are provided in the Prospectus.

DEBENTURE

At any time during the year the Company, its holding company or its subsidiaries were not the contracting parties of any arrangements from which the Directors could make a profit by purchasing the shares or debentures of the Company or any other companies.

INTEREST AND SHORT POSITIONS OF DIRECTORS IN THE SHARES, UNDERLYING SHARES OR DEBENTURES

As at 31 December 2009, the interest and short positions of the Directors and officers of the Company in the shares, underlying shares or debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) required to be recorded in the register mentioned under Section 352 of the Securities and Futures Ordinance or as otherwise notifiable to the Company and the Stock Exchange pursuant to the Model Code are as follows:

(i) Interest in the shares of the Company

Name of director	Nature of interest	Number of securities	Approximate percentage of shareholding
Hui Ka Yan *(Note)*	Interest of controlled company	10,202,332,702(L)	68.02%
		139,949,972(S) *(Note 2)*	0.93%

Note:

1. Of the 10,202,332,702 Shares held, 9,270,617,497 Shares were held by Xin Xin (BVI) Limited, a company wholly owned by Dr Hui Ka Yan, and 931,715,205 Shares were held by Even Honour Holdings Limited, a company wholly owned by Mrs Hui. The interest of Even Honour Holdings Limited in the Company is also deemed to be held by Dr Hui pursuant to the Securities and Futures Ordinance.

2. Xin Xin (BVI) Limited has granted to Deutsche Bank AG, Hong Kong Branch a call option to purchase the option shares at US$0.27 per share. Please refer to the prospectus of the Company for details.

(ii) Interest in the underlying shares of the Company

Name of director	Nature of interest	Number of shares involved in the options granted under the Pre-IPO Share Option Scheme	Approximate percentage of shareholding of those options granted and exercised under the Pre-IPO Share Option Scheme
Xia Haijun	beneficiary owner	20,000,000	0.13%
Li Gang	beneficiary owner	20,000,000	0.13%
Tse Wai Wah	beneficiary owner	6,000,000	0.04%
Xu Xiangwu	beneficiary owner	6,000,000	0.04%
Xu Wen	beneficiary owner	6,000,000	0.04%
Lai Lixin	beneficiary owner	6,000,000	0.04%
He Miaoling	beneficiary owner	6,000,000	0.04%

INTEREST AND SHORT POSITIONS OF DIRECTORS IN THE SHARES, UNDERLYING SHARES OR DEBENTURES (continued)

(iii) Interest in the associated corporation of the Company

Name of director	Name of associated corporation	Number of securities	Approximate percentage of shareholding
Hui Ka Yan *(Note)*	Xin Xin (BVI) Limited	100 shares	100%
	Even Honour Holdings Limited	1 share	100%

Note: Pursuant to the Securities and Futures Ordinance, Even Honour Holdings Limited is wholly owned by the spouse of Mr Hui Ka Yan and is deemed to be an associated corporation of the Company.

Save as disclosed below, as at 31 December 2009, none of the Directors, officers of the Company or any associated corporation had any other interest and short positions in any shares, underlying shares or debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance) required to be recorded in the register mentioned under Section 352 of the Securities and Futures Ordinance or as otherwise notifiable to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS

The Directors or officers of the Company are aware that as at 31 December 2009, other than the Directors or officers of the Company as disclosed above, the following persons had interest or short positions in the shares or underlying shares which are required to be notified to the Company under the provisions of Division 2 and 3 of Part XV of the Securities and Futures Ordinance or which will have to be recorded in the register to be kept or to be notified to the Company and the Stock Exchange pursuant to Section 336 of the Securities and Futures Ordinance:

Name of shareholder	Status of interest held	Interest in the shares	Approximate percentage of shareholding
Mrs. Hui	Interest of controlled company	10,202,332,702(L) *(Note 1)*	68.02%
		139,949,972(S) *(Note 4)*	0.93%
Xin Xin (BVI) Limited	Beneficiary owner	9,270,619,497 *(Note 2)*	61.81%
		139,949,972(S) *(Note 4)*	0.93%
Even Honour Holdings Limited	Beneficiary owner	931,713,205 *(Note 3)*	6.21%

Notes:

1. Of the 10,202,332,702 Shares held, 931,713,205 Shares were held by a company wholly owned by Mrs Hui, and 9,270,617,497 Shares were held by Xin Xin (BVI) Limited, a company wholly owned by Mrs Hui's spouse, Dr Hui Ka Yan. The interest of Xin Xin (BVI) Limited in the Company is also deemed to be held by Mrs Hui pursuant to the SFO.

2. Xin Xin (BVI) Limited is benefically owned by Dr Hui Ka Yan.

3. Even Honour Holdings Limited is wholly owned by Mrs Hui.

4. Xin Xin (BVI) Limited has granted to Deutsche Bank AG, Hong Kong Branch a call option to purchase the option shares at US$0.27 per share. Please refer to the prospectus of the Company for details.

SUBSIDIARIES

Details of the major subsidiaries of the Company as of 31 December 2009 are set out in Note 36 to the Financial Statements.

MANAGEMENT CONTRACTS

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.

CONNECTED TRANSACTIONS

During the year the Group and an associate of the Company (within the definition of the Listing Rules) entered into the following transaction and arrangement:

On 1 June 2009 Guangzhou Jinbi Dashijie Catering and Entertainment Company Limited ("Jinbi Dashijie") entered into a property lease agreement with Hengda Real Estate Group, pursuant to which Jinbi Dashijie agreed to lease from Hengda Real Estate Group premises of a total GFA of 14,902 square meters situated at 701 Industrial South Road, Haizhu District, Guangzhou for use as a catering and recreational service outlet for a term of three years from 1 January 2009 to 31 December 2011 at an annual rental (exclusive of rates and utilities charges) of not exceeding RMB16,800,000, RMB17,400,000 and RMB18,100,000 for the three years ending 31 December 2009, 2010 and 2011.

Jinbi Dashijie is indirectly owned by Mrs Hui and is deemed as our associate pursuant to the Listing Rules. Pursuant to Section 14A of the Listing Rules, any transaction conducted under a lease agreement constitutes a continuing connected transaction of the Company.

We submitted an application to the Stock Exchange and obtained an one-off exemption from strict compliance with Article 47, Section 14A of the Listing Rules regarding the stipulations of notices on lease.

All Independent Non-executive Directors reviewed the above continuous connected transaction, and confirmed that the transaction was entered into:

1. during the ordinary course of business of the Group;

2. under normal commercial terms or not less favourable than the terms that the Group provides to an independent third party or obtains from an independent third party; and

3. in accordance with the agreement related to the above continuous connected transaction, the terms of which are fair and reasonable and for the overall benefit of the shareholders of the Company.

Based on the work performed, the Auditor of the Company confirmed to the Board of Directors that the aforesaid continuing connected transactions:

1. have been approved by the Board of Directors of the Company;

2. are in accordance with the pricing policy of the Group;

3. have been entered into under the terms of the related agreement governing the transactions; and

4. have not exceeded the relevant cap allowed by the Stock Exchange in the previous waiver.

EMPLOYEE AND REMUNERATION POLICIES

As of 31 December 2009 the Group hired an aggregate of 8,559 employees. The Group recruited and promoted individual persons according to their strength and development potential. The Group determined the remuneration packages of all employees (including the directors) with reference to individual performance and current market salary scale.

CONFIRMATION OF INDEPENDENT STATUS

The Company received the letters of confirmation of independency issued by all the independent non-executive Directors in accordance with Rule 3.13 of the Listing Rules. The Board of Directors was satisfied with the independent status of all the independent non-executive Directors.

USE OF PROCEEDS FROM INITIAL PUBLIC OFFERING

In November 2009, the Group completed its initial public offering and raised proceeds of approximately HKD3.19 billion. The Company has used approximately HKD2,002.7 million from such proceeds to pay for the outstanding land premiums of the Group and to finance the existing projects, and applied approximately HKD993.5 million to repay a portion of the structured secured loan. The balance of the un-utilized proceeds was applied for general working capital purposes.

CORPORATE GOVERNANCE

The Company strived to maintain high corporate governance standard and complied with the Code on Corporate Governance Practices set out in Appendix 14 of the Listing Rules. Further information of the corporate governance practice of the Company is set out from page 83 to page 89 in the Corporate Governance Report.

EXCHANGE RISKS

Details of the exchange risks are set out in Note 3(a) to the Financial Statements.

PURCHASE, SALE AND RE-PURCHASE OF SHARES

There was no purchase, sale and re-purchase of any listed securities of the Company by the Company or any of its subsidiaries for the year ended 31 December 2009.

As set out in the Prospectus of the Company dated 22 October 2009 the Company offered an aggregate of 1,005,000,000 shares as part of the Global Offering (as defined in the Prospectus). The securities of the Company were listed in the Stock Exchange on 5 November 2009.

DISCLOSURE UNDER RULE 13.20 OF THE LISTING RULES

The Directors are not aware of any circumstances resulting in the responsibility of disclosure under Rule 13.20 of the Listing Rules regarding the provision of advances by the Company to an entity.

POST-BALANCE SHEET ITEMS

On 27 January 2010, the Company issued 13%, 5 year senior notes with an aggregated principal amount of US$750,000,000 at 100% of the face value. The senior notes are jointly guaranteed by certain subsidiaries and are secured by pledges of the shares of the subsidiaries.

FOUR YEAR FINANCIAL SUMMARY

The summary of the results, assets and liabilities of the Group in the past four years is set out on page 166 to page 168.

PRE-EMPTIVE RIGHTS

There is no provision regarding pre-emptive rights in the Articles of Association of the Company or the ordinance of Cayman Islands. It is stipulated that any new shares shall be offered according to the respective shareholding of the existing shareholders of the Company when new shares are issued by the Company.

ADEQUATE PUBLIC FLOAT

The Company maintained adequate public float throughout the year.

AUDITOR

The Company appointed PricewaterhouseCoopers as the Auditor of the Company for the year ended 31 December 2009. The Company will submit a resolution in the coming annual general meeting to re-appoint PricewaterhouseCoopers as Auditor of the Company.

For and on behalf of the Board of Directors
Chairman
Hui Ka Yan

Hong Kong, 12 April 2010

2009 MAJOR AWARDS AND PRIZES

1	2009 China Top Hundred Real Estate Enterprises – Top Ten Overall Strength	March 2009
2	2009 China Real Estate Enterprises Top Ten Brand Value	September 2009
3	2009 China Top Hundred Real Estate Enterprises – Top Ten Operational Efficiency	March 2009
4	Evergrande Property Group: 2009 China Top Hundred Real Estate Enterprises – Top Ten Growth	March 2009
5	China Real Estate Enterprises with Sense of Social Responsibility	March 2009
6	2009 Enterprise with Social Contribution Award	2009
7	Evergrande Property Group: China Real Estate Enterprises Top Twenty Brand Value	September 2009
8	2009 Real Estate Annual Overall Ranking "The Best Ten Listed Companies"	
9	2009 China Real Estate Annual Meeting and China Housing Summit – Contributing Enterprise Award	

During the year the Group was ranked among the top ten in the sector in the "Top Ten China Real Estate Enterprises" announced by China Real Estate Top Ten Study Group for the sixth consecutive years with a brand value of RMB6.746 billion. Regarding the building up of a sense of corporate citizen, the Group was awarded "China Real Estate Enterprises with Sense of Social Responsibility" and "Annual Enterprise with Social Contribution Award". As for the aspects of company operation and investment value, the Group was awarded "Top Ten Operational Efficiency" and "Top Ten Growth" of the China Top Hundred Real Estate Enterprises as well as "The Best Ten Listed Companies" of 2009 Real Estate Annual Overall Ranking. The above awards demonstrated that the society highly recognized our achievement in the corporate social responsibility, internal control and brand creation aspects.

INDEPENDENT AUDITOR'S REPORT

PRICEWATERHOUSECOOPERS

羅兵咸永道會計師事務所

PricewaterhouseCoopers
22/F, Prince's Building
Central, Hong Kong

Independent Auditor's Report
To the shareholders of Evergrande Real Estate Group Limited
(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Evergrande Real Estate Group Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 102 to 165, which comprise the consolidated and company balance sheets as at 31 December 2009, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

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

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

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

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

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 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, 12 April 2010

CONSOLIDATED BALANCE SHEET

	Note	31 December 2009 RMB'000	31 December 2008 RMB'000
ASSETS			
Non-current assets			
Property and equipment	6	**395,775**	450,141
Land use rights	7	**279,498**	250,868
Investment properties	8	**3,130,800**	1,741,390
Other receivables	20(c)	**302,964**	281,849
Deferred income tax assets	17	**522,166**	324,364
		4,631,203	3,048,612
Current assets			
Land use rights	7	**15,923,120**	8,644,245
Properties under development	9	**20,557,151**	9,049,192
Completed properties held for sale	10	**2,004,932**	2,240,713
Trade and other receivables and prepayments	11	**5,318,893**	3,590,360
Income tax recoverable		**257,909**	31,816
Restricted cash	12	**7,044,824**	1,167,942
Cash and cash equivalents	13	**7,333,232**	749,718
		58,440,061	25,473,986
Total assets		**63,071,264**	28,522,598
EQUITY			
Capital and reserves attributable to shareholders of the Company			
Share capital	14	**1,044,079**	209,332
Share premium	14	**7,958,022**	6,000,560
Reserves	15	**1,219,385**	389,837
Retained earnings		**2,640,351**	1,662,139
		12,861,837	8,261,868
Minority interests		**295,309**	321,263
Total equity		**13,157,146**	8,583,131
LIABILITIES			
Non-current liabilities			
Borrowings	16	**7,816,044**	4,226,413
Deferred income tax liabilities	17	**600,497**	451,527
		8,416,541	4,677,940

	Note	31 December 2009 RMB'000	31 December 2008 RMB'000
Current liabilities			
Borrowings	16	**6,359,745**	6,213,843
Trade and other payables	18	**9,799,761**	4,469,168
Receipts in advance from customers		**24,306,136**	3,503,265
Financial guarantee liabilities	31(b)	**–**	197,403
Current income tax liabilities	19	**1,031,935**	877,848
		41,497,577	15,261,527
Total liabilities		**49,914,118**	19,939,467
Total equity and liabilities		**63,071,264**	28,522,598
Net current assets		**16,942,484**	10,212,459
Total assets less current liabilities		**21,573,687**	13,261,071

The notes on pages 108 to 165 are an integral part of these consolidated financial statements.

