CHINA SCE PROPERTY HOLDINGS LIMITED
中駿置業控股有限公司

(Incorporated in the Cayman Islands with limited liability)
Stock Code : 1966

Annual Report 2009

Contents of 2009 Annual Report

Corporate Profile

China SCE Property Holdings Limited ("China SCE Property") was established in 1996. It specializes in investment holding, real estate development, property investment and property management. After years of development, China SCE Property has established a positive brand image in the industry and was named and awarded with the title "China Top 100 Real Estate Enterprises", "Stars of China Top 100 Real Estate Developers " on many occasions.

Relying on the advantage of diversification development of the group and taking Xiamen as its development base, China SCE Property has carried out its national development strategy that focuses on the West Taiwan Strait Economic Zone, the Pearl River Delta Economic Zone and the Bohai Rim Economic Zone. As of 31 December 2009, the Group together with its jointly-controlled entities and associates, owned a land bank with an aggregated total gross floor area and planned gross floor area of approximately 6.87 million sq.m., located in Fujian Province, Shenzhen, Beijing and Shanxi.

On 5 February 2010, China SCE Property was listed on the Main Board of The Stock Exchange Hong Kong Limited. China SCE Property will fully utilize the international capital platform that was built after its listing in Hong Kong to implement sound financial development strategies. At the same time, China SCE Property will, as usual, actively implement its development strategies with a focus on improving product quality in its future development; and we will set our mission on becoming a regional leader in the industry to maximize value for our shareholders and to make greater contribution to the real estate industry and the society.

DIRECTORS

Executive Directors

Mr. Wong Chiu Yeung *(Chairman)*
Mr. Chen Yuanlai *(Vice Chairman)*
Mr. Cheng Hiu Lok *(Vice Chairman)*
Mr. Li Wei

Non-executive Director

Mr. Fung Ka Pun

Independent Non-executive Directors

Mr. Ting Leung Huel Stephen
Mr. Lu Hong Te
Mr. Dai Yiyi

COMPANY SECRETARY

Mr. Li Siu Po

AUTHORIZED REPRESENTATIVES

Mr. Wong Chiu Yeung
Mr. Li Siu Po

AUDIT COMMITTEE

Mr. Ting Leung Huel Stephen *(Chairman)*
Mr. Lu Hong Te
Mr. Dai Yiyi

REMUNERATION COMMITTEE

Mr. Wong Chiu Yeung *(Chairman)*
Mr. Ting Leung Huel Stephen
Mr. Dai Yiyi

NOMINATION COMMITTEE

Mr. Cheng Hiu Lok *(Chairman)*
Mr. Li Wei
Mr. Lu Hong Te

AUDITORS

Ernst & Young
Certified Public Accountants

LEGAL ADVISORS

As to Hong Kong Law:
Chiu & Partners

COMPLIANCE ADVISORS

Cinda International Capital Limited

REGISTERED OFFICE IN CAYMAN ISLANDS

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

Corporate Information

PRINCIPAL PLACE OF BUSINESS AND HEAD OFFICE IN THE PRC

SCE Building
No. 208, Nanwu Road
Gaoqi, Xiamen
Fujian Province
China 361006

PLACE OF BUSINESS IN HONG KONG

Room 1606, Nanyang Plaza
No. 57 Hung To Road
Kwun Tong, Kowloon
Hong Kong

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Codan Trust Company (Cayman) Limited
Cricket Square
Hutchins Dirve
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
Shops 1712-1716
17/F, Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

PRINCIPAL BANKERS

Agricultural Bank of China
China Construction Bank

INVESTOR RELATIONS

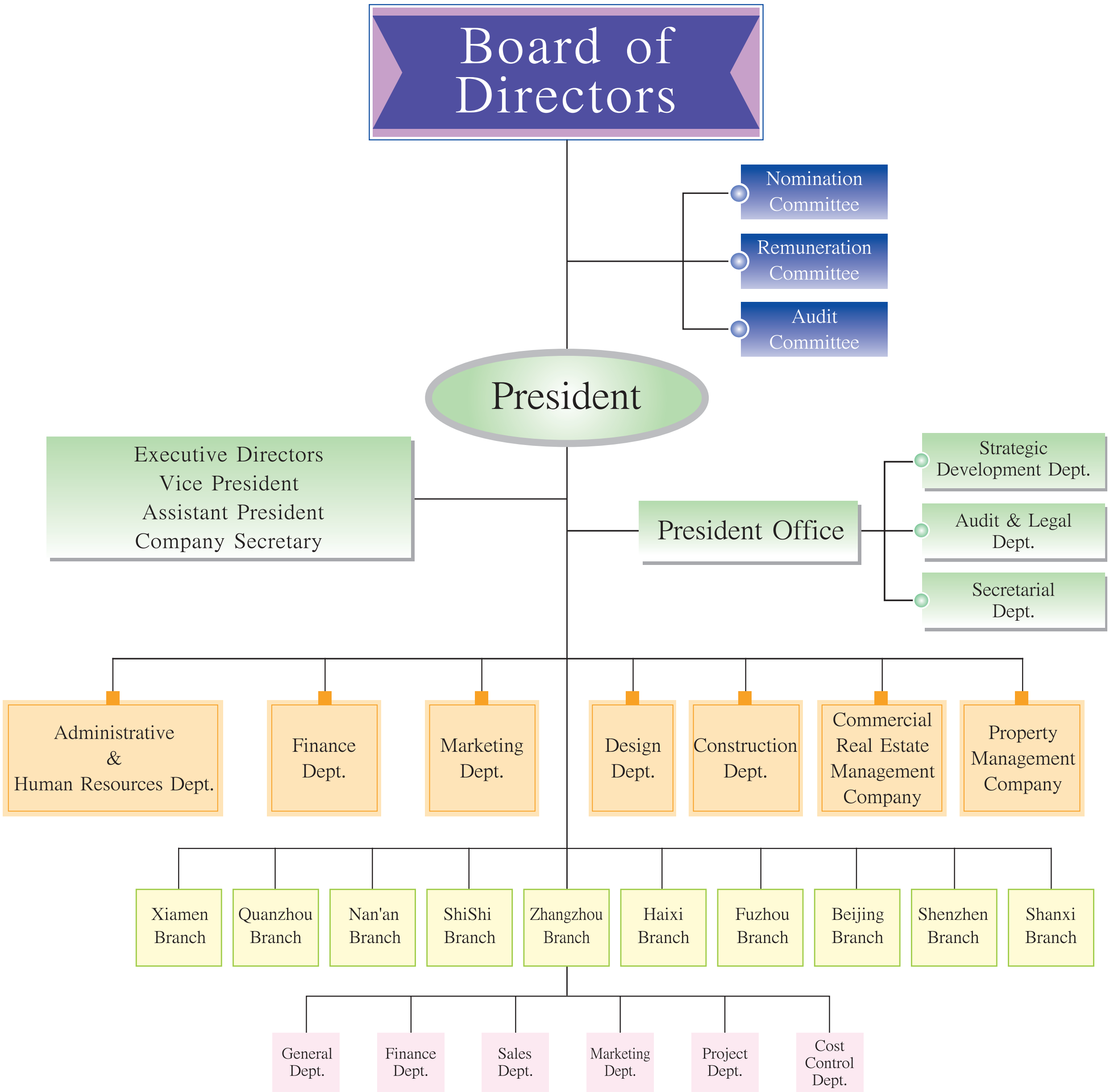
Email: ir@sce-re.com
Fax: (86) 592 5721 855

STOCK CODE

Hong Kong Stock Exchange: 1966.HK

COMPANY WEBSITE

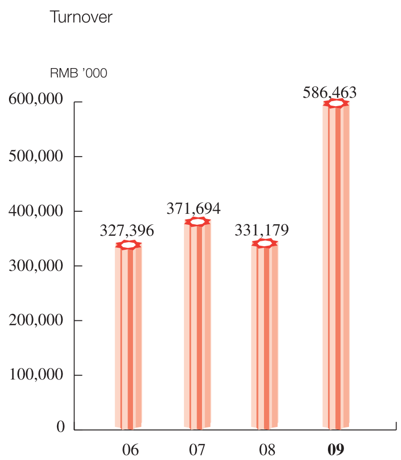
www.sce-re.com

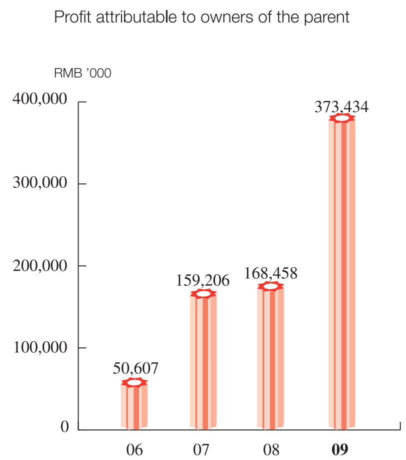

Board of Directors
Nomination Committee
Remuneration Committee
Audit Committee
President
Executive Directors
Vice President
Assistant President
Company Secretary
President Office
Strategic Development Dept.
Audit & Legal Dept.
Secretarial Dept.
Administrative & Human Resources Dept.
Finance Dept.
Marketing Dept.
Design Dept.
Construction Dept.
Commercial Real Estate Management Company
Property Management Company
Xiamen Branch
Quanzhou Branch
Nan'an Branch
ShiShi Branch
Zhangzhou Branch
Haixi Branch
Fuzhou Branch
Beijing Branch
Shenzhen Branch
Shanxi Branch
General Dept.
Finance Dept.
Sales Dept.
Marketing Dept.
Project Dept.
Cost Control Dept.

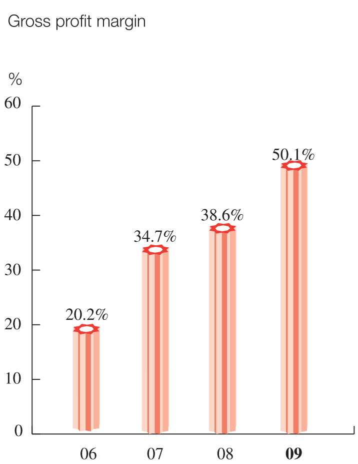
Financial Highlights

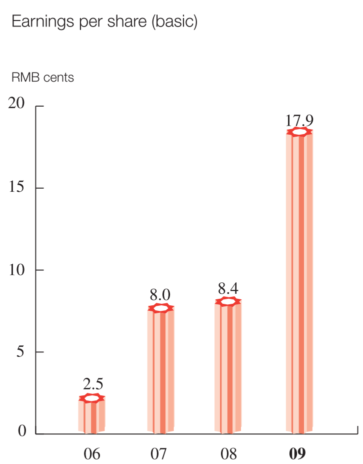
CONSOLIDATED RESULTS

	For the year ended 31 December		
	2009	2008	Change
	RMB'000	RMB'000	(%)
Revenue	**586,463**	331,179	77.1%
Profit before tax	**540,687**	241,465	123.9%
Income tax expense	**(178,996)**	(75,606)	136.7%
Profit for the year	**361,691**	165,859	118.1%
Profit/(loss) attributable to:			
Owners of the parent	**373,434**	168,458	121.7%
Minority interests	**(11,743)**	(2,599)	351.8%
	361,691	165,859	118.1%
Earnings per share			
Basic	**RMB17.9 cents**	RMB8.4 cents	113.1%









Dear Shareholders,

I am pleased to present the annual results of China SCE Property Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group") for the year ended 31 December, 2009.

In 2009, the China economy gradually walked away from the shadow of the global financial crisis and was one of the first to record stable recovery around the world. The economy was in good shape with low inflation and high growth rate. The real estate industry in China also rebounded strongly and became one of the fastest growing industries in the national economy. In 2009, the annual property investment amount completed was RMB3,623.2 billion, increased by 16.1% year-on-year. Residential property construction area was 3,196.50 million sq.m., increased by 12.8% year-on-year. Sales of residential properties were particularly strong, the sales area of commodity housing exceeded 937.13 million sq.m. in 2009, representing an increase of 42.1% year-on-year. With increasing demand in the real estate industry, the prices of commodity housing also surged.

2009 was also a year of accelerated development and rapid elevation for the Company. During the year, all staff of the Group worked together to prepare for listing, as a result all the preliminary work prior to listing was done systematically and efficiently. Under the efforts of all our staff and the professionals involved, the Company listed successfully on the Main Board of The Stock Exchange of Hong Kong Limited on 5 February 2010 and became the first domestic real estate enterprise listed in Hong Kong in 2010. The listing of the Company received positive response under the strong support from the public investors, evidencing recognition of the product quality and management of the Company by all sectors of the social community. The Company believes that our successful presence on the international capital market will establish a more stable foundation for the long-term development of the Company.

On reviewing 2009, the Group's results were satisfying. The sales revenue and gross profit of the Group were approximately RMB586 million and RMB294 million respectively, representing an increase of 77.1% and 129.7% respectively as compared to the same period of the previous year. Profit attributable to owners of the parent was RMB373 million, increased by 121.7% year-on-year.

On land bank, the Group, together with its jointly-controlled entities and associates owned a land bank with an aggregated total gross floor area and planned gross floor area of 6.87 million sq.m. as at 31 December 2009. We believe the existing land bank will be sufficient to satisfy our development and construction needs for three to five years.

On the development of corporate strategies, the Company will continue to refine our operations in the Fujian market, focus our efforts on expanding market share, maintain our leading position and adhere to excellence in quality to maintain the sustainable competitiveness of the Company. In future development, the Company will leverage on the successful development of World City in Beijing for strategic expansion into the Bohai Economic Rim with Beijing as the centre and implement the nationwide development strategy led by the Western Taiwan Strait Economic Zone, Bohai Economic Rim and Pearl River Delta Economic Zone. In addition, while enhancing the performance of mid- to high-end residential properties, the Company will increase the holding of quality commercial properties as appropriate so as to expand the sources of cash revenue and strengthen our risk resistance capability.

Chairman's Statement

In order to ensure the healthy and stable development of the real estate industry, since the end of 2009 and the beginning of 2010, the central government of the PRC has launched a number of new measures to control the overheating real estate market, which will have certain impact on the development trend and future mode of operation of the real estate market in China. As the land bank of the Company is mostly located in second and third tier cities with stronger demand from owner-occupiers, therefore, it is justifiable for us to believe that the effect of macroeconomic controls on the Company will be relatively small. In addition, the Western Taiwan Strait is currently a development region with key support from the central government of the PRC, with the improvement of ancillary policies, it is believed that the Western Taiwan Strait Zone will become an important force for driving the real estate trend. As disclosed in the prospectus, most of the property development projects of the Company are currently located in Fujian Province, we may leverage on and benefit from the future economic development and growth of the Fujian Province which is the key constituent, particularly of the Western Taiwan Strait Economic Zone.

Moreover, the urbanization rate of China is still far below the level in developed countries. With rapid development of the economy, the urbanization progress in China will continue to accelerate. It is believed that in the next 10 to 20 years, housing demand in China will remain robust. Therefore, I am very optimistic about the long-term development prospect of the real estate market in China and full of confidence regarding the future development of the Company. Being one of the leading developers of high end properties in Fujian Province, the Company will advance further on the basis of our emphasis on product quality and strive to create better return for our shareholders.

The distinguished performance of the Company is the fruitful result of the concerted efforts of our professional management and dedicated working teams as well as the strong support from all sectors of the social community. On behalf of the Board of Directors of the Company, I would like to express our sincere appreciation to all shareholders, customers, business partners and all our staff for your profound support to the Company.

Wong Chiu Yeung
Chairman

Hong Kong, China
15 April 2010

BUSINESS REVIEW

In response to the global financial crisis in 2008, the central government adopted active economic stimulation measures decisively. Such measures realised extraordinary economic effectiveness in 2009. In 2009, China completed the planned economic growth target formulated at the beginning of the year, Gross Domestic Product (GDP) grew by 8.7%, and was among the first to move from the shadow of the financial crisis. During 2009, the central government increased the credit facilities and policy support for the real estate industry which accelerated the recovery of the real estate industry. The Group monitored the trend of industry developments closely, captured the opportunities for development strategically and achieved good results in 2009.

Contract sales

During the full year of 2009, the Group, together with its jointly-controlled entities and associates, realised contract sales area of 387,323 sq.m. and contract sales amount of approximately RMB3,198 million. The details were set out below.

City	Statistics of contract sales in 2009 Contract sales area (sq.m.)	Contract sales amount (RMB million)
Quanzhou	183,494	1,419
Fuzhou	161,757	941
Beijing	21,417	649
Xiamen	20,655	189
Total	387,323	3,198

As at 31 December 2009, contract sales amount of RMB4,820 million (including RMB1,480 million from jointly-controlled entities and associates) was contracted but had not been recognised as sales revenue.

Project development

During the year, the Group, together with its jointly-controlled entities and associates, had newly commenced construction area of 584,482 sq.m., completed construction area of 170,926 sq.m. and projects under development (including projects under construction and projects completed during the year) with an aggregated total gross floor area of 1,236,669 sq.m. The details were set out below.

Projects commenced in 2009

City	Name of Project	Type of property	Total GFA (sq.m.)	Interest attributable to the Group (%)
Quanzhou	Sunshine Town (Phase 1) (Blocks 1-8)	Residential properties	60,063	100
Quanzhou	Fortune Plaza • 裕景灣	Residential properties	300,397	58
Quanzhou	Sapphire Peninsula (Phase 1)	Residential properties	141,213	100
Linfen	SCE International Community (Phase 1)	Residential properties	82,809	60
		Total:	584,482	

Projects completed in 2009

City	Name of Project	Type of property	Total GFA (sq.m.)	Interest attributable to the Group (%)
Quanzhou	Noble Mansion	Residential properties	66,860	30
Xiamen	Seashore Suite No.1	Residential properties	104,066	100
		Total:	170,926	

Projects under development in 2009

City	Name of Project	Type of property	Total GFA (sq.m.)	Interest attributable to the Group (%)
Quanzhou	Sapphire Uptown	Residential properties	105,623	51
Quanzhou	Sunshine Town (Phase 1) (Blocks 1-8)	Residential properties	60,063	100
Quanzhou	Fortune Plaza • 裕景灣	Residential properties	300,397	58
Quanzhou	West Lake No.1	Residential properties	198,782	100
Quanzhou	Noble Mansion	Residential properties	66,860	30
Quanzhou	Sapphire Peninsula (Phase 1)	Residential properties	141,213	100
Xiamen	Seashore Suite No.1	Residential properties	104,066	100
Fuzhou	Wuyi Oasis (Phase 3)	Residential properties	176,856	50
Linfen	SCE International Community (Phase 1)	Residential properties	82,809	60
		Total:	1,236,669	

Land bank

As at 31 December 2009, the Group, together with its jointly-controlled entities and associates, owned a land bank with an aggregated total gross floor area and planned gross floor area of approximately 6.87 million sq.m. (including an aggregate planned GFA of approximately 1.45 million sq.m. for which only master agreements had been entered with local governments), of which the attributable portion was approximately 4.82 million sq.m.. New additions to land bank during the year was approximately 1.45 million sq.m.. In terms of geographical distribution, approximately 84% of the Group's land bank was located in Fujian Province (including Xiamen, Quanzhou, Zhangzhou and Fuzhou), the remaining 16% was distributed in Beijing, Shanxi Province, Lifen City and Shenzhen City in Guangdong Province. We believe the existing land bank will satisfy our development and construction needs in the next three to five years.

We believe the risks that may arise from cyclical fluctuations of the market can be diversified effectively by improving the strategic distribution of land. In addition to further improving the Company's market leading position in Fujian Province, the Company will continue to seek new development opportunities in the Bohai Economic Rim and Pearl River Delta Economic Zone to expand its land bank.

Business outlook

With exceptionally high rate of increases in the prices of commodity housing in 2009, the central government launched a series of measures at the end of 2009 and at the beginning of 2010 to adjust and control the real estate market. We firmly believe the objectives of these measures were to supervise and regulate unreasonable behaviour in the real estate industry and to guide the industry into more healthy and stable development.

For project development, the Company will further implement the nationwide development strategy. We shall continue to increase the pace of development by leveraging on the successful past experience and to launch new products continuously to satisfy market demand. In 2010, the construction area planned for commencement will be 955,817 sq.m., and the construction area planned for completion will be 572,755 sq.m.. The details are set out as follows:

Projects planned for commencement in 2010

City	Name of Project	Type of property	Total GFA (sq.m.)	Interest attributable to the Group (%)
Quanzhou	Fortune Plaza • 雍景台	Residential properties	249,436	58
Quanzhou	Purple Lake International (Phase 1)	Residential properties	62,217	49
Quanzhou	Sunshine Town (Phase 1) (Blocks 9-17)	Residential properties	152,634	100
Xiamen	The Regent	Residential properties	85,192	60
Zhangzhou	Sapphire Boomtown (Phase 1)	Residential properties	148,578	80
Linfen	SCE International Community (Phase 2)	Residential properties	257,760	60
		Total:	955,817	

Projects planned for completion in 2010

City	Name of Project	Type of property	Total GFA (sq.m.)	Interest attributable to the Group (%)
Quanzhou	West Lake No. 1	Residential properties	198,782	100
Quanzhou	Fortune Plaza • 雍景台 (low density residential housing)	Residential properties	31,431	58
Quanzhou	Sunshine Town (Phase 1) (Blocks 1-8)	Residential properties	60,063	100
Quanzhou	Sapphire Uptown	Residential properties	105,623	51
Fuzhou	Wuyi Oasis (Phase 3)	Residential properties	176,856	50
		Total:	572,755	

Facing the market opportunities and challenges, the Group will continue to focus on the following key areas to ensure the implementation of various operational tasks and realisation of benchmark performance.

Business expansion

The Group will seize the development opportunities of Western Taiwan Strait Economic Zone and continue to refine our operations in Fujian to maintain our leading position in the industry in Fujian Province. Meanwhile, we also plan to make use of our experience in these regions to capture the right opportunities for expanding our business in the regions of China with relatively fast economic growth such as the Bohai Economic Rim and the Pearl River Delta Economic Zone.

Upholding quality

While expanding the scale of business steadily, the Group will make attaching importance to and the enhancement of product quality as the top priority task as we always did. We believe excellent product quality forms the basis for gaining customer confidence as well as the fundamental element to enhance the bargaining power of the product and create the maximum value for shareholders.

Optimisation of capital structure

The Group will fully utilise the international financing platform available from our successful listing to optimise our capital and financing structure to secure sufficient financing for our future property development projects through a continuation of increasing retained earnings and gaining access to the capital and debt markets.

Year 2010 is the Company's first year of listing in Hong Kong. The Company will implement its financial management strategy prudently to maintain gearing ratio and cash flows at healthy and reasonable levels. Meanwhile, the Company will endeavour to disclose its financial conditions in a public and transparent manner to facilitate the shareholders to understand the real-time conditions of the Company conveniently and quickly.

FINANCIAL REVIEW

Revenue

The revenue of the Group mainly includes property sales, rental income and property management income.