Hui Ka Yan
Director

Tse Wai Wah
Director

BALANCE SHEET

	Note	31 December 2009 RMB'000	31 December 2008 RMB'000
ASSETS			
Non-current assets			
Investments in subsidiaries	36	**14,196**	2
Property and equipment	6	**1,494**	1,106
		15,690	1,108
Current assets			
Amounts due from subsidiaries and other receivables	11	**9,419,426**	6,351,153
Cash and cash equivalents	13	**6,710**	420
		9,426,136	6,351,573
Total assets		**9,441,826**	6,352,681
EQUITY			
Capital and reserves attributable to shareholders of the Company			
Share capital	14	**1,044,079**	209,332
Share premium	14	**7,958,022**	6,000,560
Reserves	15	**1,028,730**	1,014,536
Accumulated losses	26	**(709,770)**	(1,083,267)
Total equity		**9,321,061**	6,141,161
LIABILITIES			
Current liabilities			
Financial guarantee liabilities	31(b)	**–**	197,403
Trade and other payables	18	**120,765**	14,117
		120,765	211,520
Total liabilities		**120,765**	211,520
Total equity and liabilities		**9,441,826**	6,352,681
Net current assets		**9,305,371**	6,140,053
Total assets less current liabilities		**9,321,061**	6,141,161

The notes on pages 108 to 165 are an integral part of these consolidated financial statements.

Hui Ka Yan
Director

Tse Wai Wah
Director

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Year ended 31 December 2009 RMB'000	2008 RMB'000
Revenue	5	**5,722,657**	3,606,791
Cost of sales	21	**(3,776,308)**	(2,124,420)
Gross profit		**1,946,349**	1,482,371
Fair value gains on investment properties	8	**842,570**	77,415
Other gains	20	**347,554**	531,090
Selling and marketing costs	21	**(1,075,142)**	(665,299)
Administrative expenses	21	**(744,960)**	(545,273)
Other operating expenses	21	**(63,890)**	(34,439)
Operating profit		**1,252,481**	845,865
Reversals/(provisions) of financial guarantees	31(b)	**197,403**	(65,997)
Finance (costs)/income, net	24	**(3,709)**	186,520
Profit before income tax		**1,446,175**	966,388
Income tax expenses	25	**(329,371)**	(333,958)
Profit for the year		**1,116,804**	632,430
Other comprehensive income		**–**	–
Total comprehensive income for the year		**1,116,804**	632,430
Attributable to:			
Shareholders of the Company		**1,046,428**	524,760
Minority interests		**70,376**	107,670
		1,116,804	632,430
Earnings per share for profit attributable to shareholders of the Company during the year (expressed in RMB per share)			
Basic earnings per share	27	**0.074**	0.038
Diluted earnings per share	27	**0.074**	0.038
Dividends	28	**105,000**	125,651

The notes on pages 108 to 165 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to shareholders of the Company						
	Share capital RMB'000	Share premium RMB'000	Reserves RMB'000	Retained earnings RMB'000	Total RMB'000	Minority interests RMB'000	Total RMB'000
Balance as at 1 January 2008	125,000	–	(640,465)	1,153,145	637,680	213,593	851,273
Comprehensive income							
Profit for the year	–	–	–	524,760	524,760	107,670	632,430
Other Comprehensive income	–	–	–	–	–	–	–
Transations with owers							
Issuance of shares							
– Restructure of convertible preferred shares	58,652	2,873,948	1,014,536	–	3,947,136	–	3,947,136
– Issuance of new shares	25,680	3,252,263	–	–	3,277,943	–	3,277,943
Transfer to statutory reserves	–	–	15,766	(15,766)	–	–	–
Dividends	–	(125,651)	–	–	(125,651)	–	(125,651)
Total transations with owners	84,332	6,000,560	1,030,302	(15,766)	7,099,428	–	7,099,428
Balance as at 31 December 2008	209,332	6,000,560	389,837	1,662,139	8,261,868	321,263	8,583,131
Balance as at 1 January 2009	209,332	6,000,560	389,837	1,662,139	8,261,868	321,263	8,583,131
Comprehensive income							
Profit for the year	–	–	–	1,046,428	1,046,428	70,376	1,116,804
Other Comprehensive income	–	–	–	–	–	–	–
Transations with owers							
Deemed contribution by the shareholder of the Company (note 15(c))	–	–	747,138	–	747,138	–	747,138
Transfer to statutory reserves	–	–	68,216	(68,216)	–	–	–
Capitalisation issue (note 14(d))	766,129	(766,129)	–	–	–	–	–
Issuance of ordinary shares in connection with the listing (note 14(e))	68,618	3,082,024	–	–	3,150,642	–	3,150,642
Share issuance costs	–	(358,433)	–	–	(358,433)	–	(358,433)
Employee share option scheme (note 15(d))	–	–	14,194	–	14,194	–	14,194
Contribution from minority interests	–	–	–	–	–	2,470	2,470
Additional gain from partial disposal of a subsidiary (note 20(a))	–	–	–	–	–	(98,800)	(98,800)
Total transations with owners	834,747	1,957,462	829,548	(68,216)	3,553,541	(96,330)	3,457,211
Balance as at 31 December 2009	1,044,079	7,958,022	1,219,385	2,640,351	12,861,837	295,309	13,157,146

The notes on pages 108 to 165 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Year ended 31 December 2009 RMB'000	2008 RMB'000
Cash flows of operating activities			
Cash generated from/(used in) operations	29	**3,294,700**	(4,038,562)
PRC corporate income tax paid		**(233,080)**	(198,713)
PRC land appreciation tax paid		**(217,129)**	(81,575)
Interest paid		**(686,318)**	(867,413)
Net cash generated from/(used in) operating activities		**2,158,173**	(5,186,263)
Cash flows of investing activities			
Purchase of property and equipment		**(92,118)**	(168,889)
Interest received		**36,093**	34,495
Cash advances made to related parties		**(628)**	(969)
Repayments of amounts due from related parties		**877**	–
Net cash used in investing activities		**(55,776)**	(135,363)
Cash flows of financing activities			
Dividends paid		**–**	(651)
Proceeds from borrowings		**10,176,054**	3,732,643
Repayments of borrowings		**(5,969,753)**	(3,054,204)
Issue of shares		**3,150,642**	3,386,121
Share issuance costs		**(358,433)**	–
Restricted cash pledged for bank borrowings		**(2,518,045)**	400,489
Contribution from minority interests		**2,470**	–
Cash advances from related parties		**–**	850
Repayments of amounts due to related parties		**(850)**	–
Net cash generated from financing activities		**4,482,085**	4,465,248
Net increase/(decrease) in cash and cash equivalents		**6,584,482**	(856,378)
Cash and cash equivalents at beginning of year		**749,718**	1,640,863
Exchange losses on cash and cash equivalents		**(968)**	(34,767)
Cash and cash equivalents at end of year		**7,333,232**	749,718

The notes on pages 108 to 165 are an integral part of these consolidated financial statements.

1 GENERAL INFORMATION

Evergrande Real Estate Group Limited (the "Company") was incorporated in the Cayman Islands on 26 June 2006 as an exempted company with limited liability under the Companies Law, Cap. 22 (2009 Revision as consolidated and revised from time to time) of the Cayman Islands and is engaged in investment holding. The Company and its subsidiaries (the "Group") are principally engaged in the property development, property investment, property management, property construction, land leveling and other property development related services in the People's Republic of China (the "PRC").

The address of its registered office is P.O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

For the preparation of listing of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), the Company and its subsidiaries (the "Group") has undertaken a group reorganisation (the "Reorganisation") in 2006. Pursuant to the Reorganisation, the Company acquired the entire interests in the PRC subsidiaries comprising the Group from the controlling shareholder of the Group and became the holding company of the Group. Details of the Reorganisation are set out in the Prospectus of the Company dated 22 October 2009.

The Company has its primary listing on the Stock Exchange on 5 November 2009.

These consolidated financial statements are presented in Renminbi Yuan ("RMB") thousands, unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors of the Company on 12 April 2010.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied during the year.

(a) Basis of preparation

The consolidated financial statements of the Company 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 investment properties, embedded financial derivatives and financial guarantees which are carried at fair value.

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)

(a) Basis of preparation (continued)

(i) The following new and amended HKFRSs are effective on 1 January 2009. The Group has consistently applied these new and amended HKFRSs when it prepared its consolidated financial statements for the three years ended 31 December 2006, 2007 and 2008 and six months ended 30 June 2009 for preparing for the listing of the Company on the Stock Exchange.

- HKFRS 7 "Financial Instruments – Disclosures" (amendment) (effective from 1 January 2009).
- HKAS 1 (revised), "Presentation of financial statements" (effective from 1 January 2009).
- HKFRS 2 (amendment), "Share-based payment" (effective from 1 January 2009).
- HKAS 23 (Revised), "Borrowing costs" (effective from 1 January 2009).
- HKFRS 8, "Operating segments" (effective from 1 January 2009), which replaces HKAS 14, "Segment reporting".
- HKAS 40 (Amendment), "Investment property" (effective from 1 January 2009).

(ii) *Standards, amendments and interpretations to existing standards relevant to the Group's operation 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 1 July 2009 or later periods, but the Group has not early adopted them.

- HKAS 27 (revised) "Consolidated and separate financial statements" (effective for annual period beginning on or after 1 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. The Group will apply HKAS 27 (revised) prospectively to transactions with minority interest from 1 January 2010.
- HKFRS 3 (revised) "Business combinations" (effective for annual period beginning on or after 1 July 2009). The revised standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the income statement. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair vale or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed. The Group will apply HKFRS 3 (revised) prospectively to all business combinations from 1 January 2010.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Basis of preparation (continued)

(ii) *Standards, amendments and interpretations to existing standards relevant to the Group's operation that are not yet effective and have not been early adopted by the Group* (continued)

- HKAS 1 (amendment) "Presentation of financial statements" (effective for annual period beginning on or after 1 January 2010). 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 1 January 2010. It is not expected to have a material impact on the Group's financial statements.

- HKFRS 2 (amendment) "Group cash-settled share-based payment transactions" (effective for annual period beginning on or after 1 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 HK(IFRIC) 11 to address the classification of group arrangements that were not covered by the interpretation. The new guidance is not expected to have a material impact on the Group's financial statements.

(b) Consolidation

(i) *Subsidiaries*

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Consolidation (continued)

(ii) Transaction with minority interests

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

(c) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker ("CODM"). The CODM has been identified as the senior management at the headquarter level. The CODM is responsible for making strategic decisions, allocating resources and assessing performance of the operating segments.

(d) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each group entities are measured using the currency of the primary economic environment in which the entities operate (the ''functional currency''). The consolidated financial statements are presented in RMB, which is the functional and presentation currency of the Company.

(ii) 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 income statement.

(iii) Group entities

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

- assets and liabilities for each balance sheet of the group entities are translated at the closing rate at the date of that balance sheet;

- income and expenses for each income statement of the group entities are translated at average exchange rates; and

- all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are taken into equity holders' equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the income statement as part of the gain or loss on sale.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Property and equipment

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

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. All other repairs and maintenance are charged to the income statement during the period in which they are incurred.

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

Buildings	20–30 years
Machinery	5–10 years
Motor vehicles	4–10 years
Furniture, fitting and equipment	3–8 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.

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

Assets under construction are stated at historical cost less impairment losses. Historical cost includes expenditure that is directly attributable to the development of the assets which comprises construction costs, amortisation of land use rights, borrowing costs and professional fees incurred during the development period. On completion, the assets are transferred to buildings within property and equipment.

No depreciation is provided for assets under construction. The carrying amount of an asset under construction is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

(f) Investment properties

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group, is classified as investment property. Property that is currently being constructed or developed for future use as investment property is classified as investment property.

Investment property comprises land held under operating leases. Land held under operating leases are classified and accounted for as investment property when the rest of the definition of investment property is met. The operating lease is accounted for as if it were finance lease.

Investment property is measured initially at its cost, including related transaction costs.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Investment properties (continued)

After initial recognition, investment property is carried at fair value. Where fair value of investment property under construction is not reliably measurable, the property is measured at cost until the earlier of the date construction is completed or the date at which fair value becomes reliably measurable. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections.

These valuations are performed at each balance sheet date by independent valuers. Investment property that is being redeveloped for continuing use as investment property, or for which the market has become less active, continues to be measured at fair value.

The fair value of investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in light of current market conditions.

Subsequent expenditure is charged to the asset's carrying amount 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. All other repairs and maintenance costs are expensed in the income statement during the financial period in which they are incurred.

Changes in fair values of investment property are recognised in the income statement.

If an investment property becomes owner-occupied, it is reclassified as property and equipment, and its fair value at the date of reclassification becomes its cost for accounting purposes.

If an item of property and equipment becomes an investment property because its use has changed, any difference resulting between the carrying amount and the fair value of this item at the date of transfer is recognised in equity as a revaluation of property and equipment under HKAS 16. However, if a fair value gain reverses a previous impairment loss, the gain is recognised in the income statement to the extent the impairment provision previous made.

(g) Impairment of investment in subsidiaries and non-financial assets

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

Impairment testing of the investments in subsidiaries is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary 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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Financial assets

Classification

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

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 those with maturities greater than 12 months after the balance sheet date which are classified as non-current assets. Loans and receivables are classified as trade receivables, other receivables, cash and cash equivalents in balance sheet and carried at the amortised cost using the effective interest method.