The annual revenue increased by 77.1% from RMB331 million in 2008 to RMB586 million in 2009.

- **Sale of properties**

  Property sales increased by 73.7% from RMB325 million in 2008 to RMB565 million in 2009, which was mainly attributable to the delivery of part of the properties in Beijing World City project in 2009. Since this project was located in the central business district of Beijing and the property was sold together with luxurious interior renovations, the average selling price reached as RMB26,845 per sq.m..

- **Rental income**

  Rental income increased by 639.4% from RMB1,722,000 in 2008 to RMB12,733,000 in 2009, which was mainly attributable to the leasing of certain portion of retail shops in the Beijing World City commenced in the second half of 2009.

- **Property management fee**

  Property management income increased by 106.1% from RMB4,240,000 in 2008 to RMB8,737,000 in 2009, which was mainly attributable to the increase in the number and floor area of properties under management.

Cost of sales

Cost of sales increased by 44.0% from RMB203 million in 2008 to RMB293 million in 2009. The increase in cost of sales was mainly attributable to the relatively higher land acquisition cost per sq.m. of the gross floor area of the Beijing World City for its prime location in the central business district of Beijing and its luxurious interior renovations.

Gross profit

Gross profit increased by 129.7% from RMB128 million in 2008 to RMB294 million in 2009. Gross profit margin increased from 38.60% in 2008 to 50.1% in 2009. The increase in gross profit margin was attributable to the increase in the selling price per sq.m. of the sold GFA which was higher than the increase in the construction cost per sq.m. of the sold GFA.

Other income and gains

Other income and gains increased by 130.4% from RMB6,962,000 in 2008 to RMB16,039,000 in 2009. The increase in other income and gains was mainly attributable to the realisation of exchange fluctuation reserve upon the de-registration of a wholly-owned subsidiary of the Group.

Changes in fair value of investment properties

The changes in the fair value of investment properties increased by 75.8% from RMB211 million in 2008 to RMB372 million in 2009. The increase in the fair value of investment properties was mainly attributable to the value appreciation of commercial properties of the Beijing World City on revaluation.

Selling and marketing expenses

Selling and marketing expenses increased by 43.5% from RMB27,143,000 in 2008 to RMB38,955,000 in 2009. The increase in selling and marketing expenses was mainly attributable to an increase in the number of property projects rolled out for pre-sale.

Administrative expenses

Administrative expenses increased by 40.6% from RMB64,883,000 in 2008 to RMB91,197,000 in 2009. The increase in administrative expenses was mainly attributable to the increase in expenses in connection with the preparation of the initial public offering of the Company's shares, the amortisation of prepaid land lease payments for the newly acquired subsidiary, Fujian Straits West-Coast Investment Co., Ltd and the increase in number of employees of the Group in 2009.

Finance costs

Finance costs increased by 69.7% from RMB3,324,000 in 2008 to RMB5,642,000 in 2009. The increase in finance costs was attributable to the interest expenses incurred by the newly acquired subsidiary, Fujian Straits West-Coast Investment Co., Ltd.

Share of profits and losses of jointly-controlled entities and associates

Share of losses of jointly-controlled entities and associates decreased by 48.5% from the losses of RMB9,110,000 in 2008 to RMB4,693,000 in 2009. The reduction in losses was mainly due to the increase in profit recorded by one of our jointly-controlled entities.

Tax expense

Tax expense increased by 136.7% from RMB75,606,000 in 2008 to RMB178,996,000 in 2009. The increase in tax expenses was mainly attributable to the increase in corporate income tax and land appreciation tax levied on the sale of properties of the Beijing World City and deferred tax liability arising from changes in fair value of investment properties. The increase in corporate income tax and land appreciation tax was due to the higher average selling price of the sold properties of Beijing World City which in turn increased the revenue and the land appreciation value.

Profit attributable to owners of the parent

Profit attributable to owners of the parent increased by 121.7% from RMB168 million in 2008 to RMB373 million in 2009. Net profit margin increased from 50.9% in 2008 to 63.7% in 2009, which was mainly attributable to the increase in the fair value gains of investment properties from RMB211 million in 2008 to RMB372 million in 2009 as well as a significant increase in the net profit from property sales.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

Cash position

As at 31 December 2009, the Group's cash and bank balances were approximately RMB604,805,000 (2008: RMB143,089,000). Of which, approximately RMB482,982,000 (2008: RMB138,161,000) was denominated in RMB, approximately RMB44,073,000 (2008: RMB4,565,000) was denominated in Hong Kong dollars and approximately RMB77,750,000 (2008: RMB363,000) was denominated in US dollars.

According to the relevant laws and regulations of the PRC, the Group was required to place certain amounts of cash and bank deposits into designated bank accounts to provide bank guarantees. As at 31 December 2009, the amount of restricted cash was approximately RMB115,325,000 (2008: RMB83,410,000).

Borrowings and pledged assets

As at 31 December 2009, the total amount of interest-bearing bank and other loans was approximately RMB2,106 million (2008: RMB1,354 million). Of which, approximately RMB567 million (2008: RMB1,009 million) was repayable within one year, approximately RMB360 million (2008: RMB14 million) was repayable in the second year, approximately RMB1,171 million (2008: RMB318 million) was repayable within three to five years and approximately RMB8 million (2008: RMB12 million) was repayable after five years.

At at 31 December 2009, approximately RMB2,106 million (2008: RMB1,133 million) of bank loans was secured by the Group's properties and equipment, investment properties, prepaid land rent, properties under development and completed properties held for sale with total carrying value of approximately RMB4,412 million (2008: RMB 2,380 million).

Except for certain secured bank loans of approximately RMB8 million (2008: RMB9 millon) as at 31 December 2009 and certain loans of RMB9 million as at 31 December 2008 which are denominated in Hong Kong dollars, all the Group's secured and unsecured borrowings are denominated in RMB.

Except for certain short term bank loans of RMB545 million (2008: RMB180 million) as at 31 December 2009 and certain other short term loans of RMB15 million as at 31 December 2008, the interest rates of which were fixed in nature, all borrowings bear interest at floating interest rates. The carrying amounts of the Group's bank and other borrowings approximate to their fair values.

Gearing ratio

The net gearing ratio was calculated by dividing the net amount of loans (interest-bearing bank and other loans after deduction of cash and cash equivalents and restricted cash) by total equity. As at 31 December 2009, the net gearing ratio was 64.9% (2008: 211.0%). In 2009, the decrease in net gearing ratio was due to the increase in core earnings and approximately US$100 million of proceeds was raised upon the completion of the pre-IPO placing in August 2009.

Exchange rate movement exposures

The majority of the Group's income and expenses are denominated in RMB, therefore any exchange rate changes of RMB against other currencies will not have material adverse effect on the operation of the Group. As such, we have not entered into any hedging transaction during the year under review.

Contingent liabilities

As at 31 December 2009, the Group provided financial guarantees to the banks in respect of the following items:

	As at 31 December	
	2009	2008
	RMB'000	RMB'000
Guarantees in respect of mortgage facilities provided for certain purchasers of the Group's properties	**879,213**	504,211

In addition, the Group's share of the jointly-controlled entities' and associates' own financial guarantees which are not included in the above, is as follows:

	As at 31 December	
	2009	2008
	RMB'000	RMB'000
Guarantees in respect of mortgage facilities provided for certain purchasers of the jointly-controlled entities' properties	**339,245**	59,614
Guarantees in respect of mortgage facilities provided for certain purchasers of the associates' properties	**27,867**	—

Capital commitments

As at 31 December 2009, the capital commitments of the Group were as follows:

	As at 31 December	
	2009	2008
	RMB'000	RMB'000
Contracted but not provided for:		
Capital expenditure for properties under development, completed properties held for sale and construction of investment and owner-occupied properties in Mainland China	**1,332,476**	1,110,644

In addition, the Group's share of the jointly-controlled entities' own capital commitments which are not included in the above, is as follows:

	As at 31 December	
	2009	2008
	RMB'000	RMB'000
Guarantees in respect of mortgage facilities provided		
Contracted but not provided for:		
Capital expenditure for jointly-controlled entities' properties under development	**9,564**	52,205

Employee and remuneration policies

As at 31 December 2009, the Group had 430 employees. For the year ended 31 December 2009, the total cost of employees was approximately RMB33 million (2008: RMB25 million). We provide employees with competitive remuneration and benefits, and the remuneration policy will be reviewed on regular basis according to the performance and contribution of the employees and the industry remuneration level.

Use of proceeds

The Company's shares have been listed on the Stock Exchange since 5 February 2010. Proceeds from the issuance of new shares pursuant to the Company's initial public offering amounted to approximately HK$1,500 million (RMB1,322 million) (net of related issuing expenses). Such net proceeds have been used in the following manner:

	Amount raised (RMB million)	**Amount used as at 31 March 2010** (RMB million)
Land premium	661	447
Development of existing property projects	529	17
General working capital	132	—
	1,322	464

Property Profile

World City

Geographical location:	No.10, East Bridge Road, Chaoyang District, Beijing, adjacent to the World Trade Center and the first embassy area
Type of development:	Service apartments, luxury residence and ancillary commercial facilities
Project highlight:	Excellent location (Beijing CBD) and high-quality
Site area:	14,344 sq.m.
Total gross floor area:	118,848 sq.m.
Date of completion:	Completed
Shareholding of the Group:	100%

Seashore Suite No.1

Geographical location:	Situated at the junction of Haicang Avenue and Lakeside North Road, Haicang District, Xiamen City
Type of development:	High-end luxury housing with sea view and ancillary commercial facilities
Project highlight:	Sea and lake view
Site area:	24,083 sq.m.
Total gross floor area:	104,066 sq.m.
Date of completion:	Completed
Shareholding of the Group:	100%

Noble Mansion

Geographical location:	Located at the junction of Wenling Road and Lake Street, Quanzhou City
Type of development:	Residential housing and ancillary commercial facilities
Project highlight:	Lake view
Site area:	18,273 sq.m.
Total gross floor area:	66,860 sq.m.
Date of completion:	Completed
Shareholding of the Group:	30%

West Lake No. 1

Geographical location:	Opposite to West Gate of West Lake Park, Xinhua North Road, Quanzhou City
Type of development:	High-end residential housing
Project highlight:	City centre and luxury housing with mountain and lake view
Site area:	66,687 sq.m.
Total gross floor area:	198,782 sq.m.
Expected date of completion:	2010
Shareholding of the Group:	100%

Fortune Plaza • 裕景灣

Geographical location:	Located in the core area of Quanzhou new town, next to the Quanzhou Haixia Sports Center
Type of development:	Residential housing
Project highlight:	Convenient transportation with comprehensive facilities in the vicinity
Site area:	75,947 sq.m.
Total gross floor area:	300,397 sq.m.
Expected date of completion:	2011
Shareholding of the Group:	58%

Fortune Plaza • 雍景台

Geographical location:	Located in the core area of Quanzhou new town, next to the Quanzhou Haixia Sports Center
Type of development:	Residential housing
Project highlight:	Convenient transportation with comprehensive facilities in the vicinity
Site area:	109,850 sq.m.
Total gross floor area:	249,436 sq.m.
Expected date of completion:	2012
Shareholding of the Group:	58%

Fortune Plaza (Phase 3)

Geographical location:	Located in the core area of Quanzhou new town, next to the Quanzhou Haixia Sports Center
Type of development:	Integrated development (residential housing, office, large commercial centre and hotel)
Project highlight:	Convenient transportation with comprehensive facilities in the vicinity
Site area:	256,613 sq.m.
Total gross floor area:	817,822 sq.m.
Expected date of completion:	2013 or after
Shareholding of the Group:	58%