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. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

(i) Impairment of financial assets

(i) Assets carried at amortised cost

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The criteria that the Group uses to determine that there is objective evidence of an impairment loss include:

- Significant financial difficulty of the issuer or obligor;
- A breach of contract, such as a default or delinquency in interest or principal payments;
- The Group, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
- It becomes probable that the borrower will enter bankruptcy or other financial reorganisation.

The Group first assesses whether objective evidence of impairment exists.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the income statement. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Impairment of financial assets (continued)

(i) Assets carried at amortised cost (continued)

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the income statement.

(j) Properties under development

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

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

Properties under development are classified as current assets unless those will not be realised in one normal operating cycle.

(k) Completed properties held for sale

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

Cost comprises development costs attributable to the unsold properties.

Net realisable value is determined by reference to the estimated selling price in the ordinary course of business, less applicable estimated selling expenses to make the sale.

(l) Trade and other receivables

Trade receivables are amounts due from customers for properties 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.

(m) Cash and cash equivalents

Cash and cash equivalent includes cash in hand and at banks and deposits held at call with banks, other short-term high liquidity investment with original maturities of three months or less.

Bank deposits which are restricted to use are included in "restricted cash". Restricted cash are excluded from cash and cash equivalents included in the cash flow statements.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Share capital

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

(o) Trade and other payables

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

(p) 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 to the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that part 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.

Borrowing costs incurred for the construction of any qualifying assets are capitalised during the period of time that is required to complete and prepare the asset for its intended use. Other borrowing costs are recognised as an expense in the period in which they are incurred.

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

(q) 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 group entities operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively 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)

(q) Current and deferred income tax (continued)

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

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference can be 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.

(r) Employee benefits

(i) Employee leave entitlements

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

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

(ii) Retirement benefits

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 at 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.

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, which is a defined contribution retirement scheme. The contributions to the MPF Scheme are based on minimum statutory contribution requirement of 5% of eligible employees' relevant aggregate income. 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 schemes are expensed as incurred.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) Employee benefits (continued)

(iii) Termination benefits

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

(s) Share-based payments

The Group operates a number of equity-settled share-based compensation plans, under which the entity receives services from employees as consideration for equity instruments ("options") of the Group. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

(i) including any market performance conditions;

(ii) excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and

(iii) excluding the impact of any non-vesting conditions (for example, the requirement for employees to save).

Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, the Group revisit its estimates of the number of options that are expected to vest based on the non-marketing vesting conditions. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

The cash subscribed for the shares issued when the options are exercised is credited to share capital (nominal value) and share premium, net of any directly attributable transaction costs.

The grant by the Company of options over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity.

(t) Provisions and contingent liabilities

Provisions are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is more likely than not 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(t) Provisions and contingent liabilities (continued)

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount 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.

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, it will then be recognised as a provision.

(u) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sales of properties and services in the ordinary course of the Group's activities. Revenue is shown, net of discount and after eliminated sales with the group entities.

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

(i) Sales of properties

Revenue from sales of properties is recognised when the risks and rewards of properties are transferred to the purchasers, which is when the construction of relevant properties has been completed and the properties have been delivered to the purchasers and collectability of related receivables is reasonably assured. To the extent that the Group has to perform further work on the properties already delivered to the purchasers, the relevant expenses shall be recognised simultaneously. Deposits and instalments received on properties sold prior to the date of revenue recognition are included in the balance sheets under current liabilities.

(ii) Property management

Revenue arising from property management is recognised in the accounting period in which the services are rendered, using a straight-line basis over the term of the contract.

(iii) Construction and decoration services

Revenue arising from construction and decoration service is recognised in the accounting period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(u) Revenue recognition (continued)

(iv) Interest income

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

(v) Rental income

Rental income of property leasing under operating leases is recognised on a straight-line basis over the lease terms.

(v) Leases

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

(i) The Group is the lessee

Payments made under operating leases (net of any incentives received from the lessor), are charged to the income statement on a straight-line basis over the period of the lease.

The Group made upfront payments to obtain operating leases of land use rights on which properties will be developed. The upfront payments of the land use rights are recorded as assets and amortised over the lease periods. The unamortised upfront payments are recognised as cost of sales when the relevant properties are sold or transferred to the cost of investment properties upon completion of the relevant properties.

(ii) The Group is the lessor

Assets leased out under operating leases are included in investment properties in the balance sheets.

(w) Dividend distribution

Dividend distribution to the equity holders of the Group is recognised the consolidated financial statements in the period in which the dividends are approved by the equity holders or the board of directors, where applicable, of relevant group entities.

(x) Financial guarantee liabilities

Financial guarantee liabilities are recognised in respect of the financial guarantee provided by the Group to the banks for property purchasers and to certain investors for the Company's holding company.

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 liabilities 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

The Group's major financial instruments include cash and bank deposits, trade and other receivables, trade and other payables and borrowings. Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The Company manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

(a) Financial risk factor

(i) Foreign exchange risk

The Group's businesses are principally conducted in RMB, except that certain receipts of sales proceeds and borrowings are denominated in foreign currency. As at 31 December 2009, the non-RMB assets and liabilities of the Group are mainly cash proceeds from borrowings deposited in US$ bank accounts and borrowings from a financial institute denominated in US$. The Group has not entered into any significant forward exchange contract to hedge its exposure to foreign exchange risk.

As at 31 December 2009 and 2008, if RMB had strengthened/weakened by 5% against US$, with all other variables held constant, post-tax profit for the years ended 31 December 2009 and 2008 would have been approximately RMB86 million and RMB163 million higher/lower.

(ii) Interest rate risk

The Group has no significant interest-bearing assets. The Group's exposure to changes in interest rates is mainly attributable to its long term borrowings. Borrowings at variable rates expose the Group to cash flow interest-rate risk. Borrowings issued at fixed rates expose the Group to fair value interest-rate risk.

As at 31 December 2009 and 2008, if interest rate on borrowing had been 100 basis point higher/lower with all variables held constant, post-tax profit for the years ended 31 December 2009 and 2008 would have been approximately RMB7 million and RMB5 million lower/higher, respectively, mainly as a result of more/less interest expense on borrowings at variable rates.

The Group has not used any interest rate swaps to hedge its exposure to interest rate risk.

(iii) Credit risk

Cash transactions are limited to high-credit-quality institutions. The extent of the Group's credit exposure is represented by the aggregate balance of cash in bank, restricted cash, trade and other receivables.

For banks and financial institutions, deposits are only placed with reputable banks. For credit exposures to customers, generally, the Group requires full payment from customers before delivery of properties. Credit terms are granted to customers upon obtaining approval from the Company's senior management after assessing the credit history of those customers. The Group has set up policies to ensure follow-up action is taken to recover overdue debts and the Group reviews regularly the recoverable amount of each individual trade and other receivable to ensure that adequate impairment losses are made for irrecoverable amounts.

The Group has arranged bank financing for certain purchasers of property units and provided guarantees to secure obligations of such purchasers for repayments. Detailed disclosure of these guarantees is made in note 31.

3 FINANCIAL RISK MANAGEMENT (continued)

(a) Financial risk factor (continued)

(iv) Liquidity risk

Management of the Group aims to maintain sufficient cash and cash equivalents or have available funding through an adequate amount of available financing, including short-term and long-term bank loans and increase in capital to meet its construction commitments. Due to the dynamic nature of the underlying businesses, the Group's finance department maintains flexibility in funding by maintaining adequate amount of cash and cash equivalents and flexibility in funding through available sources of financing.

The table below analyses the Group's financial liabilities that will be settled on a net basis into relevant maturity grouping based on the remaining period at the balance sheet to the contractual maturity date.

	Less than 1 year	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 years**	**Total**
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 31 December 2009					
Borrowings	**7,155,768**	**3,749,534**	**5,498,944**	**–**	**16,404,246**
Trade and other payables	**9,799,761**	**–**	**–**	**–**	**9,799,761**
Total	**16,955,529**	**3,749,534**	**5,498,944**	**–**	**26,204,007**
At 31 December 2008					
Borrowings	6,829,100	3,847,834	323,924	240,933	11,241,791
Trade and other payables	4,469,168	–	–	–	4,469,168
Total	11,298,268	3,847,834	323,924	240,933	15,710,959

(b) 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 owners 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 owners, 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 total borrowings divided by total assets, as shown in the consolidated balance sheets.

3 FINANCIAL RISK MANAGEMENT (continued)

(b) Capital risk management (continued)

During the relevant years, the Group's strategy was to maintain a gearing ratio within 20% to 50%. The gearing ratios were as follows:

	31 December	
	2009	2008
	RMB'000	RMB'000
Total borrowings	**14,175,789**	10,440,256
Total assets	**63,071,264**	28,522,598
Gearing ratio	**22%**	37%

(c) Fair value estimation

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date, quoted market prices or dealer quotes for similar instruments or estimated discounted cash flows.

The nominal value less impairment provisions of trade and other receivables and the nominal value of trade and other payables approximate their fair value due to their short maturities. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements used in preparing the financial statements are evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that may have a significant effect on the carrying amounts of assets and liabilities within the next financial year are discussed below:

(a) PRC corporate income taxes and deferred taxation

The Group's subsidiaries that operate in the PRC are subject to income tax in the PRC. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations for which the ultimate determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such difference will impact the income tax and deferred tax provision in the period in which such determination is made.

Deferred tax assets relating to certain temporary differences and tax losses are recognised when management considers to be probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. The outcome of their actual utilisation may be different.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

(b) PRC land appreciation taxes

The Group is subject to land appreciation taxes in the PRC. However, the implementation and settlement of these taxes varies among various tax jurisdictions in cities of the PRC, and the Group has not finalised its land appreciation taxes calculation and payments with any local tax authorities in the PRC. Accordingly, significant judgement is required in determining the amount of the land appreciation taxes. The Group recognised these land appreciation taxes based on management's best estimates according to the interpretation of the tax rules. The final tax outcome could be different from the amounts that were initially recorded, and these differences will impact the income tax expense and tax provisions in the periods in which such taxes have been finalised with local tax authorities.

(c) Estimated fair value of investment properties

The best evidence of fair value is current prices in an active market for the properties with similar lease and other contracts. In the absence of such information, the Group determines the amount within a range of reasonable fair value estimates. In making its judgement, the Group considers information from a variety of sources including:

(i) current prices in an active market for properties of different nature, condition or location (or subject to different lease or other contracts), adjusted to reflect those differences;

(ii) recent prices of similar properties in less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices; and

(iii) discounted cash flow projections based on reliable estimates of future cash flows, derived from the terms of any existing lease and other contracts and (where possible) from external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

The Group assesses the fair value of its investment properties based on valuations determined by independent and professional qualified valuers.

5 SEGMENT INFORMATION

The CODM of the Group are the directors of the Company who is responsible to review the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports. The Group is organised into four business segments: property development, property investment, property management, property construction, land leveling and other property development related services. As CODM of the Group considers most of the revenue and results of the Group are attributable to the market in the PRC, only an immaterial part (less than 10%) of the Group's assets are located outside the PRC, no geographical segment information is presented.

Revenue consists of sales of properties, rental income of investment properties, income from provision of property management services and property construction, land leveling and other property development related services. Revenue for the year ended 31 December 2009 consists of the following:

	Year ended 31 December	
	2009	2008
	RMB'000	RMB'000
Sales of properties	**5,042,876**	3,495,057
Rental income of investment properties	**37,595**	25,758
Property management services	**79,507**	78,694
Property construction, land leveling and other property development related services	**562,679**	7,282
	5,722,657	3,606,791

5 SEGMENT INFORMATION (continued)

The segment results and other segment items included in the consolidated income statement for the year ended 31 December 2009 are as follows:

	Property development RMB'000	Property investment RMB'000	Property management services RMB'000	Property construction, land leveling and other services RMB'000	Elimination RMB'000	Group RMB'000
Gross segment revenue	5,042,876	44,324	79,507	3,075,048		8,241,755
Inter-segment revenue	–	(6,729)	–	(2,512,369)		(2,519,098)
Revenue	5,042,876	37,595	79,507	562,679		5,722,657
Segment results	163,067	878,735	(112,982)	543,356	(219,695)	1,252,481
Reversals of financial guarantees						197,403
Finance costs, net						(3,709)
Profit before income tax						1,446,175
Income tax expenses						(329,371)
Profit for the year						1,116,804
Depreciation (note 6)	53,736	–	2,100	6,323		62,159
Amortisation of land use rights recognised as expenses (note 7)	10,757	–	–	–		10,757
Fair value gains on investment properties	–	842,570	–	–		842,570

The segment results and other segment items included in the consolidated income statement for the year ended 31 December 2008 are as follows:

	Property development RMB'000	Property investment RMB'000	Property management services RMB'000	Property construction, land leveling and other services RMB'000	Elimination RMB'000	Group RMB'000
Gross segment revenue	3,495,057	33,800	78,694	2,165,392		5,772,943
Inter-segment revenue	–	(8,042)	–	(2,158,110)		(2,166,152)
Revenue	3,495,057	25,758	78,694	7,282		3,606,791
Segment results	698,195	109,525	(25,044)	266,185	(202,996)	845,865
Provisions of financial guarantees						(65,997)
Finance income, net						186,520
Profit before income tax						966,388
Income tax expenses						(333,958)
Profit for the year						632,430
Depreciation (note 6)	19,016	–	871	4,171	–	24,058
Amortisation of land use rights recognised as expenses (note 7)	17,404	–	–	–	–	17,404
Fair value gains on investment properties	–	77,415	–	–	–	77,415

5 SEGMENT INFORMATION (continued)

Segment assets and liabilities as at 31 December 2009 are as follows:

	Property development RMB'000	Property investment RMB'000	Property management services RMB'000	Property construction, land leveling and other services RMB'000	Elimination RMB'000	Group RMB'000
Segment assets	**58,507,063**	**3,130,800**	**262,943**	**3,958,358**	**(3,567,975)**	**62,291,189**
Unallocated						**780,075**
Total assets						**63,071,264**
Segment liabilities	**34,805,748**	**–**	**201,849**	**2,122,878**	**(3,024,578)**	**34,105,897**
Unallocated						**15,808,221**
Total liabilities						**49,914,118**
Capital expenditure	**66,521**	**–**	**13,004**	**12,593**	**–**	**92,118**

Segment assets and liabilities as at 31 December 2008 are as follows:

	Property development RMB'000	Property investment RMB'000	Property management services RMB'000	Property construction, land leveling and other services RMB'000	Elimination RMB'000	Group RMB'000
Segment assets	26,521,654	1,741,390	239,393	1,535,377	(1,871,396)	28,166,418
Unallocated						356,180
Total assets						28,522,598
Segment liabilities	8,531,098	–	78,313	910,716	(1,547,694)	7,972,433
Unallocated						11,967,034
Total liabilities						19,939,467
Capital expenditure	249,673	5,068	1,903	4,058	–	260,702

5 SEGMENT INFORMATION (continued)

Sales between segments are carried out at agreed terms amongst relevant parties. The revenue from external parties reported to the management is measured in a manner consistent with that in the consolidated income statement.