Sapphire Uptown

Geographical location:	Situated on the west side of Huancheng West Road, Nan'an City, Quanzhou
Type of development:	Townhouse, high-rise residential housing, ancillary commercial facilities
Project highlight:	Good location with comprehensive ancillary resources
Site area:	34,853 sq.m.
Total gross floor area:	105,623 sq.m.
Expected date of completion:	2010
Shareholding of the Group:	51%

Property Profile

Sunshine Town

Geographical location:	Situated on South Circle Road, Quanzhou City
Type of development:	Residential housing and ancillary commercial facilities
Project highlight:	Convenient transportation
Site area:	86,908 sq.m.
Total gross floor area:	432,926 sq.m.
Expected date of completion:	2012 or after
Shareholding of the Group:	100%

Purple Lake International

Geographical location:	Situated within the Quanzhou Golf Course
Type of development:	Low density residential housing
Project highlight:	Scenic area in Zimao Mountain, with the Quanzhou Golf Club on the south
Site area:	180,000 sq.m.
Total gross floor area:	123,199 sq.m.
Expected date of completion:	2011 or after
Shareholding of the Group:	49%

Wuyi Oasis (Phase 3)

Geographical location:	Situated on Fuguang South Road, Taijiang District, Fuzhou City
Type of development:	Residential housing and ancillary commercial facilities
Project highlight:	Excellent scenery, convenient transportation
Site area:	194,828 sq.m. (Phase 1 to Phase 3)
Total gross floor area:	176,856 sq.m.
Expected date of completion:	2010
Shareholding of the Group:	50%

Sapphire Peninsula (Quanzhou)

Geographical location:	Located in the southern zone of Quanzhou Bridge, Quanzhou City
Type of development:	Residential housing
Project highlight:	River view
Site area:	80,904 sq.m.
Total gross floor area:	267,676 sq.m.
Expected date of completion:	2013 or after
Shareholding of the Group:	100%

SCE Building (Phase 2)

Geographical location:	Situated at the east side of the junction of Dailiao Road and Fangzhong Road, Xiamen City
Type of development:	Office building
Project highlight:	Adjacent to the Jinshang Road Economic Circle and the Wuyuan Bay Business Circle
Site area:	8,448 sq.m.
Total gross floor area:	30,084 sq.m.
Expected date of completion:	2012 or after
Shareholding of the Group:	95%

The Regent

Geographical location:	Situated at the junction of Haicang Avenue and Jiaosong Road, Haicang District, Xiamen City
Type of development:	High-end residential housing
Project highlight:	Panoramic seaview
Site area:	25,092 sq.m.
Total gross floor area:	85,192 sq.m.
Expected date of completion:	2012
Shareholding of the Group:	60%

SCE International Community

Geographical location:	Situated at Banxia Road, Yaodu District, Linfen City, Shanxi
Type of development:	Residential housing, ancillary commercial facilities
Project highlight:	Excellent geographical location
Site area:	161,604 sq.m.
Total gross floor area:	568,687 sq.m.
Expected date of completion:	2014 or after
Shareholding of the Group:	60%

Sapphire Boomtown

Geographical location:	Located at the south of Shuixian Avenue Zhangzhou City
Type of development:	Residential housing and ancillary commercial facilities
Project highlight:	Good location, excellent scenery
Site area:	239,786 sq.m.
Total gross floor area:	521,811 sq.m.
Expected date of completion:	2012 or after
Shareholding of the Group:	80%

Property Profile

Golden Coast

Geographical location:	Yongning County, Shishi City, Quanzhou
Type of development:	Low density residential housing, coastal high-rise apartment, ancillary tourism and commercial facilities such as hotel
Project highlight:	Panoramic seaview, ancillary tourism and observation facilities
Site area:	1,196,614 sq.m.
Total gross floor area:	1,256,400 sq.m.
Expected date of completion:	2014 or after
Shareholding of the Group:	45%

Strait Green Boomtown

Geographical location:	Shijing Town, Nan'an City, Quanzhou
Type of development:	Large-scale residential housing and ancillary commercial facilities
Site area:	9,418,714 sq.m.
Shareholding of the Group:	38.25%

EXECUTIVE DIRECTORS

Wong Chiu Yeung (黃朝陽), aged 44, is one of the founders of our Group and the Chairman of our Board and President of as well as the Chairman of the Remuneration Committee of the Board. He was appointed as our Director on November 30, 2007. He is responsible for formulating business development strategies for our Company and managing the commercial property and supervising the administration of human resources, financial management, sales and marketing management and auditing functions of our Company. Since his involvement in the development of our Group's first property project in 1996 (namely Junda Center), Mr. Wong has been involved in all of the projects developed by our Group thereafter, and has 14 years of experience in real estate development. Mr. Wong is a member of the National Committee of Chinese People's Political Consultative Conference (中國人民政治協商會議全國委員會), vice chairman of Hong Kong Association for the Promotion of Peaceful Reunification of China (中國和平統一促進會香港總會), guest professor of Nanchang University (南昌大學), vice chairman of the Board of Directors of Quanzhou Normal University (泉州師範學院), chairman of the Board of Directors of Nan'an Overseas Chinese Middle School (南安華僑中學). Mr. Wong is currently studying an Executive Master Program in Business Administration at Xiamen University.

Chen Yuanlai (陳元來), aged 43, is one of the founders of our Group and the Vice Chairman of our Board. He was appointed as our Executive Director on August 12, 2009. He is in charge of our project management for all projects in the southern region (excluding Xiamen). Since his involvement in the development of our Group's first project in 1996 (namely Junda Center), he has been involved in all of the projects developed by our Group thereafter, and has 14 years of experience in real estate development. Mr. Chen also has extensive experience in investment management and project management through his involvement in all projects developed by our Group. He is the Director of Fujian Provincial Young Entrepreneurs Association (福建省青年企業家協會) and a member of Fujian Provincial Youth Federation (福建省青年聯合委員會). Mr. Chen was a representative of the Second Session of the People's Congress of Fengze District in Quanzhou (泉州市豐澤區第二屆人民代表大會). Mr. Chen completed the Executive Management Program in Business Administration of Commercial Real Estate Development and Funding, a one year program offered by School of Professional and Continuing Education of Hong Kong University and Fudan University, Shanghai, in May 2008.

Cheng Hiu Lok (鄭曉樂), aged 45, is one of the founders of our Group and the Vice Chairman of our Board and the Chairman of Nomination Committee of the Board. He was appointed as our Executive Director on August 12, 2009, and is in charge of project management for all projects in northern region and Xiamen and supervising construction management. Since his involvement in the development of our Group's first project in 1996 (namely Junda Center), he has been involved in all of the projects developed by our Group thereafter. Mr. Cheng has 14 years of experience in real estate development. Mr. Cheng also has extensive experience in investment management, project management and construction management through his involvement in the projects developed by our Group. Mr. Cheng completed his college education at Fujian Normal University (福建省師範大學) in 1987.

Li Wei (李維), aged 39, is an Executive Director and the Executive Vice President of our Company, as well as a member of the Nomination Committee. He was appointed as our Director on August 12, 2009. Mr. Li is responsible for the daily operational management and operation plan of our Company, including Office of President development, Marketing Department, Design Management, management of Property Management Company. Mr. Li was the general manager of the Operations Department and the Credit Department of the Xiamen Branch of China Construction Bank before he joined our Company in June 2006. Mr. Li graduated and obtained his bachelor's degree in economics from the Faculty of Banking and Finance of Xiamen University in 1992.

NON-EXECUTIVE DIRECTOR

Fung Ka Pun (馮家彬), aged 64, was appointed as a Non-executive Director of our Company on January 6, 2010. Mr. Fung is a member of the Association of International Accountants and a member of the Institute of Chartered Secretaries & Administrators. Mr. Fung is an executive director and vice-chairman of the Board of Winbox International (Holdings) Limited (0474) and an independent non-executive director of each of Samling Global Limited (3938), Denway Motors Limited (0203), GZI Transport Limited (1052) and Lee Hing Development Co., Ltd (0068). From March 2004 to March 2008, Mr. Fung also acted as an independent non-executive director of Lei Shing Hong Limited, a company previously listed on the Hong Kong Stock Exchange and was privatized by way of a scheme of arrangement in March 2008. From June 1995 to March 2010, Mr. Fung also served as a director of CIAM Group Limited (0378). Mr. Fung is the founder and chairman of Goodwill International (Holdings) Limited. Mr. Fung has over 30 years of experience in finance, securities and corporate finance business. Mr. Fung is also a director of Mateland Holdings Limited, a joint venture partner of the Regent Project of our Company.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ting Leung Huel Stephen (丁良輝), aged 56, MH, FCCA, FCPA (Practising), FTIHK, ACA, FHKIoD, was appointed as an Independent Non-executive Director of our Company on January 6, 2010. He is also the Chairman of our Audit Committee and a member of our Remuneration Committee. Mr. Ting is an accountant in public practice and has more than 30 years of experience in this field. Currently, he is the managing partner of Ting Ho Kwan & Chan, Certified Public Accountants (Practising). Mr. Ting is a member of the 9th and 10th Chinese People's Political Consultative Conference, Fujian. Mr. Ting is a non-executive director of Chow Sang Sang Holdings International Limited (0116) and an independent non-executive director of seven other listed companies in Hong Kong, namely Tong Ren Tang Technologies Company Limited (8069), Tongda Group Holdings Limited (0698), Minmetals Resources Limited (1208), JLF Investment Company Limited (0472), Computer and Technologies Holdings Limited (0046), Texhong Textile Group Limited (2678) and Dongyue Group Limited (0189). Mr. Ting was also an independent non-executive director of eForce Holdings Limited (0943), a listing company in Hong Kong, from October 1999 to July 2007.

Lu Hong Te (呂鴻德), aged 49, was appointed as an Independent Non-executive Director of our Company on January 6, 2010, and is also a member of our Audit Committee and Nomination Committee. Dr. Lu obtained a bachelor's degree in industrial management science from National Cheng Kung University in 1983, and a master's degree and a doctoral degree in marketing from the Graduate Institute of Business Administration of the College of Management of National Taiwan University in 1985 and 1992, respectively. Dr. Lu is a professor at the department of business administration of Chung Yuan Christian University in Taiwan, specializing in sales management and business competitive strategies. He also serves as a visiting professor at institutions including SGP International Management Academy, Nanyang Technological University's EMBA Center and Xiamen University's EMBA Center, and a consultant at institutions including the Chinese Association for Industrial Technology Advancement and Taiwan Entrepreneurs Society Taipei/Toronto. Dr. Lu is an Independent non-executive director of Capxon International Electronic Company Limited (0469), ANTA Sports Products Limited (2020) and China Lilang Limited (1234), the shares of which are listed on the Hong Kong Stock Exchange. He is also an independent director of four companies in Taiwan, namely Everlight Chemical Industrial Corporation (1711) and Aiptek International Inc. (6225) which are listed on the Taiwan Stock Exchange and Firich Enterprises Co., Ltd (8076) and Lanner Electronics Inc. (6245), the shares of which are traded in the Gre Tai Securities Market in Taiwan. Dr. Lu previously acted as an independent non-executive director of China Green (Holdings) Limited (0904), a company listed in Hong Kong, from November 2008 to March 2009.

Dai Yiyi (戴亦一), aged 42, was appointed as an Independent Non-executive Director of our Company on January 6, 2010, and is also a member of our Audit Committee and Remuneration Committee. Dr. Dai is the vice dean and a full-time professor of the Executive Master of Business Administration program of the School of Management of Xiamen University and also serves as an adjunct professor for real estate CEO programs held by Tsinghua University and Peking University. From 1997 to 2001, Dr. Dai served as the research secretary, assistant to the dean and vice dean of the Planning and Statistics Department at the School of Economics of Xiamen University. From 2003 to 2007, Dr. Dai served as the deputy head and then the head of the Executive Master of Business Administration program for senior management personnel held by the School of Management of Xiamen University. Dr. Dai was a senior visiting scholar at the School of Management of McGill University (Canada) in 2002 and a senior visiting scholar at Northwestern University (USA) from 2007 to 2008. Dr. Dai has been a consultant with the Fujian Real Estate Association since 2005. Dr. Dai is an independent non-executive director of Mingfa Group (International) Company Limited (0846), a company listed on the Hong Kong Stock Exchange, and is an independent director of Xiamen C&D Inc. and Xiamen International Trade Group Corp., Ltd., which are listed on the Shanghai Stock Exchange, and Fujian Septwolves Industry Co., Ltd. and Guangdong Shirongzhaoye Co., Ltd., which are listed on the Shenzhen Stock Exchange. Dr. Dai graduated from Xiamen University with a bachelor's degree in economics in 1989, and received a doctoral degree in economics from Xiamen University in 1999. He also completed training at the 6th Ford Program of the Sino-American Economics Training Centre of Renmin University of China. Dr. Dai was awarded a certificate as a PRC certified property valuer in 1997.

SENIOR MANAGEMENT

Liu Zhijie (劉志傑), aged 53, is the Vice President of our Company and the General Manager of our Construction Department. He joined our Group in 1998. He is responsible for the engineering management of our Company. Mr. Liu completed his college education in civil engineering at Fujian College of Architecture and Civil Engineering (福建省建築高等專科學校) in 1981. Mr. Liu possesses extensive experience in engineering and construction and cost management.

Huang Youquan (黃攸權), aged 41, is the Vice President of our Company. He is responsible for the financial management and the management of administrative and human resources of of our Company. Before joining our Group in 2003, Mr. Huang was the audit manager and assistant to the head of the Xiamen office of Fujian Hongshen Accounting Firm (福建弘審會計師事務所有限公司廈門分公司). Mr. Huang graduated and obtained a bachelor's degree in science from the Faculty of Mathematics of Xiamen University in 1991. He has also been undertaking the Executive Master of Business Administration program in the Xiamen University since September 2009. Mr. Huang is a PRC Certified Public Accountant and a member of the Fujian Institute of Certified Public Accountants.

Bian Yinghua (卞應華), aged 36, is the Assistant President of our Company and the General Manager of Xiamen Branch. Before joining our Company in September 2007, Mr. Bian was the deputy head of the Strategic Development Department of China Ocean Shipping (Group) Company. Mr. Bian graduated and obtained a bachelor's degree in engineering from the Faculty of Civil Engineering of Dalian University of Technology (大連理工大學) in 1996.

Li Siu Po (李少波), aged 41, is our Financial Controller and Company Secretary. He is responsible for the financial reporting, investor relations and company secretarial work of our Company. Before joining our Company in January 2008, Mr. Li was a manager of a one of the international CPA firm. Mr. Li graduated from Hong Kong Polytechnic University with a bachelor's degree in accounting in 1994. Mr. Li is a member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants. Mr. Li has extensive experience in financial management and auditing.

Tang Xiaojuan (湯筱娟), aged 37, is the General Manager of our Marketing Department and the General Manager of Property Management Company. She is responsible for managing the sales and marketing functions of our Company, as well as performing customer services and property management related work. Prior to joining our Company in 2002, Ms. Tang served as the office manager of Xiamen Yong Hong Ji Real Estate Development Company Limited (廈門永宏基房地產開發有限公司). Ms. Tang graduated and obtained a bachelor's degree in economics from Jiangxi University of Finance and Economics (江西財經學院) in1994.

Zheng Quanlou (鄭全樓), aged 38, is the General Manager of our Design Department. He is responsible for design management related work. Before joining our Company in November 1998, Mr. Zheng was the on-site manager of Quanzhou Dong Hai Development Company Limited (泉州市東海開發有限公司). Mr. Zheng completed his college education in construction engineering at Fujian College of Architecture and Civil Engineering (福建省建築高等專科學校) in 1992 and obtained his bachelor's degree from Faculty of Civil Engineering of Fujian Agriculture and Forestry University in 2009. Mr. Zheng is a PRC Registered Cost Engineer, and serves as an expert of bid evaluation of construction project in Quanzhou since 2006. Mr. Zheng is currently attending an Executive Master of Business Administration course in Xiamen University.

Zhang Haitao (張海濤), aged 41, is the General Manager of our President Office. She is responsible for supervising audit functions, managing legal affairs, and strategic development of our Company. Before joining our Company in January 2007, Ms. Zhang was the senior manager of Xiamen Tianjian Huatian Accounting Firm (廈門天健華天會計師事務所). Ms. Zhang graduated and obtained a bachelor's degree in economics from the Faculty of Accounting of Xiamen University in 1990. Ms. Zhang is a PRC Certified Public Accountant and a senior accountant with extensive auditing experience.

Chen Peichen (陳培琛), aged 34, is the General Manager of our Finance Department. He is responsible for the domestic financial management of our Company. Before joining our Group in September 2007, Mr. Chen was the head of the financial department of Lonking Holdings Limited. Mr. Chen graduated from the College of Management of Fuzhou University with a bachelor's degree in accounting and auditing in 2000. From February 2006 to December 2006, he further studied at the Overseas Education Faculty of Shanghai Communication University (上海交通大學海外教育學院) and completed a program in International Finance and Accountant (Advance Level), and was awarded a graduate certificate by the Overseas Education Faculty of Shanghai Communication University and a "Training Certificate in Training Project for Talent Shortage in Shanghai" (《上海緊缺人才培訓工程培訓證書》) by the Training Office of Talent Shortage in Shanghai (上海交通大學海外教育學院). Mr. Chen is an accountant and a member of the Institute of Financial Accountants. He has extensive experience in financial management.

COMPANY SECRETARY

Li Siu Po (李少波), a member of our senior management, is the Financial Controller and Company Secretary of our Company.

CORPORATE GOVERNANCE PRACTICES

The Company believes that good corporate governance will not only improve management accountability and investor confidence, but also will lay a good foundation for the long-term development of the Company. Therefore the Company will strive to develop and implement effective corporate governance practices and procedures. The Company and the Board has adopted the code provisions of the Code on Corporate Governance Practices (the "Code") contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules"). However, as the Company was not yet listed on The Stock Exchange of Hong Kong Limited (the "Stock Exhcange") during the period under review, the Code was not applicable to the Company for the said period. Througout the period since our listing on the Main Board of the Stock Exchange on 5 February 2010, The Company has complied with the Code save as disclosed in the paragraph headed "Chairman and Chief Executive Officer" below.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions of Directors of Listing Companies (the "Model Code") set out in Appendix 10 to the Listing Rules as its code of conduct for securities transactions by Directors. The Company has made specific enquiries of all the Directors and all the Directors confirmed that they have complied with the required standards set out in the Model Code and its code of conduct regarding Directors' securities transactions since the listing of the Company on the Stock Exchange on 5 February 2010.

THE BOARD OF DIRECTORS

The Board takes full responsibility of supervising and overseeing all major matters of the Company, including the formulation and approval of overall management and operation strategies, reviewing the internal control and risk management systems, reviewing financial performance, considering dividend policies and monitoring the performance of the senior management, while the management is responsible for the daily management and operations of the Group.

The Board comprises eight Directors, including four Executive Directors, namely Mr. Wong Chiu Yeung, Mr. Chen Yuanlai, Mr. Cheng Hiu Lok and Mr. Li Wei, one Non-executive Director namely Mr. Fung Ka Pun, and three Independent Non-executive Directors, namely Mr. Ting Leung Huel Stephen, Mr. Lu Hong Te and Mr. Dai Yiyi.

There is no relationship, including financial, business, family or other material/relevant relationships between Board members.

After listing of the Company, the Board will have at least four regular Board Meetings in a year. Other Board Meetings will be held if necessary.

During the year under review, the Board has not held any Board Meetings. From 2010 to the date of this report, the Board held two Meetings on 6 January 2010 and 15 April 2010. The attendance of each Director is contained in the following table:

	Number of attendance/Total
Mr. Wong Chiu Yeung	2/2
Mr. Cheng Hiu Lok	2/2
Mr. Chen Yuanlai	2/2
Mr. Li Wei	2/2
Mr. Fung Ka Pun	2/2
Mr. Ting Leung Huel Stephen	2/2
Mr. Lu Hong Te	2/2
Mr. Dai Yiyi	2/2

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Under Rule A.2.1 in Appendix 14 to the Listing Rules, the roles of the Chairman and the Chief Executive Officer should be separate and should not be performed by the same individual. During the period, Mr. Wong Chiu Yeung performed his duties as the Chairman and the Chief Executive Officer of the Company. The Board believes that the serving by the same individual as Chairman and Chief Executive Officer during the rapid development of the business is beneficial to the consistency of business plans and decision-making of the Company.

COMPLIANCE OF NON-COMPETITION DEED

The Company entered into a non-competition deed ("Non-competition Deed") with Mr. Wong Chiu Yeung on 6 January 2010 pursuant to which Mr. Wong has undertaken to the Company not to compete with any business of the Group and shall use his best endeavors to procure his affiliates not to engage in, assist or support a third party in the operation of, or participate or be interested in any property development business in the PRC. Furthermore, Mr. Wong has undertaken to the Company (for itself and for the benefit of the Group) that during the term of the Non-competition Deed to procure any investment or commercial opportunity relating to property development business in the PRC that he or any of his affiliates identifies or proposes or that is offered or presented to them by a third party to first refer such opportunity to the Company in accordance with terms ofthe Non-competition Deed.

The Company has received a declaration from Mr. Wong of his compliance with the terms of the Non-Competition Deed during 5 February 2010, being the effective date of the Non-competition Deed, up to the date of this report.

INDEPENDENT NON-EXECUTIVE DIRECTORS AND NON-EXECUTIVE DIRECTOR

Each of the Independent Non-executive Directors and Non-executive Director of the Company was appointed on 6 January 2010 for a term of three years.

Each of the Independent Non-executive Directors has confirmed by written confirmation that he has complied with the independence requirement set out in Rule 3.13 of the Listing Rules. The Board considers that all Independent Non-executive Directors are independent under these independence requirements.

REMUNERATION COMMITTEE

The Company established the Remuneration Committee on 6 January 2010 in compliance with Appendix 14 to the Listing Rules. The Remuneration Committee is chaired by Mr. Wong Chiu Yeung. Other members are Mr. Ting Leung Huel Stephen and Mr. Dai Yiyi.

The primary duties of the Remuneration Committee are to make recommendations to the Board on the Company's structure for remuneration of Directors and senior management and on the establishment of formal and transparent procedures for developing such remuneration policy. In determining the remuneration of the Directors, the Remuneration Committee would consider factors such as salaries paid by comparable companies, time commitment and responsibilities of the Directors, performance and contributions of the Directors and the change in market conditions.

As the Remuneration Committee was set up on 6 January 2010, it has not held any meeting during the period under review. The Remuneration Committee held one meeting on 12 April 2010. The attendance of each member of the Remuneration Committee is contained in the following table:

	Number of attendance/Total
Mr. Wong Chiu Yeung	1/1
Mr. Ting Leung Huel Stephen	1/1
Mr. Dai Yiyi	1/1

NOMINATION COMMITTEE

The Company established a Nomination Committee on 6 January 2010 in compliance with Appendix 14 to the Listing Rules. The Company's Nomination Committee is chaired by Mr. Cheng Hiu Lok. Other members are Mr. Li Wei and Mr. Lu Hong Te.