Segment assets consist primarily of property and equipment, investment properties, land use rights, properties under development, completed properties held for sale, receivables, prepayments and cash balances. They exclude deferred tax assets and income tax recoverable.

Segment liabilities consist of operating liabilities.

Capital expenditure comprises additions to property and equipment.

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

	31 December	
	2009	2008
	RMB'000	RMB'000
Segment assets	**62,291,189**	28,166,418
Unallocated:		
Income tax recoverable	**257,909**	31,816
Deferred income tax assets	**522,166**	324,364
Total assets per balance sheet	**63,071,264**	28,522,598

Reportable segments liabilities are reconciled to total liabilities as follows:

	31 December	
	2009	2008
	RMB'000	RMB'000
Segment liabilities	**34,105,897**	7,972,433
Unallocated:		
Current income tax liabilities	**1,031,935**	877,848
Deferred income tax liabilities	**600,497**	451,527
Borrowings	**14,175,789**	10,440,256
Financial guarantee liabilities	**–**	197,403
Total liabilities per balance sheet	**49,914,118**	19,939,467

6 PROPERTY AND EQUIPMENT

The Group

	Buildings	Machinery	Motor vehicles	Furniture, fitting and equipment	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2008						
Cost	46,814	31,017	77,525	30,494	83,727	269,577
Accumulated depreciation	(3,699)	(6,825)	(31,272)	(9,803)	–	(51,599)
Net book amount	43,115	24,192	46,253	20,691	83,727	217,978
Year ended 31 December 2008						
Opening net book amount	43,115	24,192	46,253	20,691	83,727	217,978
Additions	35	2,761	19,650	29,062	209,194	260,702
Disposals	–	(2,179)	(1,935)	(367)	–	(4,481)
Transfer to buildings	291,795	–	–	–	(291,795)	–
Depreciation	(2,030)	(3,618)	(11,088)	(7,322)	–	(24,058)
Closing net book amount	332,915	21,156	52,880	42,064	1,126	450,141
At 31 December 2008						
Cost	338,644	29,455	95,237	58,825	1,126	523,287
Accumulated depreciation	(5,729)	(8,299)	(42,357)	(16,761)	–	(73,146)
Net book amount	332,915	21,156	52,880	42,064	1,126	450,141
Year ended 31 December 2009						
Opening net book amount	**332,915**	**21,156**	**52,880**	**42,064**	**1,126**	**450,141**
Additions	**–**	**8,456**	**11,240**	**72,422**	**–**	**92,118**
Disposals	**–**	**(6,147)**	**(1,090)**	**(11,361)**	**–**	**(18,598)**
Transfer to investment properties	**(64,601)**	**–**	**–**	**–**	**(1,126)**	**(65,727)**
Depreciation	**(10,374)**	**(4,643)**	**(23,676)**	**(23,466)**	**–**	**(62,159)**
Closing net book amount	**257,940**	**18,822**	**39,354**	**79,659**	**–**	**395,775**
At 31 December 2009						
Cost	**274,043**	**30,445**	**104,319**	**116,646**	**–**	**525,453**
Accumulated depreciation	**(16,103)**	**(11,623)**	**(64,965)**	**(36,987)**	**–**	**(129,678)**
Net book amount	**257,940**	**18,822**	**39,354**	**79,659**	**–**	**395,775**

6 PROPERTY AND EQUIPMENT (continued)

Depreciation charge of the Group was included in the following categories in the consolidated income statements:

	Year ended 31 December	
	2009	2008
	RMB'000	RMB'000
Cost of sales	**23,782**	3,576
Selling and marketing costs	**6,641**	253
Administrative expenses	**31,736**	20,229
	62,159	24,058

There is no interest capitalised in assets under construction for the year ended 31 December 2009 (2008: RMB21,149,000).

As at 31 December 2009, property and equipment of RMB141,089,000 were pledged as collateral for the Group's bank borrowings (2008: nil) (note16).

The Company	**Motor vehicles**	**Furniture, fitting and equipment**	**Total**
	RMB'000	RMB'000	RMB'000
At 1 January 2008			
Cost	1,336	387	1,723
Accumulated depreciation	(266)	(54)	(320)
Net book amount	1,070	333	1,403
Year ended 31 December 2008:			
Opening net book amount	1,070	333	1,403
Additions	–	52	52
Depreciation	(268)	(81)	(349)
Closing net book amount	802	304	1,106
At 31 December 2008			
Cost	1,336	439	1,775
Accumulated depreciation	(534)	(135)	(669)
Net book amount	802	304	1,106
Year ended 31 December 2009:			
Opening net book amount	**802**	**304**	**1,106**
Additions	**714**	**32**	**746**
Depreciation	**(267)**	**(91)**	**(358)**
Closing net book amount	**1,249**	**245**	**1,494**
At 31 December 2009			
Cost	**2,050**	**471**	**2,521**
Accumulated depreciation	**(801)**	**(226)**	**(1,027)**
Net book amount	**1,249**	**245**	**1,494**

7 LAND USE RIGHTS – GROUP

	Year ended 31 December	
	2009	2008
	RMB'000	RMB'000
Opening net book amount	**8,895,113**	6,984,912
Additions	**8,066,643**	2,855,403
Amortisation	**(181,454)**	(121,024)
– Capitalised in properties under development	**(170,697)**	(103,620)
– Recognised as expenses	**(10,757)**	(17,404)
Transfer to cost of sales	**(474,515)**	(270,381)
Transfer to investment properties	**(103,169)**	(4,543)
Transfer of project development rights	**–**	(549,254)
Closing net book amount	**16,202,618**	8,895,113
Amounts to be realised within one normal operating cycle and included under current assets	**15,923,120**	8,644,245
Amounts included under non-current assets	**279,498**	250,868
	16,202,618	8,895,113

Land use rights comprise cost of acquiring rights to use certain land, which are located in different area of the PRC other than Hong Kong, for property development over fixed periods. Land use rights are held on leases of between 50 to 70 years.

As at 31 December 2009, land use rights of RMB1,026,851,000 were pledged as collateral for third parties' bank borrowings (2008: nil), which will be released upon the Group's settlement of the remaining considerations for acquisition of the related land use rights amounting to RMB900,000,000.

As at 31 December 2009, land use rights of RMB7,330,700,000 were pledged as collateral for the Group's bank borrowings (2008: RMB3,238,778,000) (note 16).

As at 31 December 2009, with respect to land use rights of RMB279,498,000 (2008: RMB250,868,000), the Group needs to obtain further governmental approvals and pay additional land premium before sale of the properties on the land.

8 INVESTMENT PROPERTIES – GROUP

	Completed properties RMB'000	Investment properties under construction RMB'000	Total RMB'000
At 1 January 2008	1,571,468	–	1,571,468
Addition	92,507	–	92,507
– Transfer from land use rights	4,543	–	4,543
– Transfer from properties under development	87,964	–	87,964
Fair value gains	77,415	–	77,415
At 31 December 2008	1,741,390	–	1,741,390
Addition	500,123	65,727	565,850
– Transfer from land use rights	103,169	–	103,169
– Transfer from property and equipment	–	65,727	65,727
– Transfer from properties under development	396,954	–	396,954
Transfers	65,727	(65,727)	–
Disposal of investment properties	(19,010)	–	(19,010)
Fair value gains	842,570	–	842,570
At 31 December 2009	3,130,800	–	3,130,800

The fair values of the Group's completed investment properties as at 31 December 2009 were assessed by CB Richard Ellis Limited, an independent qualified valuer. Valuations were based on either: (i) capitalisation of net rental income derived from the existing tenancies with allowance for the reversionary income potential of the properties, using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows; or (ii) direct comparison approach assuming sale of each of these properties in its existing state with the benefit of vacant possession by making reference to comparable sales transactions as available in the relevant market.

The following amounts have been recognised in the consolidated income statement:

	Year ended 31 December	
	2009 RMB'000	2008 RMB'000
Rental income	**37,595**	25,758
Direct operating expenses arising from investment properties that generate rental income	**(5,943)**	(4,081)
Direct operating expenses that did not generate rental income	**(2,216)**	(1,690)

As at 31 December 2009, investment properties of RMB427,383,000 were pledged as collateral for the Group's bank borrowings (2008: RMB628,036,000) (note 16).

8 INVESTMENT PROPERTIES – GROUP (continued)

The future aggregate minimum rental receivables under non-cancellable operating leases are as follows:

	31 December	
	2009	2008
	RMB'000	RMB'000
Not later than one year	**38,651**	30,632
Later than one year and not later than five years	**83,979**	82,129
Later than five years	**18,278**	19,343
	140,908	132,104

The Group owned 100% interests in the investment properties, which are all in the PRC and have lease periods of between 10 years to 50 years.

9 PROPERTIES UNDER DEVELOPMENT – GROUP

	31 December	
	2009	2008
	RMB'000	RMB'000
Properties under development include:		
Construction costs and capitalised expenditures	**18,414,187**	7,432,993
Interests capitalised	**2,142,964**	1,616,199
	20,557,151	9,049,192

The properties under development are located in the PRC.

As at 31 December 2009, properties under development of approximately RMB1,074,698,000 were pledged as collateral for the Group's bank borrowings (2008: RMB969,068,000) (note 16).

The capitalisation rate of borrowings for the year ended 31 December 2009 is 9.58% (2008: 11.23%).

10 COMPLETED PROPERTIES HELD FOR SALE – GROUP

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

As at 31 December 2009, completed properties held for sale of approximately RMB289,415,000 were pledged as collateral for the Group's bank borrowings (2008: RMB30,898,000) (note 16).

11 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	Group 31 December		Company 31 December	
	2009 RMB'000	2008 RMB'000	**2009 RMB'000**	2008 RMB'000
Trade receivables (note (a)):	**58,469**	16,389	**–**	–
– related parties (note 33(d))	**5,332**	2,537	**–**	–
– third parties	**53,137**	13,852	**–**	–
Other receivables due from:	**921,865**	473,324	**9,418,494**	6,333,532
– related parties (note 33(d))	**–**	877	**–**	–
– a shareholder (note 33(d))	**719**	91	**719**	91
– subsidiaries	**–**	–	**9,415,103**	6,332,413
– third parties	**921,146**	472,356	**2,672**	1,028
Prepaid business taxes and other taxes	**1,045,920**	128,387	**–**	–
Prepayments – third parties	**3,292,639**	2,972,260	**932**	17,621
– for acquisition of land use rights	**2,433,244**	2,528,633	**–**	–
– others	**859,395**	443,627	**932**	17,621
	5,318,893	3,590,360	**9,419,426**	6,351,153

As at 31 December 2009 and 2008, the fair value of trade and other receivables approximated their carrying amounts.

(a) Trade receivables mainly arose from sales of properties. Proceeds in respect of sales of properties are to be received in accordance with the terms of the related sales and purchase agreements.

The ageing analysis of trade receivables at respective balance sheet dates is as follows:

	31 December	
	2009 RMB'000	2008 RMB'000
Within 90 days	**50,188**	5,532
Over 90 days and within 180 days	**1,524**	4,390
Over 180 days and within 365 days	**6,757**	6,467
	58,469	16,389

The trade and other receivables do not contain significant past due or impaired assets.

The maximum exposure to credit risk at each balance sheet date is the carrying value of each class of receivables mentioned above. The Group has retained the legal titles of the properties sold to these customers at each balance sheet date.

12 RESTRICTED CASH – GROUP

	31 December	
	2009	2008
	RMB'000	RMB'000
Guarantee deposit for construction of projects (note (a))	**4,058,489**	644,609
Guarantee deposit for bank acceptance notes and loans (note (b))	**2,985,646**	467,601
Guarantee deposit for payments of cost of relocation (note (c))	**689**	55,732
	7,044,824	1,167,942
– Denominated in RMB	**7,044,824**	794,147
– Denominated in other currencies	**–**	373,795
	7,044,824	1,167,942

(a) In accordance with relevant documents issued by the PRC local State-Owned Land and Resource Bureau, certain property development companies of the Group were required to place the proceeds received from pre-sale of properties as guarantee deposits for construction of properties. The deposits can only be used to pay for construction fees and purchase of construction materials of the relevant projects when approvals are obtained from the PRC local State-Owned Land and Resource Bureau. The restriction will be released after the construction is completed or real estate ownership certificate of the pre-sold properties is issued, whichever is earlier.

(b) The Group placed certain cash deposits with designated banks as security for bank acceptance notes and bank loans.

(c) Pursuant to the policy of the PRC Bureau of Land Resources and Housing Management, the Group should place certain deposits with designated bank accounts to guarantee the payments to original occupants of the land acquired by the Group for compensating their relocation costs.

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

Restricted cash earns interest at floating daily bank deposit rates.

13 CASH AND CASH EQUIVALENTS

	Group		Company	
	31 December		31 December	
	2009	2008	**2009**	2008
	RMB'000	RMB'000	**RMB'000**	RMB'000
Cash at bank and in hand:				
– Denominated in RMB	**7,082,137**	745,870	**–**	–
– Denominated in other currencies	**251,095**	3,848	**6,710**	420
	7,333,232	749,718	**6,710**	420

13 CASH AND CASH EQUIVALENTS (continued)

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

Cash at banks earns interest at floating daily bank deposit rates.