The primary duties of the Nomination Committee are to review the structure, size and composition of the Board on a regular basis, to make recommendations to the Board on matters relating to the appointment or re-appointment of Directors and succession planning for Directors, and to assess the independence of the Independent Non-executive Directors.

As the Nomination Committee was set up on 6 January 2010, it has not held any meeting during the period under review.

AUDIT COMMITTEE

The Company established an Audit Committee on 6 January 2010 in compliance with Rule 3.21 of the Listing Rules. The Audit Committee comprises three Independent Non-executive Directors, with Mr. Ting Leung Huel Stephen as the chairman. Other two members are Mr. Lu Hong Te and Mr. Dai Yiyi. Mr. Ting Leung Huel Stephen, the chairman of the Company's Audit Committee, has considerable experience in accounting and financial management, which is in line with the requirement of Rule 3.10(2) of the Listing Rules.

The Audit Committee reports to the Board and is authorized by the Board to assess matters relating to the accounts of financial statements. The Audit Committee oversees all financial reporting procedures and the effectiveness of the Company's internal controls, to advise the Board on the appointment and re-appointment of external auditor, and to review and oversee the independence and objectivity of external auditor.

As the Audit Committee was set up on 6 January 2010, it has not held any meeting during the period under review. The Audit Committee held one meeting on 12 April 2010. The attendance of each member of the Audit Committee is contained in the following table:

	Number of attendance/Total
Mr. Ting Leung Huel Stephen	1/1
Mr. Lu Hong Te	1/1
Mr. Dai Yiyi	1/1

AUDITORS REMUNERATION

For the year ended 31 December 2009, the total fee paid/payable to the external auditors of the Company, Ernst & Young, in respect of audit and non-audit services is set as below:

	For the year ended 31 December 2009 RMB'000
Annual audit services	1,851
Reporting accountants in relation to the listing	4,856

The Audit Committee is responsible to recommend to the Board on matters related to the appointment, re-appointment and removal of the external auditors, which is subject to the approval from the Board and the shareholder at the general meetings of the Company.

DIRECTORS' RESPONSIBILITY ON THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements for the year ended 31 December 2009, and confirm that the financial statements give a true view of the results of the Company and the Group for the year of the date ended, and are prepared in accordance with the applicable statutory requirements and accounting standards. The statement of the external auditors of the Company, Ernst & Young, about their reporting responsibilities on the financial statement of the Group is set out in the Independent Auditors' Report on page 43.

INTERNAL CONTROLS

The Board is fully responsible for maintaining proper and effective internal controls and for regularly reviewing the operational efficiency of the financial, operational, compliance, risk controls and other aspects of the system in order to safeguard the investment of shareholders and the assets of the Company. During the year under review, the Board has conducted a review of the effectiveness of the system of internal controls of the Group.

The Audit and Legal Department of the Company is responsible for regular review and audit of the finance and operation the Company and its subsidiaries. The purpose of this work is to ensure the normal operation of internal controls and the playing of its due role.

For shortcomings of the Company's internal controls and accounting procedures which the external auditors has identified and reported to the Company, the Audit and Legal Department would pay full attention to the recommendations made by the external auditors and make appropriate action for improvements.

INVESTOR RELATIONS

The Company ensures that fair and transparent disclosure is made for its business and financial performance through a variety of formal communication channels. Details of the Company will be published in our website www.sce-re.com. Interim and annual reports, circulars and notices of the Group will be despatched to shareholders in due course. The website of the Company provides information such as e-mail address, correspondence address, telephone numbers etc. for inquiries, and provides information on business operation activities of the Company.

The Company's annual general meeting of shareholders is a good opportunity for communication between the Board and shareholders of the Company. Notice of AGM and related documents will be sent to shareholders pursuant to the requirements of the Listing Rules, and will be published on the website of the Stock Exchange.

The Company will also meet with the investment community and respond to their inquiries about the status of the Company from time to time, so as to strengthen the contacts and communication between the Company and its investors.

The directors present their first report and the audited financial statements of the Company and the Group for the year ended 31 December 2009.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The Group is principally engaged in property development, property investment and property management in the People's Republic of China (the "PRC") during the year. Details of the principal activities of the subsidiaries are set out in note 20 to the financial statements. There were no significant changes in the nature of the Group's principal activities during the year.

RESULTS AND DIVIDENDS

The Group's profit for the year ended 31 December 2009 and the state of affairs of the Company and the Group at that date are set out in the financial statements on pages 45 to 122. The Directors do not recommend the payment of a dividend (2008: nil).

USE OF PROCEEDS FROM THE COMPANY'S INITIAL PUBLIC OFFERING

The Company's shares have been listed on the Stock Exchange since 5 February 2010. Proceeds from the issuance of new shares pursuant to the Company's initial public offering amounted to approximately HK$1,500 million (RMB1,322 million) (net of related issuing expenses). Such net proceeds have been used in the following manner:

	Amount raised *(RMB million)*	**Amount used as at 31 March 2010** *(RMB million)*
Land premium	661	447
Development of existing property projects	529	17
General working capital	132	—
	1,322	464

SUMMARY FINANCIAL INFORMATION

A summary of the published results and assets and liabilities of the Group for the last four financial years, as extracted from the Company's prospectus and audited financial statements for the year ended 31 December 2009, is set out on page 123. This summary does not form part of the audited financial statements.

PROPERTY AND EQUIPMENT AND INVESTMENT PROPERTIES

Details of movements in the property and equipment and investment properties of the Group during the year are set out in notes 15 and 16 to the financial statements, respectively. Further details of the Group's major investment properties are set out on page 124.

PROPERTIES UNDER DEVELOPMENT

Details of the properties under development of the Group during the year are set out in note 19 to the financial statements. Further details of the Group's major properties under development are set out on page 124.

COMPLETED PROPERTIES HELD FOR SALE

Details of the completed properties held for sale of the Group during the year are set out in note 23 to the financial statements. Further details of the Group's major completed properties held for sale are set out on page 124.

SHARE CAPITAL

Details of movements in the Company's share capital during the year are set out in note 34 to the financial statements.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's articles of association or the laws of the Cayman Islands which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year.

RESERVES

Details of movements in the reserves of the Company and the Group during the year are set out in note 35 to the financial statements and in the consolidated statement of changes in equity, respectively.

DISTRIBUTABLE RESERVES

As at 31 December 2009, the Company's reserves available for distribution, calculated in accordance with the provisions of Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, amounted to RMB662 million. In addition, the Company's share premium account of RMB682 million in aggregate, may be distributed in the form of fully paid bonus shares. As at 5 February 2010, the Company capitalised an amount of HK$225 million (RMB199 million) from the share premium account.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2009, sales to the Group's five largest customers accounted for less than 30% of the Group's revenue in the year.

In the year under review, purchases from the Group's five largest suppliers accounted for 50.6% of the total purchases for the year and purchases from the largest supplier included therein amount to 42.5%.

None of the directors of the Company or any of their associates or any shareholders (which, to the best knowledge of the directors, own more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest customers and suppliers.

DIRECTORS

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

Executive directors:	
Mr. Wong Chiu Yeung	
Mr. Chen Yuanlai	(appointed on 12 August 2009)
Mr. Cheng Hiu Lok	(appointed on 12 August 2009)
Mr. Li Wei	(appointed on 12 August 2009)
Non-executive director:	
Mr. Fung Ka Pun	(appointed on 6 January 2010)
Independent non-executive director:	
Mr. Ting Leung Huel Stephen	(appointed on 6 January 2010)
Mr. Lu Hong Te	(appointed on 6 January 2010)
Mr. Dai Yiyi	(appointed on 6 January 2010)

In accordance with article 84 of the Company's articles of association, at each annual general meeting, one third of the Directors for the time being (or if their number is not a multiple of three, then the number nearest to but not less than one third) will retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. The Directors to retire in every year will be those who have been longest in office since their last re-election or appointment but as between persons who became or were last re-elected Directors on the same day those to retire will (unless they otherwise agree among themselves) be determined by lot. There are no provisions relating to retirement of Directors upon reaching any age limit.

Pursuant to article 83(3) of the Company's articles of association, any Director appointed by the Board as an additional Director shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election at the meeting.

By virtue of article 83(3) of the Company's articles of association, the office of all the Directors, namely Mr. Wong Chiu Yeung, Mr. Chen Yuanlai, Mr. Cheng Hiu Lok and Mr. Li Wei, all being executive Directors, Mr. Fung Ka Pun, being non-executive Director and Mr. Ting Leung Huel Stephen, Mr. Lu Hong Te and Mr. Dai Yiyi, all being independent non-executive Directors, will end at the forthcoming annual general meeting. All the Directors, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

The Company has received annual confirmations of independence from all the three independent non-executive directors and as at the date of this report still considers them to be independent.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the directors of the Company and the senior management of the Group are set out on pages 25 to 29 of the annual report.

DIRECTORS' SERVICE CONTRACTS

Each of the executive directors of the Company namely, Mr. Wong Chiu Yeung, Mr. Chen Yuanlai, Mr. Cheng Hiu Lok and Mr. Li Wei, has entered into a service contract with the Company for a term of three years commencing from 5 February 2010 and is subject to termination by either party giving not less than three months' written notice.

The Company has issued a letter of appointment to each of Mr. Fung Ka Pun, being the non-executive director, Mr. Ting Leung Huel Stephen, Dr. Lu Hong Te and Dr. Dai Yiyi, being the independent non-executive directors of the Company for an initial term of three years commencing from 6 January 2010.

No director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' REMUNERATION

The directors' fees are subject to shareholders' approval at general meetings. Other emoluments are determined by the Company's board of directors with reference to directors' duties, responsibilities and performance and the results of the Group.

DIRECTORS' INTERESTS IN CONTRACTS

Save as the transactions set out in note 41 to the financial statements, no director had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company, its holding company, or any of its subsidiaries or fellow subsidiaries was a party during the year.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

At 15 April 2010, the interests and short positions of the directors in the share capital and underlying share of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, were as follows:

Long positions in ordinary shares of the Company:

Name of director	Nature of interest	Number of shares held	Percentage of the Company's issue share capital
Mr. Wong Chiu Yeung ("Mr. Wong")	Corporate (Note 1)	1,640,000,000	57.5%
Mr. Chen Yuanlai ("Mr. Chen")	Corporate (Note 2)	120,000,000	4.2%
Mr. Cheng Hiu Lok ("Mr. Cheng")	Corporate (Note 3)	120,000,000	4.2%
Mr. Fung Ka Pun ("Mr. Fung")	Corporate (Note 4)	14,000,000	0.5%

Note 1: These 1,640,000,000 Shares are registered in the name of Newup Holdings Limited. Mr. Wong holds 100% of the entire issued share capital of Newup Holdings Limited and is deemed to be interested in the 1,640,000,000 shares held by Newup Holdings Limited pursuant to the SFO.

Note 2: These 120,000,000 Shares are registered in the name of Rising Trade Holdings Limited. Mr. Chen holds 100% of the entire issued share capital of Rising Trade Holdings Limited and is deemed to be interested in the 120,000,000 shares held by Rising Trade Holdings Limited pursuant to the SFO.

Note 3: These 120,000,000 Shares are registered in the name of Wealthy Gate Holdings Limited. Mr. Cheng holds 100% of the entire issued share capital of Wealthy Gate Holdings Limited and is deemed to be interested in the 120,000,000 shares held by Wealthy Gate Holdings Limited pursuant to the SFO.