14 SHARE CAPITAL AND PREMIUM

	Note	Number of ordinary shares	Nominal value of ordinary shares US$	Number of convertible preferred shares	Nominal value of convertible preferred shares US$
Authorised:					
As at 1 January 2008		4,200,000,000	42,000,000	800,000,000	8,000,000
Cancellation of convertible preferred shares and increase in authorised ordinary shares	(a)	800,000,000	8,000,000	(800,000,000)	(8,000,000)
Increase in authorised share capital	(b)	95,000,000,000	950,000,000	–	–
As at 31 December 2008 and 2009		100,000,000,000	1,000,000,000	–	–

	Note	Number of ordinary shares	Nominal value of ordinary shares US$	Equivalent nominal value of ordinary share RMB'000	Share premium RMB'000
Issued and fully paid:					
As at 1 January 2008		1,600,000,000	16,000,000	125,000	–
Restructure of convertible preferred shares	(a)	800,000,000	8,000,000	58,652	2,873,948
Issuance of new shares	(c)	374,104,266	3,741,043	25,680	3,252,263
Dividends		–	–	–	(125,651)
As at 31 December 2008		2,774,104,266	27,741,043	209,332	6,000,560
Capitalisation issue	(d)	11,220,895,734	112,208,957	766,129	(766,129)
Issuance of ordinary shares in connection with the listing	(e)	1,005,000,000	10,050,000	68,618	3,082,024
Share issuance costs		–	–	–	(358,433)
As at 31 December 2009		15,000,000,000	150,000,000	1,044,079	7,958,022

14 SHARE CAPITAL AND PREMIUM (continued)

(a) On 24 January 2008, 800,000,000 convertible preferred shares were cancelled and the authorised ordinary shares were increased by an equivalent number.

Pursuant to the agreement entered into by the Company and the holders of convertible preferred shares (the "Financial Investors") on 11 December 2007, the Company has repurchased and cancelled the 800,000,000 convertible preferred shares for an aggregate consideration of US$400 million in January 2008. The repurchase was financed by a loan of the same amount lent by the Financial Investors to Xin Xin (BVI) Limited ("Xin Xin"), the controlling shareholder of the Company, which has been injected into the Company by Xin Xin to subscribe 800,000,000 newly issued ordinary shares of the Company.

As a result of the above transactions, liability portion and embedded financial derivatives of the convertible preferred shares totalling approximately RMB3,970 million were derecognised in 2008, simultaneously share capital plus premium of approximately RMB2,933 million (equivalent to the subscription price of 800,000,000 newly issued ordinary shares of US$400 million), reserves of approximately RMB1,014 million and financial guarantee liability of approximately RMB23 million have been recognised, no gain or loss was recognised in the financial statements.

(b) On 3 March 2008, the authorised share capital of the Company was increased from US$50,000,000 to US$1,000,000,000 by the creation of an additional 95,000,000,000 shares.

(c) On 25 June 2008, 374,104,266 ordinary shares of the Company were allotted and issued to certain investors at subscription price of US$1.35 per share (the "New Investment").

(d) On 22 October 2009, 11,220,895,734 ordinary shares of the Company were allotted and issued, credited as fully paid at par value of US$0.01 each to the entities whose name appear on the register of members of the Company in proportion to their then existing shareholdings in the Company, by capitalisation of US$112,208,957 from the share premium account. Such allotment and capitalisation were conditional on the share premium account being credited as a result of the new shares issued in connection with the listing of the Company's shares on the Stock Exchange.

(e) On 5 November 2009, 1,005,000,000 ordinary shares of the Company were allotted and issued at the price of HK$3.5 per share in connection with the listing.

15 RESERVES

The Group

	Merger reserve RMB'000 (note (a))	Other reserves RMB'000	Statutory reserves RMB'000 (note (b))	Share option reserve RMB'000	Total RMB'000
Balance at 1 January 2008	(986,474)	147,240	198,769	–	(640,465)
Transfer to statutory reserves	–	–	15,766	–	15,766
Deemed contribution by the shareholder of the Company (note 14(a))	–	1,014,536	–	–	1,014,536
Balance at 31 December 2008	(986,474)	1,161,776	214,535	–	389,837
Transfer to statutory reserves	–	–	68,216	–	68,216
Deemed contribution by the shareholder of the Company (note (c))	–	747,138	–	–	747,138
Employee share option scheme (note (d))	–	–	–	14,194	14,194
Balance at 31 December 2009	(986,474)	1,908,914	282,751	14,194	1,219,385

(a) *Merger reserve*

The merger reserve represents the aggregate nominal value of the share capital/paid-in capital of the subsidiaries acquired by the Company less considerations paid and payable to the then shareholders of the Group during the Reorganisation undertaken in 2006 for preparing listing of the Company on the Stock Exchange (note 1).

(b) *Statutory reserves*

In accordance with the relevant rules and regulations in the PRC and the provision of the articles of association of the group entities established in the PRC, these group entities were required to appropriate 10% of the profit for the year after setting off the accumulated losses brought forward (based on the figures reported in the statutory financial statements) to the statutory surplus reserve.

The subsidiaries which are foreign investment enterprises are required to appropriate 10% of the profit for the year after setting off the accumulated losses brought forward (based on the figures reported in the statutory financial statements) to the statutory reserve fund and a certain percentage of the profit for the year to enterprise expansion fund at the discretion of the board of directors of the respective companies.

The statutory surplus reserve and statutory reserve fund can only be used to make good of losses of previous years or to increase the capital of respective companies upon the approval of relevant authority, the enterprise expansion fund can only be used to increase capital of respective companies or to expand their production scale upon approval by the relevant authorities.

15 RESERVES (continued)

(c) *Other reserves*

Pursuant to the agreement of structured secured loans with a financial institution (the "Structured Secured Loan") (note 16 (a)(i)), Xin Xin has paid a redemption premium for the Group upon the listing of the Company's shares on the Stock Exchange on 5 November 2009. The repayment after netted off by related expenses incurred by the Group was deemed as a contribution from shareholder of the Company.

(d) *Share option reserve*

Movements of share options are as follows:

	Number of share options
At 1 January 2009 and 31 December 2009	–
Granted on 14 October 2009	208,000,000
At 31 December 2009	208,000,000

Particulars of share options as at 31 December 2009 are as follows:

Date of grant	Vesting period	Excise period	Exercise price	Number of outstanding shares as at 31 December 2009
14 October 2009	1 year	5 November 2010 – 5 November 2013	HK$3.5	**62,000,000**
14 October 2009	2 years	5 November 2011 – 5 November 2014	HK$3.5	**62,000,000**
14 October 2009	3 years	5 November 2012 – 5 November 2015	HK$3.5	**84,000,000**
				208,000,000

Pursuant to a board resolution dated 14 October 2009, the Company has conditionally adopted a share option scheme (the ''Pre-IPO Share Option Scheme'') for the purpose of recognising the contribution to the Group by the directors, certain senior management staff and employees of the Group and to retain them whose contributions are important to the long-term growth and profitability of the Group.

On 14 October 2009, the Company conditionally granted share options under the Pre-IPO Share Option Scheme under which the option holders are entitled to acquire aggregate of 208,000,000 shares of the Company at the offer price of the Company's shares upon the listing date. All the options under the Pre-IPO Share Option Scheme will be exercisable within 36 months after vesting.

The cost of the Pre-IPO Share Option Scheme is amortised over the vesting period of the share options.

The weighted average fair value of options granted is HK$0.74 per option, which was determined by reference to valuation prepared by an independent valuer, Real Actuarial Consulting Limited, using the Binomial Model. The valuation of the options is subject to a number of assumptions. The significant inputs into the model were estimated share price at the date of grant, annual risk free rate, expected volatility, life of the option and expected dividend yield.

15 RESERVES (continued)

The Company

	Other reserve RMB'000	Share option reserve RMB'000	Total RMB'000
Balance at 1 January 2008	–	–	–
Deemed contribution by the shareholder of the Company (note 14(a))	1,014,536	–	1,014,536
Balance at 31 December 2008	1,014,536	–	1,014,536
Employee share option scheme	–	14,194	14,194
Balance at 31 December 2009	1,014,536	14,194	1,028,730

16 BORROWINGS – GROUP

	31 December	
	2009 **RMB'000**	2008 RMB'000
Borrowings included in non-current liabilities:		
Bank borrowings – secured	**12,027,329**	9,779,323
Borrowing from a related party	**–**	240,933
	12,027,329	10,020,256
Less: current portion of long-term borrowings – secured	**(4,211,285)**	(5,793,843)
	7,816,044	4,226,413
Borrowings included in current liabilities:		
Bank borrowings – secured	**2,148,460**	420,000
Current portion of long-term borrowings – secured	**4,211,285**	5,793,843
	6,359,745	6,213,843
Total borrowings	**14,175,789**	10,440,256
The total borrowings are denominated in the following currencies:		
RMB	**12,465,923**	7,172,193
US dollar (note (a))	**1,709,866**	3,268,063
	14,175,789	10,440,256

(a) On 27 August 2007, the Group and a financial institution entered into the Structured Secured Loan with a maximum principal of US$500,000,000. Up to 31 October 2007, US$430,000,000 and RMB20,000,000 have been drawn down, respectively. The Structured Secured Loan matures on 31 October 2010 and bears interests at LIBOR plus a margin ("Annual Margin").

16 BORROWINGS – GROUP (continued)

(a) (continued)

The other key terms of the Structured Secured Loan are as follows:

(i) Mandatory prepayment: the Group is required to repay one-third of the outstanding principal of the Structured Secured Loan and Xin Xin has undertaken to pay a premium, which together with the Annual Margin paid by the Group, provides an agreed annual return to the financial institution upon a qualified initial public offering ("QIPO");

(ii) Security: the Structured Secured Loan is secured by the equity interests and land use rights of certain subsidiaries of the Group, the Company's shares held by Xin Xin and guaranteed by Xin Xin and Dr. Hui Ka Yan ("Dr. Hui"), the ultimate controlling shareholder of the Group;

(iii) Structuring fee and shares in the Company held by Xin Xin: structuring fee is payable to the financial institution upon each draw down of the Structured Secured Loan and certain number of shares in the Company held by Xin Xin should be transferred to the financial institution for each grant of commitment.

Certain events of default under the Structured Secured Loan occurred in 2008. On 17 September 2009, the Group has obtained waivers from the lenders of the Structured Secured Loan with respect to any existing or purported defaults, events of default or cross-default under the various investment and loan agreements, such waivers will remain valid until 31 March 2010.

A portion of the Structured Secured Loan with principal of US$48,500,000 (equivalent to RMB331,347,000) has been repurchased during the year ended 31 December 2009 (note 20(b)).

Upon the Company's Listing on the Stock Exchange on 5 November 2009, one-third of the principal of the Structured Secured Loan amounting to US$143,333,000 has been repaid.

As at 31 December 2009, the Group's borrowings of RMB14,175,789,000 (2008: RMB10,199,323,000) were secured by its property and equipment, land use rights, investment properties, properties under development, completed properties held for sale, cash in bank and equity interests of certain subsidiaries of the Group.

16 BORROWINGS – GROUP (continued)

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

	6 months or less RMB'000	6–12 months RMB'000	1–5 years RMB'000	Total RMB'000
At 31 December 2009	8,619,699	5,556,090	–	14,175,789
At 31 December 2008	6,918,093	3,281,230	240,933	10,440,256

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

	31 December	
	2009 **RMB'000**	2008 RMB'000
Bank borrowings:		
1 – 2 years	**2,487,870**	3,605,480
2 – 5 years	**5,328,174**	380,000
Borrowing from a related party:		
After 5 years (note (a))	**–**	240,933
	7,816,044	4,226,413

(a) The entrusted bank loans from a related party was settled before the listing of the Company's shares on the Stock Exchange.

The effective interest rates were as follows:

	31 December	
	2009 **RMB'000**	2008 RMB'000
Bank borrowings	**6.44%**	10.92%

The fair value of the Group's current borrowings approximates their carrying amounts at each of the balance sheet dates for the reason that the impact of discounting is not significant or the borrowings carry floating rate interests.

The fair values of the Group's non-current borrowings approximate their carrying amounts at each of the balance sheet dates as all the non-current borrowings carry floating rate interests.

17 DEFERRED INCOME TAX – GROUP

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The offset amounts of deferred tax assets and liabilities of the Group are as follows:

	31 December	
	2009	2008
	RMB'000	RMB'000
Deferred income tax assets to be recovered within 12 months	**(324,635)**	(112,235)
Deferred income tax assets to be recovered after more than 12 months	**(197,531)**	(212,129)
Deferred income tax assets	**(522,166)**	(324,364)
Deferred income tax liabilities to be settled after more than 12 months	**600,497**	451,527
	78,331	127,163

The net movements on the deferred taxation are as follows:

	Year ended 31 December	
	2009	2008
	RMB'000	RMB'000
Beginning of the year	**127,163**	358,233
Recognised in consolidated income statements (note 25)	**(48,832)**	(231,070)
End of the year	**78,331**	127,163

Movements in gross deferred tax assets and liabilities are as follows:

Deferred income tax assets

	Temporary difference on unrealised profit of inter-company transactions	Tax losses	Total
	RMB'000	RMB'000	RMB'000
As at 1 January 2008	(38,332)	(85,572)	(123,904)
Credited to the consolidated income statement	(46,804)	(161,156)	(207,960)
As at 31 December 2008	(85,136)	(246,728)	(331,864)
Credited to the consolidated income statement	(41,783)	(156,019)	(197,802)
As at 31 December 2009	(126,919)	(402,747)	(529,666)

17 DEFERRED INCOME TAX – GROUP (continued)

Deferred income tax assets are recognised for tax losses carry-forwards to the extent that the realisation of the related benefit through the future taxable profits is probable. The Group did not recognise deferred tax assets of RMB71,003,000 (2008: RMB21,177,000) in respect of tax losses amounting to RMB284,013,000 (2008: RMB84,709,000) in certain subsidiaries, which will expire in the following years.

Year	RMB'000
2012	35,045
2013	49,664
2014	199,304
	284,013

Deferred income tax liabilities

	Excess of carrying amount of land use right over the tax bases	**Temporary difference on recognition of fair value gain of investment properties**	**Total**
	RMB'000	RMB'000	RMB'000
As at 1 January 2008	159,103	323,034	482,137
(Credited)/charged to the consolidated income statement	(39,145)	16,035	(23,110)
As at 31 December 2008	119,958	339,069	459,027
(Credited)/charged to the consolidated income statement	(61,672)	210,642	148,970
As at 31 December 2009	58,286	549,711	607,997

18 TRADE AND OTHER PAYABLES

	Group 31 December		**Company 31 December**	
	2009	2008	**2009**	2008
	RMB'000	RMB'000	**RMB'000**	RMB'000
Trade payables				
– third parties	**5,841,260**	2,786,243	**–**	–
Other payables:	**3,685,280**	1,514,839	**120,765**	14,117
– related parties (note 33(d))	**–**	850	**–**	–
– subsidiaries	**–**	–	**120,765**	14,117
– third parties	**745,917**	347,316	**–**	–
– payables for acquisition of land use rights	**2,939,363**	1,166,673	**–**	–
Accrued expenses	**119,425**	94,013	**–**	–
Other taxes payable	**153,796**	74,073	**–**	–
	9,799,761	4,469,168	**120,765**	14,117

18 TRADE AND OTHER PAYABLES (continued)

The ageing analysis of trade payables of the Group as follows:

	31 December	
	2009	2008
	RMB'000	RMB'000
Within 90 days	**5,678,940**	2,642,391
Over 90 days and within 180 days	**54,046**	41,343
Over 180 days and within 365 days	**44,818**	79,700
Over 365 days	**63,456**	22,809
	5,841,260	2,786,243

The carrying amounts of the Group's and the Company's trade and other payables are denominated in RMB.

19 CURRENT INCOME TAX LIABILITIES – GROUP

The current income tax liabilities are analysed as follows:

	31 December	
	2009	2008
	RMB'000	RMB'000
Income tax payables		
– PRC corporate income tax payable	**310,023**	230,325
– PRC land appreciation tax payable	**721,912**	647,523
	1,031,935	877,848

20 OTHER GAINS

	Year ended 31 December	
	2009	2008
	RMB'000	RMB'000
Interest income from bank deposits	**36,093**	34,495
Forfeited customer deposits	**10,601**	5,338
Gain on partial disposal of a subsidiary (note (a))	**98,800**	–
Interest income from non-current receivables	**21,115**	13,168
Gain from repurchase of loan (note (b))	**172,475**	–
Gain on the transfers of project development rights (note (c))	**–**	474,465
Others	**8,470**	3,624
	347,554	531,090

20 OTHER GAINS (continued)

(a) In September 2007, the Group and a related party of a shareholder of the Company ("MI of Success Will") entered into a share purchase agreement of which the Group disposed of 40% equity interest in Success Will Group Limited ("Success Will") to the MI of Success Will. When this agreement was entered into, there was a land premium payable of approximately RMB247 million in Success Will as the official invoice had not been obtained by that time. Pursuant to the share purchase agreement, it was agreed that the MI of Success Will would undertake its share (40%) of this land premium, only if the Group can obtain the official invoice for this land premium; if the invoice was not obtained, the Group would undertake to pay this land premium in full. The Group had assumed it would fully take up this payable of land premium when it recognised the gain of partial disposal of Success Will in 2007. In June 2009, the Group obtained the official invoice and therefore recognised an additional gain from this partial disposal of RMB98,800,000 for the share of land premium now assumed by the MI of Success Will.

(b) Pursuant to the agreement between Tianji Holding Limited ("Tianji"), a subsidiary of the Group, and independent third parties, Tianji repurchased a portion of the Structured Secured Loan of US$48,500,000 (equivalent to RMB331,347,000) and unpaid interest of RMB73,069,000, at a consideration of US$33,950,000 (equivalent to RMB231,941,000), which resulted in a gain of RMB172,475,000 for the year ended 31 December 2009.

(c) Pursuant to the cooperative agreements entered into by the Group and a related party of a shareholder of the Company in April 2008, the Group transferred the controlling rights on the two property development projects to the counterparty. The counterparty guaranteed a return to the Group totaling RMB1,100,000,000. The Group has recognised a gain from this cooperative arrangement of RMB474,465,000, which represents the excess of guaranteed returns received and receivable over the net assets of the two projects. The guaranteed returns to be received upon the completion of property development projects are recognised as long-term other receivables.

21 EXPENSES BY NATURE

Major expenses included in cost of sales, selling and marketing costs, administration expenses and other operating expenses are analysed as follows:

	Year ended 31 December	
	2009	2008
	RMB'000	RMB'000
Cost of properties sold	**3,213,016**	1,712,158
Business tax and other levies (note (a))	**336,525**	212,872
Staff costs – including directors' emoluments (note 22)	**478,773**	361,189
Advertising costs	**574,769**	267,174
Sales commissions	**99,919**	34,108
Consultancy fee (note (b))	**127,174**	257,213
Depreciation	**62,159**	24,058
Amortisation of land use rights	**10,757**	17,404
Auditors' remuneration	**6,985**	2,442
Donations to governmental charity (included in other operating expenses)	**35,895**	24,420

21 EXPENSES BY NATURE (continued)

(a) Business tax

The group entities with business operation in the PRC are subject to business taxes on their revenue at the following rates:

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

(b) Consultancy fee

The consultancy fee for the year ended 31 December 2009 and 2008 are mainly related to market promotion, planning and consultancy services provided by a real estate consulting firm.

22 STAFF COSTS – INCLUDING DIRECTORS' EMOLUMENTS

	Year ended 31 December	
	2009	2008
	RMB'000	RMB'000
Wages and salaries	**402,026**	317,524
Pension costs – statutory pension (note 30)	**15,824**	11,893
Staff welfare	**15,740**	13,792
Medical benefits	**7,953**	7,206
Share option (note 15(d))	**14,194**	–
Other allowances and benefits	**23,036**	10,774
	478,773	361,189

23 EMOLUMENTS FOR DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS

(a) Directors' emoluments

The remuneration of the directors of the Company for the year ended 31 December 2009 is set out below:

	Fees RMB'000	Salary RMB'000	Contribution to pension scheme RMB'000	Total RMB'000
Dr. Hui	40	–	–	40
Dr. Xia Haijun	40	13,650	3	13,693
Mr. Li Gang	40	11,115	25	11,180
Mr. Tse Wai Wah (note (iii))	40	4,337	81	4,458
Mr. Xu Xiangwu (note (iii))	40	3,571	18	3,629
Mr. Xu Wen (note (ii))	40	3,231	30	3,301
Ms. He Miaoling (note (iii))	40	3,868	22	3,930
Mr. Lai Lixin	40	3,273	24	3,337
Mr. Yu Kam Kee, Lawrence (note (iii))	50	–	–	50
Mr. Chau Shing Yim, David (note (iii))	50	–	–	50
Mr. He Qi (note (iii))	50	–	–	50
Mr. Huang Xiangui (note (i))	–	720	13	733
Mr. Lionel Soh (note (i))	–	–	–	–
Mr. Don Lim Jung Chiat (note (i))	–	–	–	–
Mr. Wong Man Hoi (note (i))	–	–	–	–
Mr. Tommy Cheung (note (i))	–	–	–	–
Mr. Timothy Joseph Grady (note (i))	–	–	–	–
	470	43,765	216	44,451

(i) These directors resigned in the year ended 31 December 2009.

(ii) Mr. Xu Wen resigned in the year ended 31 December 2008 and was re-appointed as an executive director in October 2009.

(iii) These directors were appointed in October 2009.

23 EMOLUMENTS FOR DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS (continued)

(a) Directors' emoluments (continued)

The remuneration of the directors of the Company for the year ended 31 December 2008 is set out below:

	Fees RMB'000	Salary RMB'000	Contribution to pension scheme RMB'000	Total RMB'000
Dr. Hui	–	–	–	–
Mr. Lin Xiaohui (note (iv))	–	477	11	488
Mr. Huang Xiangui	–	394	13	407
Ms. Wu Jianmei (note (iv))	–	–	–	–
Dr. Xia Haijun	–	4,956	–	4,956
Mr. Tam Wai Ying (note (iv))	–	2,144	75	2,219
Mr. Xu Wen (note (iv))	–	1,586	24	1,610
Mr. Cai Chunmeng (note (iv))	–	2,566	11	2,577
Mr. Li Gang	–	5,112	21	5,133
Mr. Lai Lixin	–	1,554	19	1,573
Mr. Don Lim Jung Chiat	–	–	–	–
Mr. Wong Man Hoi	–	–	–	–
Mr. Timothy Joseph Grady	–	–	–	–
Mr. Tommy Cheung	–	–	–	–
Mr. Lionel Soh	–	–	–	–
	–	18,789	174	18,963

(iv) These directors resigned in the year ended 31 December 2008.

(b) Five highest paid individuals

During the year ended 31 December 2009, the five highest paid individuals include 4 directors (2008: 4). The aggregate amounts of emoluments of the five highest paid individuals for the year ended 31 December 2009 are set out below:

	Year ended 31 December	
	2009 RMB'000	2008 RMB'000
Salaries and other benefits	**36,828**	16,698
Retirement scheme contributions	**153**	131
	36,981	16,829

23 EMOLUMENTS FOR DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS (continued)

(b) Five highest paid individuals (continued)

The emoluments fell within the following bands:

	Year ended 31 December	
	2009	2008
Nil to RMB2,000,000	**–**	1
RMB2,000,000 to RMB4,000,000	**2**	2
RMB4,000,000 to RMB6,000,000	**1**	2
RMB10,000,000 to RMB12,000,000	**1**	–
RMB12,000,000 to RMB14,000,000	**1**	–

(c) During the year ended 31 December 2009, no emolument was paid by the group entities to any of the above directors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office (2008: nil).

24 FINANCE (COSTS)/INCOME, NET

	Year ended 31 December	
	2009	2008
	RMB'000	RMB'000
Exchange gain	**4,395**	201,944
Interest expenses from bank borrowings	**(1,207,117)**	(1,232,297)
Less: interest capitalised	**1,199,013**	1,216,873
	(8,104)	(15,424)
	(3,709)	186,520

25 INCOME TAX EXPENSES

	Year ended 31 December	
	2009	2008
	RMB'000	RMB'000
Current income tax		
– Hong Kong profits tax	**–**	–
– PRC corporate income tax	**186,349**	232,510
– PRC land appreciation tax	**191,854**	332,518
Deferred income tax		
– PRC corporate income tax (note 17)	**(48,832)**	(231,070)
	329,371	333,958

25 INCOME TAX EXPENSES (continued)

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

	Year ended 31 December	
	2009	2008
	RMB'000	RMB'000
Profit before income tax	**1,446,175**	966,388
Calculated at PRC corporate income tax rate	**290,781**	229,597
PRC land appreciation tax deductible for PRC corporate income tax purposes	**(47,964)**	(83,130)
Income not subject to tax (note (a))	**(116,490)**	(208,202)
Reversal of provision of deferred tax liabilities of land use right having obtained invoice (note 20(a))	**(67,807)**	–
Expenses not deductible for tax purposes	**29,171**	50,759
Tax losses for which no deferred income tax asset was recognised	**49,826**	12,416
PRC corporate income tax	**137,517**	1,440
PRC land appreciation tax	**191,854**	332,518
	329,371	333,958

(a) Income not subject to tax for the year ended 31 December 2009 mainly comprised the additional gain from disposal of 40% equity interests in a subsidiary (note 20(a)), gain from partial repurchase of the Structured Secured Loan (note 20(b)) and reversal of provision for financial guarantee liabilities (note 31(b)).

Income not subject to tax for the year ended 31 December 2008 mainly comprised the exchange gains in the offshore group companies and the gain derived from the cooperative arrangements with a related party of one of the Company's shareholders of RMB474,465,000 (note20(c)).

The weighted average applicable tax rate for the year ended 31 December 2009 is 20% (2008: 24%).

Overseas income tax

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law, Cap. 22 (2009 Revision as consolidated and revised from time to time) of the Cayman Islands and accordingly, is exempted from Cayman Islands income tax. The group companies in the British Virgin Islands were incorporated under the International Business Companies Act of the British Virgin Islands and, accordingly, are exempted from British Virgin Islands income tax.

Hong Kong profits tax

No Hong Kong profits tax has been provided for as there is no business operation that are subject to Hong Kong profits tax during the year ended 31 December 2009 (2008: nil).

PRC corporate income tax

The income tax provision of the Group in respect of operations in Mainland China has been calculated at the applicable tax rate on the estimated assessable profits for the year, based on the existing legislation, interpretations and practices in respect thereof.

On 16 March 2007, the National People's Congress approved the Corporate Income Tax Law of the People's Republic of China (the "new CIT Law"), which is effective from 1 January 2008. Under the new CIT Law, the corporate income tax rate applicable to the Group's subsidiaries located in Mainland China from 1 January 2008 is 25%.

25 INCOME TAX EXPENSES (continued)

PRC corporate income tax (continued)

Pursuant to the Detailed Implementation Regulations for implementation of the new Corporate Income Tax Law issued on 6 December 2007, a 10% withholding tax shall be levied on the dividends remitted by the companies established in the PRC to their foreign investors starting from 1 January 2008. Dividends coming from the profits generated by the PRC companies after 1 January 2008 shall be subject to this withholding tax. As at 31 December 2009, the Group has not accrued any withholding income tax for the earnings of its PRC subsidiaries (2008: nil), because the Group does not have a plan to distribute earnings from its PRC subsidiaries generated in the period from 1 January 2008 to 31 December 2009 in the foreseeable future.

PRC land appreciation tax

PRC land appreciation tax is levied at progressive rate ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including lease charges of land use rights and all property development expenditures.