Note 4: These 14,000,000 Shares are registered in the name of Goodwill International (Holdings) Limited of which 2,600,000 Shares are held in trust of the K P Fung Family Trust, a discretionary trust set up by Mr. Fung. 19% and 25.44% of the entire issued share capital of Goodwill International (Holdings) Limited is directly and indirectly owned by Mr. Fung, respectively. As such, he is deemed to be interested in all these Shares held by Goodwill International (Holdings) Limited, as to 11,400,000 Shares as interest of controlled corporation and as to 2,600,000 Shares as founder of a discretionary trust.

Save as disclosed above, as at 15 April 2010, none of the directors had registered an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for

Securities Transactions by Directors of Listed Issuers.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any director or their respective spouses or minor children, or were any such rights exercised by them; or was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

SHARE OPTION SCHEME

The Company operates a share option scheme (the "Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. The participants of the Scheme include any directors (including executive directors, non-executive directors and independent non-executive directors) and employees of any member of the Group and any advisors, consultants, distributors, contractors, customers, suppliers, agents, business partners, joint venture business partners, service providers of any member of the Group.

The Scheme became effective on 6 January 2010 and unless otherwise cancelled or amended, will remain in force for a period to 5 January 2020.

The maximum number of unexercised share options currently permitted to be granted under the Scheme is an amount equivalent, upon their exercise, to 30% of the shares of the Company in issue at any time. The maximum number of shares issuable under share options to each eligible participant in the Scheme within any 12-month period, is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting. Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors of the Company. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the closing price of the Company's shares at the date of the grant) in excess of HK$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

The offer of a grant of share options may be accepted within 5 business days from the date of delivery of the offer letter, upon payment of a nominal consideration of HK$1 in total by the grantee. The exercise period of the share options granted is determinable by the directors, which period may commence from the date of the offer of the share options, and ends on a date which is not later than 10 years from the date of the grant of the share options.

At the time of grant of the share options, the Company may specify any minimum period(s) for which an option must be held before it can be exercised.

The exercise price of the share options is determinable by the directors, but shall not be less than the highest of (i) the closing price of the Company's shares as quoted on the Stock Exchange's daily quotation sheets on the date of the offer of the share options; and (ii) the average closing price of the Company's shares as quoted on the Stock Exchange's daily quotation sheets for the five trading days immediately preceding the date of the offer; and (iii) the nominal value of the Company's shares.

Further details of the Scheme are disclosed in note 34 to the financial statements. No share options had been granted under the Scheme since the Scheme has became effective.

CONTRACT OF SIGNIFICANCE

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

No contract of significance had been entered into between the Company or any of its subsidiaries and the controlling shareholder (as defined in the Listing Rules) of the Company or any of its subsidiaries.

No contract of significance for the provision of services to the Company or any of its subsidiaries by the controlling shareholder of the Company or any of its subsidiaries was entered into.

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.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at the date of this report, the interests or short positions of the persons (other than a Director or chief executive of the Company) in the Shares and underlying Shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO or which would fall to be disclosed to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO were as follows:

Long positions:

Name	Capacity and nature of interest	Number of ordinary shares held	Percentage of the Company's issued share capital	Number of share options held
Newup Holdings Limited ("Newup") (Note)	Directly beneficially owned	1,640,000,000	57.5	—

Note: Newup is wholly-owned and controlled by Mr. Wong; accordingly, Mr. Wong is deemed to be interested in the shares held by Newup. Mr. Wong is the sole director of Newup.

Save as disclosed above, as at the date of this report, no person, (other than a Director or chief executive of the Company) had any interests or short positions in the Shares and underlying Shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO or which would fall to be disclosed to the Company and the Stock

Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO.

CONNECTED TRANSACTIONS

Since the Company was not yet listed on the Stock Exchange during the year and therefore the relevant provisions for connected transactions under the Listing Rules were not applicable. As such, the Company and the Group did not have any connected transactions which are required to disclosed in accordance with the requirements of Chapter 14A of the Listing Rules.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the directors, the Company has maintained the prescribed public float under the Listing Rules as at the date of this report.

DIRECTORS' INTERESTS IN A COMPETING BUSINESS

During the year and up to the date of this report, none of the directors are considered to have interests in a business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group, as defined in the Listing Rules.

EVENTS AFTER THE REPORTING PERIOD

Details of the significant events of the Group are set out in note 44 to the financial statements.

AUDITORS

Ernst & Young retire and a resolution for their reappointment as auditors of the Company will be proposed at the forthcoming annual general meeting.

ON BEHALF OF THE BOARD

Wong Chiu Yeung
Chairman

Hong Kong
15 April 2010

To the shareholders of China SCE Property Holdings Limited
(Incorporated in the Cayman Islands with limited liability)

We have audited the financial statements of China SCE Property Holdings Limited set out on pages 45 to 122, which comprise the consolidated and company statements of financial position 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 financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and 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.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. Our report is made 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 auditors' 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 auditors consider 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.

Independent Auditors' Report

OPINION

In our opinion, the financial statements give a true and fair view of the state of affairs of the Company and 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 Hong Kong Companies Ordinance.

Ernst & Young
Certified Public Accountants
18th Floor, Two International Finance Centre
8 Finance Street, Central
Hong Kong

15 April 2010

Consolidated Statement of Comprehensive Income

Year ended 31 December 2009

	Notes	**2009**	2008
		RMB'000	RMB'000
REVENUE	6	**586,463**	331,179
Cost of sales		**(292,804)**	(203,335)
Gross profit		**293,659**	127,844
Other income and gains	6	**16,039**	6,962
Changes in fair value of investment properties	16	**371,613**	211,366
Selling and marketing expenses		**(38,955)**	(27,143)
Administrative expenses		**(91,197)**	(64,883)
Other expenses		**(137)**	(247)
Finance costs	7	**(5,642)**	(3,324)
Share of profits and losses of:			
Jointly-controlled entities		**(1,598)**	(4,697)
Associates		**(3,095)**	(4,413)
PROFIT BEFORE TAX	8	**540,687**	241,465
Income tax expense	11	**(178,996)**	(75,606)
PROFIT FOR THE YEAR		**361,691**	165,859
OTHER COMPREHENSIVE INCOME/(LOSS):			
Share of other comprehensive income of jointly-controlled entities		**12**	649
Exchange differences on translation of foreign operations		**(5,793)**	34,637
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		**(5,781)**	35,286
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**355,910**	201,145
Profit/(loss) attributable to:			
Owners of the parent	12	**373,434**	168,458
Minority interests		**(11,743)**	(2,599)
		361,691	165,859
Total comprehensive income/(loss) attributable to:			
Owners of the parent		**367,653**	199,135
Minority interests		**(11,743)**	2,010
		355,910	201,145
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	14		
Basic and diluted		**RMB 17.9 cents**	RMB 8.4 cents

Consolidated Statement of Financial Position

31 December 2009

	Notes	2009	2008
		RMB'000	RMB'000
NON-CURRENT ASSETS			
Property and equipment	15	**76,279**	71,500
Investment properties	16	**1,296,000**	882,000
Prepaid land lease payments	17	**2,170,371**	760,388
Intangible asset	18	**4,819**	—
Properties under development	19	**354,620**	308,496
Interests in jointly-controlled entities	21	**156,218**	123,194
Interests in associates	22	**6,128**	11,489
Prepayments	25	**154,976**	508,040
Deferred tax assets	32	**82,449**	20,808
Total non-current assets		**4,301,860**	2,685,915
CURRENT ASSETS			
Properties under development	19	**2,052,276**	1,370,435
Completed properties held for sale	23	**1,131,664**	803,671
Trade receivables	24	**22,144**	4,597
Prepayments, deposits and other receivables	25	**326,140**	142,639
Due from related parties	26	**172,809**	126,069
Tax recoverable		**93,796**	90,353
Restricted cash	27	**115,325**	83,410
Cash and cash equivalents	27	**489,480**	59,679
Total current assets		**4,403,634**	2,680,853
CURRENT LIABILITIES			
Trade payables	28	**307,534**	436,578
Receipts in advance	29	**2,994,693**	1,898,011
Other payables and accruals	30	**487,097**	618,142
Interest-bearing bank and other borrowings	31	**567,037**	1,009,425
Due to related parties	26	**231,266**	368,440
Tax payable		**74,075**	29,048
Total current liabilities		**4,661,702**	4,359,644
NET CURRENT LIABILITIES		**(258,068)**	(1,678,791)

Consolidated Statement of Financial Position

31 December 2009

	Notes	2009 RMB'000	2008 RMB'000
TOTAL ASSETS LESS CURRENT LIABILITIES		**4,043,792**	1,007,124
NON-CURRENT LIABILITIES			
Other payables	30	**2,240**	2,479
Interest-bearing bank and other borrowings	31	**1,539,028**	344,493
Deferred tax liabilities	32	**186,498**	86,225
Provision for major overhauls	33	**3,800**	—
Total non-current liabilities		**1,731,566**	433,197
Net assets		**2,312,226**	573,927
EQUITY			
Equity attributable to owners of the parent			
Issued capital	34	**11**	10
Reserves	35(a)	**1,509,364**	457,493
		1,509,375	457,503
Minority interests		**802,851**	116,424
Total equity		**2,312,226**	573,927

Wong Chiu Yeung
Director

Li Wei
Director

Consolidated Statement of Changes in Equity

Year ended 31 December 2009

	Attributable to owners of the parent										
	Issued capital RMB'000 (note 34)	Share premium account RMB'000 (note 34)	Capital reserve RMB'000 (note 35(b))	Statutory surplus reserve RMB'000 (note 35(c))	Merger reserve RMB'000 (note 35(d))	Other reserves RMB'000	Exchange fluctuation reserve RMB'000	Retained profits RMB'000	Total RMB'000	Minority interests RMB'000	Total equity RMB'000
At 1 January 2008	10	—	3,463	31,109	30	2,850	45,858	175,048	258,368	117,740	376,108
Total comprehensive income for the year	—	—	—	—	—	649	30,028	168,458	199,135	2,010	201,145
Transfer to statutory surplus reserve	—	—	—	23,026	—	—	—	(23,026)	—	—	—
Acquisition of minority interests	—	—	—	—	—	—	—	—	—	(3,326)	(3,326)
At 31 December 2008 and 1 January 2009	10	—*	3,463*	54,135*	30*	3,499*	75,886*	320,480*	457,503	116,424	573,927
Total comprehensive income for the year	—	—	—	—	—	12	(5,793)	373,434	367,653	(11,743)	355,910
Issue of shares	1	682,675	—	—	—	—	—	—	682,676	—	682,676
Share issue expenses	—	(687)	—	—	—	—	—	—	(687)	—	(687)
Deregistration of subsidiaries	—	—	—	(10,270)	—	—	—	10,270	—	—	—
Transfer to statutory surplus reserve	—	—	—	28,894	—	—	—	(28,894)	—	—	—
Acquisition of subsidiaries that are not a business	—	—	—	—	—	—	—	—	—	622,300	622,300
Partial disposal of an interest in a subsidiary	—	—	2,230	—	—	—	—	—	2,230	75,870	78,100
At 31 December 2009	11	681,988*	5,693*	72,759*	30*	3,511*	70,093*	675,290*	1,509,375	802,851	2,312,226

* These reserve accounts comprise the consolidated reserves of RMB1,509,364,000 (2008: RMB457,493,000) in the consolidated statement of financial position.