26 ACCUMULATED LOSSES OF THE COMPANY

	2009 **RMB'000**	2008 RMB'000
At 1 January	**(1,083,267)**	(975,656)
Profit/(loss) for the year	**373,497**	(107,611)
At 31 December	**(709,770)**	(1,083,267)

27 EARNINGS PER SHARE

(a) Basic

The basic earnings per share for the year ended 31 December 2009 are calculated by dividing the profit attributable to shareholders of the Company by the weighted average number of ordinary shares in issue during the year.

	Year ended 31 December	
	2009 **RMB'000**	2008 RMB'000
Profit attributable to shareholders of the Company	**1,046,428**	524,760
Weighted average number of ordinary shares in issue (thousands)	**14,149,192**	13,745,299
Basic earnings per share (RMB per share)	**0.074**	0.038

The weighted average number of ordinary shares for the year ended 31 December 2008 has taken into accounts the issuance of 11,220,895,734 ordinary shares by capitalisation of share premium account (note 14 (d)).

27 EARNINGS PER SHARE (continued)

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company's dilutive potential ordinary shares consist of share options. For the share options, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

	Year ended 31 December	
	2009	2008
	RMB'000	RMB'000
Profit attributable to shareholders of the Company	**1,046,428**	524,760
Weighted average number of ordinary shares in issue (thousands)	**14,149,192**	13,745,299
Adjustments for share options (thousands)	**7,556**	–
Weighted average number of ordinary shares for calculating diluted earnings per share (thousands)	**14,156,748**	13,745,299
Diluted earnings per share (RMB)	**0.074**	0.038

28 DIVIDENDS

	Year ended 31 December	
	2009	2008
	RMB'000	RMB'000
Proposed final dividend of RMB0.7 cents per ordinary share (note (a))	**105,000**	–
Special dividend	**–**	125,651
	105,000	125,651

(a) At a meeting held on 12 April 2010, the directors of the Company proposed a final dividend of RMB0.7 cents per ordinary share out of share premium as at 31 December 2009. This proposed dividend is not reflected as a dividend payable in these consolidated financial statements, but will be reflected as an appropriation of share premium for the year ending 31 December 2010.

29 CASH GENERATED FROM/(USED IN) OPERATING ACTIVITIES

	Year ended 31 December	
	2009	2008
	RMB'000	RMB'000
Profit for the year	**1,116,804**	632,430
Adjustments for:		
Income tax expense	**329,371**	333,958
Interest income from bank deposits (note 20)	**(36,093)**	(34,495)
Interest expense (note 24)	**8,104**	15,424
Interest income from non-current receivables (note 20)	**(21,115)**	(13,168)
Exchange gain (note 24)	**(4,395)**	(201,944)
Gain on partial disposal of a subsidiary (note 20)	**(98,800)**	–
Gain from repurchase of loan (note 20)	**(172,475)**	–
Depreciation (note 6)	**62,159**	24,058
Employee share option scheme	**14,194**	–
Fair value gain on investment properties	**(842,570)**	(77,415)
Loss on disposal of property and equipment (note (a))	**18,598**	4,481
(Reversals)/provisions of financial guarantees	**(197,403)**	65,997
Changes in working capital:		
Properties under development and completed properties held for sale	**(10,470,119)**	(5,903,962)
Land use rights	**(7,410,674)**	(1,914,744)
Restricted cash	**(3,358,837)**	157,418
Trade and other receivables and prepayments	**(1,728,782)**	848,223
Trade and other payables and receipt in advance from customers	**26,086,733**	2,025,177
Cash generated from/(used in) operations	**3,294,700**	(4,038,562)

(a) Loss on disposal of property and equipment during the year ended 31 December 2009 and 2008 represented the net book value of the property and equipment being disposed of.

30 PENSIONS – DEFINED CONTRIBUTION PLANS

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

Details of the retirement scheme contributions for the employees, which have been dealt with in the consolidated income statements of the Group, are as follows:

	Year ended 31 December	
	2009	2008
	RMB'000	RMB'000
Gross scheme contributions	**15,824**	11,893

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

31 FINANCIAL GUARANTEES

The Group had the following financial guarantees:

(a) Guarantees in respect of mortgage facilities for purchasers of the Group's property units

	31 December	
	2009	2008
	RMB'000	RMB'000
Guarantees in respect of mortgage facilities for certain purchasers of the Group's property units	**12,531,513**	2,086,980

The Group has arranged bank financing for certain purchasers of the Group's property units and provided guarantees to secure obligations of such purchasers for repayments. Such guarantees terminate upon the earlier of (i) issuance of the real estate ownership certificate which will generally be available within an average period of two to three years upon the completion of guarantee registration; or (ii) the satisfaction of mortgaged loan by the purchasers of properties.

Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage principals together with accrued interest and penalty owed by the defaulted purchasers to the banks and the Group is entitled to take over the possession of the related properties. The Group's guarantee period starts from the dates of grant of the mortgages. The directors consider that the likelihood of default in payments by purchasers is minimal and therefore the financial guarantees measured at fair value is immaterial.

31 FINANCIAL GUARANTEES (continued)

(b) Other financial guarantees

The Group have provided the following financial guarantees for the obligations of Xin Xin and Dr. Hui.

	Financial guarantee liability in relation to the restructure of convertible preferred shares	**Financial guarantee liability in relation to the New Investment**	**Total**
	RMB'000	RMB'000	RMB'000
Initial recognition of financial guarantee liability	23,228	108,178	131,406
Charged to the income statement	56,388	9,609	65,997
As at 31 December 2008	79,616	117,787	197,403
Credited to the income statement	(79,616)	(117,787)	(197,403)
As at 31 December 2009	–	–	–

The Company provided guarantee and pledge of shares of certain of its subsidiaries for the obligation of Xin Xin in relation to:

(i) the New Investment (note 14 (c));

(ii) a loan amounting to US$400 million lent to Xin Xin for repurchase of convertible preferred shares of the Company (note 14 (a)).

These guarantees have been released upon the listing of the Company's shares on the Stock Exchange on 5 November 2009.

32 COMMITMENTS

(a) Operating leases commitments

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

	31 December	
	2009	2008
	RMB'000	RMB'000
Property and equipment:		
Not later than one year	**46,503**	30,742
Later than one year and not later than five years	**77,026**	71,749
Later than five years	**5,870**	7,141
	129,399	109,632

32 COMMITMENTS (continued)

(b) Commitments for property development expenditure

	31 December	
	2009	2008
	RMB'000	RMB'000
Contracted but not provided for	**15,223,065**	12,776,257

(c) Commitments for land expenditure

	31 December	
	2009	2008
	RMB'000	RMB'000
Contracted but not provided for	**12,315,356**	10,235,592

33 RELATED PARTY TRANSACTIONS

(a) Name and relationship with related parties

Name	**Relationship**
許家印博士 Dr. Hui Ka Yan	The ultimate controlling shareholder and also the director of the Company
廣州恒大實業集團有限公司 Guangzhou Hengda Industrial Group Company Limited	Controlled by Dr. Hui and his associates
Xin Xin (BVI) Limited	The controlling shareholder of the Company
廣州市金碧大世界飲食娛樂有限公司 Guangzhou Jinbi Dashijie Catering and Entertainment Company Limited	Controlled by Ms. Ding Yumei, wife of Dr. Hui ("Mrs. Hui")

(b) Transactions with related parties

During the year ended 31 December 2009, the Group had the following significant transactions with related parties in addition to those disclosed elsewhere in the consolidated financial statements:

	Year ended 31 December	
	2009	2008
	RMB'000	RMB'000
Rental income (note (i)):		
Guangzhou Jinbi Dashijie Catering and Entertainment Company Limited	**3,062**	2,617

(i) The rental fees were charged in accordance with the terms of the underlying agreements.

33 RELATED PARTY TRANSACTIONS (continued)

(c) Key management compensation

	Year ended 31 December 2009 RMB'000	2008 RMB'000
Salaries and other short-term employee benefits	**73,583**	28,832
Retirement scheme contributions	**507**	317
	74,090	29,149

(d) Balances with related parties

As at 31 December 2009, the Group had the following significant trade and non-trade balances with related parties:

	31 December 2009 RMB'000	2008 RMB'000
Amounts due from related parties		
Included in trade receivables:		
Guangzhou Jinbi Dashijie Catering and Entertainment Company Limited	**5,332**	2,537
Included in other receivables (note (i)):		
Xin Xin (BVI) Limited	**719**	91
Others	**–**	877
	719	968
	6,051	3,505

	31 December 2009 RMB'000	2008 RMB'000
Amounts due to related parties included in other payables:		
Guangzhou Jinbi Dashijie Catering and Entertainment Company Limited	**–**	850

(i) Amounts due from related parties are unsecured, interest-free and have no fixed terms of repayment, which are cash advances in nature.

34 CONTINGENCY

On 8 January 2008, the Group entered into a land grant contract with Guangzhou State-owned Land Bureau to acquire a piece of land located in Tianhe District of Guangzhou at a consideration of approximately RMB4.1 billion. The land was originally designated for residential use, but has since been re-designated by Guangzhou city government as a result of its planned re-zoning of the area as part of a newly established financial district in Guangzhou city. The Group is in negotiation with the government with respect to the amendments to the terms of the land grant contract, including the use of the land and payment terms, but the result is pending as at the date of these consolidated financial statements. The Group has paid a deposit of RMB130 million but has not paid the remaining land premium which was due in July 2008 according to the original land grant contract. However, The Group has not received any notice from relevant government authorities for violation of the terms of the land grant contract.

Should the Group be unable to reach an agreement in its favour, the Group may be subject to forfeiture of the deposit of RMB130 million and penalty for delay payment of the land premium in accordance with the original land grant contract. The directors of the Company consider, based on their best estimation of the result of negotiation with the government, that the risk of forfeiture of the deposit and penalty of late payment would be low and therefore has not made any provision for the forfeiture of the deposit and penalty of late payment.

35 SUBSEQUENT EVENTS

On 27 January 2010, the Company issued 13%, 5 year senior notes with an aggregated principal amount of US$750,000,000 at 100% of the face value. The senior notes are jointly guaranteed by certain subsidiaries and are secured by pledges of the shares of the subsidiaries.

36 INVESTMENTS IN SUBSIDIARIES – COMPANY

	31 December	
	2009	2008
	RMB'000	RMB'000
Investments in subsidiaries	**14,196**	2

36 INVESTMENTS IN SUBSIDIARIES – COMPANY (continued)

Particulars of principal subsidiaries are set out below:

Name	Date of incorporation/ Establishment	Nominal value of issued and fully paid share capital/ paid-in capital	Percentage of attributable equity interest Directly	Percentage of attributable equity interest Indirectly	Principal activities
Incorporated in the BVI with limited liability and operating in the People's Republic of China (the "PRC")					
ANJI (BVI) Limited	26 June 2006	US$100	100%	–	Investment holding
ShengJian (BVI) Limited	29 January 2007	US$100	–	100%	Investment holding
Ever Grace Group Limited	18 September 2008	US$100	–	100%	Investment holding
Incorporated in Hong Kong with limited liability and operating in the PRC					
Success Will Group Limited	5 July 2007	HK$1,000	–	60%	Investment holding
Incorporated in the PRC with limited liability and operating in the PRC					
恒大地產集團有限公司 Hengda Real Estate Group Company Limited	24 June 1996	RMB2,500,000,000	–	100%	Property development
廣州市俊匯房地產開發有限公司 Guangzhou Junhui Real Estate Development Company Limited	23 February 1994	RMB702,780,000	–	100%	Property development
廣州通瑞達房地產實業有限公司 Guangzhou Tongruida Real Estate Industrial Company Limited	31 December 1996	RMB475,950,000	–	100%	Property development
佛山市南海新中建房地產發展有限公司 Foshan Nanhai Xinzhongjian Real Estate Development Company Limited	11 September 2001	RMB30,000,000	–	60%	Property development
廣州市俊鴻房地產開發有限公司 Guangzhou Junhong Real Estate Development Company Limited	12 April 1993	RMB362,550,000	–	100%	Property development
廣州恒大(增城)房地產開發有限公司 Guangzhou Hengda (Zengcheng) Real Estate Development Company Limited	18 July 2005	RMB68,560,000	–	100%	Property development

36 INVESTMENTS IN SUBSIDIARIES – COMPANY (continued)

Name	Date of incorporation/ Establishment	Nominal value of issued and fully paid share capital/ paid-in capital	Percentage of attributable equity interest Directly	Indirectly	Principal activities
恒大地產集團重慶有限公司 Hengda Real Estate Group (Chongqing) Company Limited	17 July 2006	RMB711,000,000	–	100%	Property development
恒大鑫源(昆明)置業有限公司 Hengda Xinyuan (Kunming) Property Company Limited	26 April 2007	US$110,000,000	–	100%	Property development
南京恒大富豐置業有限公司 Nanjing Hengda Fufeng Real Estate Company Limited	10 April 2007	US$59,900,000	–	100%	Property development
恒大地產集團天津薊縣有限公司 Hengda (Tianjin) Jixian Real Estate Group Company Limited	22 August 2006	RMB437,000,000	–	100%	Property development
恒大地產集團江津有限公司 Hengda (Jiangjin) Real Estate Group Company Limited	27 July 2006	RMB260,000,000	–	100%	Property development
鄂州恒大房地產開發有限公司 E'zhou Hengda Real Estate Development Company Limited	25 July 2006	RMB390,000,000	–	100%	Property development
廣州市力拓土石方工程有限公司 Guangzhou Lituo Site Preparation Company Limited	9 May 2006	RMB30,000,000	–	100%	Construction
成都恒大銀河新城置業有限公司 Chengdu Hengda Galaxy New City Property Company Limited	30 November 2006	RMB296,000,000	–	100%	Property development
武漢東湖恒大房地產開發有限公司 Wuhan Donghu Hengda Real Estate Development Company Limited	22 December 2006	RMB1,064,000,000	–	100%	Property development
恒大鑫隆(瀋陽)置業有限公司 Hengda Xinlong (Shengyang) Real Estate Company Limited	28 December 2006	US$5,000,000	–	100%	Property development
恒大長基(瀋陽)置業有限公司 Hengda Changji (Shengyang) Property Company Limited	1 December 2006	US$74,900,000	–	100%	Property development
恒大鑫源(瀋陽)置業有限公司 Hengda Xinyuan (Shengyang) Property Company Limited	1 December 2006	US$119,000,000	–	100%	Property development

36 INVESTMENTS IN SUBSIDIARIES – COMPANY (continued)

Name	Date of incorporation/ Establishment	Nominal value of issued and fully paid share capital/ paid-in capital	Percentage of attributable equity interest Directly	Percentage of attributable equity interest Indirectly	Principal activities
成都市溫江區鑫金康置業有限責任公司 Chengdu Wenjiang Xinjinkang Property Company Limited	1 August 2006	RMB495,500,000	–	100%	Property development
恒大鑫豐(彭山)置業有限公司 Hengda Xinfeng (Pengshan) Property Company Limited	13 March 2007	US$70,600,000	–	100%	Property development
恒大盛宇(清新)置業有限公司 Hengda Shengyu (Qingxin) Company Limited	25 March 2007	US$107,030,000	–	100%	Property development
武漢市金碧綠洲房地產開發有限公司 Wuhan Evergrande Oasis Real Estate Development Company Limited	21 March 2007	US$29,900,000	–	100%	Property development
啟東譽豪飲食廣場有限公司 Qidong Yuhao Catering Court Company Limited	1 January 2007	US$29,900,000	–	100%	Property development
啟東歡華大酒店有限公司 Qidong Huanhua Hotel Company Limited	1 January 2007	US$15,000,000	–	100%	Property development
啟東勤盛遊樂有限公司 Qidong Qingshen Amusement Company Limited	1 January 2007	US$29,900,000	–	100%	Property development
啟東衡美影視城有限公司 Qidong Hengmei Movie City Company Limited	1 January 2007	US$29,900,000	–	100%	Property development
啟東鑫華娛樂有限公司 Qidong Xinhua Entertainment Company Limited	1 January 2007	US$29,900,000	–	100%	Property development
啟東通譽健身俱樂部有限公司 Qidong Tongyu Gym Club Company Limited	1 January 2007	US$29,900,000	–	100%	Property development
啟東寶豐康復保健有限公司 Qidong Baofeng Health Recovery Company Limited	1 January 2007	US$29,900,000	–	100%	Property development

36 INVESTMENTS IN SUBSIDIARIES – COMPANY (continued)

Name	Date of incorporation/ Establishment	Nominal value of issued and fully paid share capital/ paid-in capital	Percentage of attributable equity interest Directly	Indirectly	Principal activities
重慶恒大基宇置業有限公司 Hengda Chongqing Jiyu Property Company Limited	14 May 2007	US$138,900,000	–	100%	Property development
湖北怡清雅築房地產開發有限公司 Hubei Yiqingyazhu Real Estate Development Company Limited	20 March 2007	RMB320,000,000	–	100%	Property development
金碧物業有限公司 Jinbi Property Management Company Limited	10 September 1997	RMB177,600,000	–	60%	Property management and related consulting services
恒大地產集團洛陽有限公司 Hengda (Luoyang) Real Estate Group Company Limited	5 September 2007	RMB20,000,000	–	100%	Property development
恒大地產集團太原有限公司 Hengda (Taiyuan) Real Estate Group Company Limited	11 September 2007	RMB631,000,000	–	100%	Property development
西安曲江投資建設有限公司 Xi'an Qujiang Investment Construction Company Limited	9 September 2002	RMB453,462,000	–	65%	Property development
西安祺雲置業有限公司 Xi'an Qiyun Land Company Limited	28 August 2007	RMB315,000,000	–	100%	Property development
合肥祺嘉置業有限公司 Hefei Qijia Property Company Limited	6 November 2007	US$126,000,000	–	100%	Property development
南寧銀象房地產開發有限責任公司 Nanning Yinxiang Real Estate Development Company Liability limited	24 November 2005	RMB10,000,000	–	80.05%	Property development
恒大地產集團貴陽置業有限公司 Hengda Real Estate Group Guiyang Property Company Limited	13 November 2007	RMB219,100,000	–	100%	Property development

36 INVESTMENTS IN SUBSIDIARIES – COMPANY (continued)

Name	Date of incorporation/ Establishment	Nominal value of issued and fully paid share capital/ paid-in capital	Percentage of attributable equity interest Directly	Indirectly	Principal activities
南京漢典房地產開發有限公司 Nanjing Handian Property Development Company Limited	10 July 2002	RMB371,000,000	–	100%	Property development
湖南雄震投資有限公司 Hunan Xiongzhen Investment Company Limited	7 August 2003	RMB100,000,000	–	100%	Property development
恒大地產集團合肥有限公司 Hengda Hefei Real Estate Group Company Limited	9 November 2007	RMB20,000,000	–	100%	Property development
恒大地產集團長沙置業有限公司 Hengda Changsha Property Company Limited	7 November 2007	RMB20,000,000	–	100%	Property development
恒大園林集團有限公司 Hengda Landscaping Group Company Limited	24 January 2002	RMB120,000,000	–	100%	Landscape and architecture
佛山市恒大金屬建築材料有限公司 Foshan Hengda Metallic Construction Material Company Limited	24 August 2005	RMB1,000,000	–	100%	Sales of decoration materials
廣州市越秀住宅建設有限公司 Guangzhou Yuexiu Property Construction Company Limited	20 May 2005	RMB53,280,000	–	100%	Construction
廣州市恒大材料設備有限公司 Hengda (Guangzhou) Material and Equipment Company Limited	30 April 2007	RMB100,000,000	–	100%	Trading of construction materials
河南省軟件園實業發展有限公司 Henan Ruanjianyuan Industrial Development Company Limited	4 April 2000	RMB20,000,000	–	80%	Property development
湖南盛基置業有限公司 Hunan Shengji Property Company Limited	26 March 2008	US$20,000,000	–	100%	Property development
長沙天璽置業有限公司 Changsha Tianxi Zhiye Property Company Limited	5 August 2008	RMB20,000,000	–	100%	Property development

36 INVESTMENTS IN SUBSIDIARIES – COMPANY (continued)

Name	Date of incorporation/ Establishment	Nominal value of issued and fully paid share capital/ paid-in capital	Percentage of attributable equity interest Directly	Percentage of attributable equity interest Indirectly	Principal activities
恒大地產集團包頭有限公司 Hengda (Baotou) Real Estate Group Company Limited	9 August 2008	RMB35,000,000	–	100%	Property development
廣東恒大排球俱樂部有限公司 Guangdong Hengda volleyball Club Limited	24 April 2009	RMB20,000,000	–	100%	Club Operation
陝西金泓投資有限公司 Shanxi Jinhong Investment Company Limited	2 November 2006	RMB50,000,000	–	100%	Property development
長沙鑫霖置業有限公司 Changsha Xinlin Property Company Limited	4 September 2003	RMB8,000,000	–	51%	Property development
江西宏吉投資有限公司 Jiangxi Hongji Investment Company Limited	19 April 2004	RMB6,000,000	–	88%	Property development
恒大地產集團石家莊有限公司 Hengda (Shijiazhuang) Real Estate Group Company Limited	18 August 2009	RMB200,000,000	–	100%	Property development
恒大地產集團濟南置業有限公司 Hengda (Jinan) Real Estate Group Company Limited	27 September 2009	RMB20,000,000	–	100%	Property development
恒大地產集團天津有限公司 Hengda (Tianjin) Real Estate Group Company Limited	21 September 2009	RMB100,000,000	–	100%	Property development
恒大地產集團佛岡有限公司 Hengda (Fogang) Real Estate Group Company Limited	14 October 2009	RMB20,000,000	–	100%	Property development
江西省翠林山莊有限公司 Jiangxi Cuilin Manor Company Limited	7 July 2003	US$20,000,000	–	100%	Property development
佛山市恒和木業有限公司 Foshan Henghe Forest Company Limited	23 July 2009	RMB5,000,000	–	60%	Construction
安徽三林置業有限公司 Anhui Sanlin Property Company Limited	2 November 2001	RMB100,000,000	–	70%	Property development

36 INVESTMENTS IN SUBSIDIARIES – COMPANY (continued)

Name	Date of incorporation/ Establishment	Nominal value of issued and fully paid share capital/ paid-in capital	Percentage of attributable equity interest Directly	Indirectly	Principal activities
河北大地蟠龍房地產開發有限公司 Hebei Dadi Fanlong Real Estate Development Company Limited	8 December 2005	RMB120,000,000	–	85%	Property development
深圳市中心港房地產開發有限公司 Shenzhen Central Port Real Estate Development Company Limited	30 October 2009	RMB10,000,000	–	100%	Property development
濟南裕中置業有限公司 Jinan Yuzhong Property Company Limited	24 July 2000	RMB10,000,000	–	100%	Property development
佛岡縣遠拓土石方工程有限公司 Fogang Yuantuo Architecture Project Company Limited	10 July 2009	RMB10,000,000	–	100%	Construction
海南東方明珠房地產有限公司 Hainan Oriental Pearl Real Estate Development Company Limited	8 May 1992	RMB70,000,000	–	100%	Property development

The names of certain of the companies referred to in these consolidated financial statements represent management's best effort in translation of the Chinese names of these companies as no English names have been registered or available.

Four Year Financial Summary

CONSOLIDATED BALANCE SHEET

(as at 31 December)

	2006 (RMB'000)	2007 (RMB'000)	2008 (RMB'000)	**2009 (RMB'000)**
ASSETS				
Non-current assets				
Property and equipment	46,781	217,978	450,141	**395,775**
Land use rights	378,622	470,820	250,868	**279,498**
Investment properties	847,487	1,571,468	1,741,390	**3,130,800**
Other receivables	–	–	281,849	**302,964**
Deferred income tax assets	19,957	123,904	324,364	**522,166**
	1,292,847	2,384,170	3,048,612	**4,631,203**
Current assets				
Land use rights	1,158,544	6,514,092	8,644,245	**15,923,120**
Properties under development	1,083,477	3,287,017	9,049,192	**20,557,151**
Completed properties held for sale	290,339	986,962	2,240,713	**2,004,932**
Trade and other receivables and prepayments	1,918,580	4,845,432	3,590,360	**5,318,893**
Income tax recoverable	8,128	–	31,816	**257,909**
Restricted cash	386,092	1,725,849	1,167,942	**7,044,824**
Cash and cash equivalents	1,655,970	1,640,863	749,718	**7,333,232**
	6,501,130	19,000,215	25,473,986	**58,440,061**
Total assets	7,793,977	21,384,385	28,522,598	**63,071,264**
EQUITY				
Capital and reserves attributable to the shareholders of the Company				
Share capital	125,000	125,000	209,332	**1,044,079**
Share premium	–	–	6,000,560	**7,958,022**
Reserves	(744,315)	(640,465)	389,837	**1,219,385**
Retained earnings	110,981	1,153,145	1,662,139	**2,640,351**
	(508,334)	637,680	8,261,868	**12,861,837**
Minority interests	–	213,593	321,263	**295,309**
Total equity	(508,334)	851,273	8,583,131	**13,157,146**
LIABILITIES				
Non-current liabilities				
Borrowings	1,425,721	8,915,516	4,226,413	**7,816,044**
Convertible preferred shares	2,830,322	3,153,928	–	**–**
Embedded financial derivative	294,232	816,436	–	**–**
Deferred income tax liabilities	422,762	482,137	451,527	**600,497**
	4,973,037	13,368,017	4,677,940	**8,416,541**

CONSOLIDATED BALANCE SHEET (continued)

(as at 31 December)

	2006 (RMB'000)	2007 (RMB'000)	2008 (RMB'000)	**2009 (RMB'000)**
Current liabilities				
Borrowings	829,662	646,200	6,213,843	**6,359,745**
Trade and other payables	857,081	4,194,060	4,469,168	**9,799,761**
Receipts in advance from customers	1,472,096	1,763,544	3,503,265	**24,306,136**
Financial guarantee liabilities	–	–	197,403	–
Current income tax liabilities	170,435	561,291	877,848	**1,031,935**
	3,329,274	7,165,095	15,261,527	**41,497,577**
Total liabilities	8,302,311	20,533,112	19,939,467	**49,914,118**
Total equity and liabilities	7,793,977	21,384,385	28,522,598	**63,071,264**

Four Year Financial Summary

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(year ended 31 December)

	2006 (RMB'000)	2007 (RMB'000)	2008 (RMB'000)	**2009 (RMB'000)**
Revenue	1,983,304	3,166,692	3,606,791	**5,722,657**
Cost of sales	(1,426,278)	(1,945,261)	(2,124,420)	**(3,776,308)**
Gross profit	557,026	1,221,431	1,482,371	**1,946,349**
Fair value gains on investment properties	300,103	657,067	77,415	**842,570**
Other gains	25,904	796,877	531,090	**347,554**
Selling and marketing costs	(63,640)	(220,651)	(665,299)	**(1,075,142)**
Administrative expenses	(150,964)	(470,579)	(545,273)	**(744,960)**
Other operating expenses	(19,572)	(23,356)	(34,439)	**(63,890)**
Operating profit	648,857	1,960,789	845,865	**1,252,481**
Fair value change on embedded financial derivatives	(2,515)	(562,684)	–	**–**
(Provisions)/reversals of financial guarantees	–	–	(65,997)	**197,403**
Finance (costs)/income,net	(55,809)	118,765	186,520	**(3,709)**
Profit before income tax	590,533	1,516,870	966,388	**1,446,175**
Income tax expenses	(265,074)	(437,766)	(333,958)	**(329,371)**
Profit for the year	325,459	1,079,104	632,430	**1,116,804**
Other comprehensive income	–	–	–	**–**
Total comprehensive income for the year	325,459	1,079,104	632,430	**1,116,804**
Attributable to:				
Shareholders of the Company	325,459	1,081,533	524,760	**1,046,428**
Minority interests	–	(2,429)	107,670	**70,376**

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