	Notes	2009 RMB'000	2008 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**540,687**	241,465
Adjustments for:			
Finance costs	7	**5,642**	3,324
Share of profits and losses of:			
Jointly-controlled entities		**1,598**	4,697
Associates		**3,095**	4,413
Interest income	6	**(2,778)**	(2,144)
Write-off of items of property and equipment	8	**11**	89
Loss on disposal of a subsidiary	8	**—**	158
Loss on disposal of items of property and equipment, net	8	**126**	—
Excess over the cost of a business combination	6	**—**	(4,527)
Depreciation	8	**7,157**	5,272
Amortisation of prepaid land lease payments	8	**22,240**	11,423
Changes in fair value of investment properties	16	**(371,613)**	(211,366)
Amortisation of an intangible asset	8	**42**	—
		206,207	52,804
Additions to prepaid land lease payments	17	**(815,933)**	(145,071)
Decrease in properties under development		**139,946**	198,006
Increase in completed properties held for sale		**(299,127)**	(593,038)
Increase in trade receivables		**(17,547)**	(4,295)
Decrease/(increase) in prepayments, deposits and other receivables		**690,204**	(65,922)
Decrease/(increase) in amounts due from related parties		**2,702**	(3,103)
Increase/(decrease) in trade payables		**(131,387)**	72,321
Increase in receipts in advance		**1,096,502**	210,742
Increase in other payables and accruals		**40,935**	59,905
Increase in provision for major overhauls	33	**880**	—
Cash generated from/(used in) operations		**913,382**	(217,651)
Interest received		**2,778**	2,144
Interest paid		**(104,582)**	(84,605)
PRC corporate income tax paid		**(44,389)**	(43,612)
PRC land appreciation tax paid		**(22,254)**	(35,493)
Net cash flows from/(used in) operating activities		**744,935**	(379,217)

Consolidated Statement of Cash Flows

Year ended 31 December 2009

	Notes	2009 RMB'000	2008 RMB'000
Net cash flows from/(used in) operating activities		**744,935**	(379,217)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property and equipment		**(3,879)**	(17,962)
Additions to investment properties		**(42,387)**	(138,634)
Proceeds from disposal of items of property and equipment		**535**	241
Proceeds from disposal of investment properties		**—**	400
Proceeds from disposal of jointly-controlled entities		**5,752**	—
Acquisition of jointly-controlled entities		**—**	(62,040)
Investments in jointly-controlled entities		**(58,800)**	—
Dividend received from jointly-controlled entities		**25,000**	—
Acquisition of subsidiaries	36(b)	**—**	(584)
Disposal of subsidiaries	36(c)	**—**	1,850
Acquisition of subsidiaries that are not a business	36(a)	**(857,107)**	—
Decrease in considerations payable for the acquisition of subsidiaries and associates		**(236,745)**	(98,000)
Decrease in an amount due to a minority shareholder of certain subsidiaries		**(3,356)**	—
Increase in amounts due from jointly-controlled entities and associates		**(97,591)**	(66,344)
Decrease/(increase) in restricted cash		**140,244**	(46,707)
Net cash flows used in investing activities		**(1,128,334)**	(427,780)
CASH FLOWS FROM FINANCING ACTIVITIES			
Issue of new shares		**681,989**	—
New bank and other borrowings		**1,824,219**	710,157
Repayment of bank and other borrowings		**(1,502,082)**	(79,029)
Increase/(decrease) in advances from minority shareholders of certain subsidiaries		**(101,692)**	5,701
Increase/(decrease) in amounts due from/to related parties, net		**(89,231)**	151,960
Net cash flows from financing activities		**813,203**	788,789
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**429,804**	(18,208)
Cash and cash equivalents at beginning of year		**59,679**	81,059
Effect of foreign exchange rate changes, net		**(3)**	(3,172)
CASH AND CASH EQUIVALENTS AT END OF YEAR		**489,480**	59,679
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	27	**489,480**	59,679

Statement of Financial Position

31 December 2009

	Notes	2009 RMB'000	2008 RMB'000
NON-CURRENT ASSET			
Investment in a subsidiary	20	**—**	—
CURRENT ASSETS			
Prepayments	25	**8,137**	21
Due from the immediate holding company	26	**—**	9
Due from subsidiaries	20	**659,840**	—
Cash and cash equivalents		**18**	—
Total current assets		**667,995**	30
CURRENT LIABILITIES			
Due to a subsidiary	20	**—**	7,327
Other payables and accruals	30	**5,580**	176
Total current liabilities		**5,580**	7,503
NET CURRENT ASSETS/(LIABILITIES)		**662,415**	(7,473)
Net assets/(liabilities)		**662,415**	(7,473)
EQUITY			
Issued capital	34	**11**	10
Reserves	35(e)	**662,404**	(7,483)
Total equity/(net deficiency of assets)		**662,415**	(7,473)

Wong Chiu Yeung
Director

Li Wei
Director

1. CORPORATE INFORMATION

China SCE Property Holdings Limited (the "Company") is incorporated in the Cayman Islands as an exempted company with limited liability. The registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The Company and its subsidiaries (collectively referred to as the "Group") were principally engaged in property development, property investment and property management in the People's Republic of China (the "PRC") during the year.

The ordinary shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 5 February 2010.

In the opinion of the directors of the Company, the ultimate holding company of the Company is Newup Holdings Limited, which is incorporated in the British Virgin Islands (the "BVI").

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties, which have been measured at fair value. These financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand ("RMB'000") except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Group for the year ended 31 December 2009. The results of subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. All income, expenses and unrealised gains and losses resulting from intercompany transactions and intercompany balances within the Group are eliminated on consolidation in full.

The acquisition of subsidiaries during the year has been accounted for using the purchase method of accounting. This method involves allocating the cost of the business combinations to the fair value of the identifiable assets acquired, and liabilities and contingent liabilities assumed at the date of acquisition. The cost of the acquisition is measured at the aggregate of 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.

Minority interests represent the interests of outside shareholders not held by the Group in the results and net assets of the Company's subsidiaries. An acquisition or a disposal of minority interests is accounted for using the entity concept method whereby the difference between the consideration and the book value of the share of the net assets acquired or disposed of is recognised as an equity transaction.

2.2 NET CURRENT LIABILITIES

As at 31 December 2009, the current liabilities of the Group exceeded its current assets by approximately RMB258 million. The Group finances its property development projects by obtaining credit terms from contractors, proceeds from pre-sales of its on-going property development projects and interest-bearing bank and other borrowings.

As at 31 December 2009, the Group had unutilised credit facilities from banks of approximately RMB11,155 million. Moreover, the Group has successfully obtained approximately RMB270 million interest-bearing bank borrowings subsequent to the year end. In addition, on 5 February 2010, the Company completed its global offering of 600 million ordinary shares of HK$0.10 each at an offer price of HK$2.6 per share and raised total net proceeds of approximately RMB1,322 million.

The directors of the Company are of the opinion that, taking into account the presently available banking facilities, the net proceeds from the Company's global offering, the continual renewal of bank loans upon maturity and internal financial resources of the Group (mainly proceeds from the pre-sale of its ongoing property development projects), the Group has sufficient working capital for its present requirements. Hence, the financial statements have been prepared on a going concern basis.

2.3 ISSUED BUT NOT YET EFFECTIVE HKFRSs

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

HKFRS 1 (Revised)	*First-time Adoption of Hong Kong Financial Reporting Standards*[1]
HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards - Additional Exemptions for First-time Adopters*[2]
HKFRS 1 Amendment	Amendment to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards - Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters*[4]
HKFRS 2 Amendments	Amendments to HKFRS 2 *Share-based Payment - Group Cash-settled Share-based Payment Transactions*[2]
HKFRS 3 (Revised)	*Business Combinations*[1]
HKFRS 9	*Financial Instruments*[6]
HKAS 24 (Revised)	*Related Party Disclosures*[5]
HKAS 27 (Revised)	*Consolidated and Separate Financial Statements*[1]
HKAS 32 Amendment	Amendment to HKAS 32 *Financial Instruments: Presentation - Classification of Rights Issues*[3]
HKAS 39 Amendment	Amendment to HKAS 39 *Financial Instruments: Recognition and Measurement - Eligible Hedged Items*[1]

2.3 ISSUED BUT NOT YET EFFECTIVE HKFRSs *(Continued)*

HK (IFRIC)-Int14 Amendments	Amendments to HK(IFRIC)-Int14 *Prepayments of a Minimum Funding Requirment*[5]
HK(IFRIC)-Int 17	*Distributions of Non-cash Assets to Owners*[1]
HK(IFRIC)-Int 19	*Extinguishing Financial Liabilities with Equity Instruments*[4]
Amendments to HKFRS 5 included in *Improvements to HKFRSs* issued in October 2008	Amendments to HKFRS 5 *Non-current Assets Held for Sale* and *Discontinued Operations - Plan to sell the controlling interest in a subsidiary*[1]
HK Interpretation 4 (Revised in December 2009)	*Leases - Determination of the Length of Lease Term in respect of Hong Kong Land Leases*[2]

Apart from the above, the HKICPA has issued *Improvements to HKFRSs 2009* which sets out amendments to a number of HKFRSs primarily with a view to removing inconsistencies and clarifying wording. The amendments to HKFRS 2, HKAS 38, HK(IFRIC)-Int 9 and HK(IFRIC)-Int 16 are effective for annual periods beginning on or after 1 July 2009 while the amendments to HKFRS 5, HKFRS 8, HKAS 1, HKAS 7, HKAS 17, HKAS 36 and HKAS 39 are effective for annual periods beginning on or after 1 January 2010 although there are separate transitional provisions for each standard or interpretation.

1 Effective for annual periods beginning on or after 1 July 2009
2 Effective for annual periods beginning on or after 1 January 2010
3 Effective for annual periods beginning on or after 1 February 2010
4 Effective for annual periods beginning on or after 1 July 2010
5 Effective for annual periods beginning on or after 1 January 2011
6 Effective for annual periods beginning on or after 1 January 2013

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. So far, the Group considers that except for the adoption of HKFRS 3 (Revised), HKFRS 9 and HKAS 27 (Revised) may result in changes in accounting policies, these new and revised HKFRSs are unlikely to have a significant impact on the Group's results of operations and financial position.

3. SIGNIFICANT ACCOUNTING POLICIES

Subsidiaries

A subsidiary is an entity whose financial and operating policies the Company controls, directly or indirectly, so as to obtain benefits from its activities.

The results of a subsidiary are included in the Company's statement of comprehensive income to the extent of dividends received and receivable. The Company's investment in a subsidiary is stated at cost less any impairment losses.

Joint ventures

A joint venture is an entity set up by contractual arrangement, whereby the Group and other parties undertake an economic activity. The joint venture operates as a separate entity in which the Group and the other parties have an interest.

The joint venture agreement between the venturers stipulates the capital contributions of the joint venture parties, the duration of the joint venture entity and the basis on which the assets are to be realised upon its dissolution. The profits and losses from the joint venture's operations and any distributions of surplus assets are shared by the venturers, either in proportion to their respective capital contributions, or in accordance with the terms of the joint venture agreement.

A joint venture is treated as:

(a) a subsidiary, if the Group/Company has unilateral control, directly or indirectly, over the joint venture;

(b) a jointly-controlled entity, if the Group does not have unilateral control, but has joint control, directly or indirectly, over the joint venture;

(c) an associate, if the Group does not have unilateral or joint control, but holds, directly or indirectly, generally not less than 20% of the joint venture's registered capital and is in a position to exercise significant influence over the joint venture; or

(d) an equity investment accounted for in accordance with HKAS 39, if the Group holds, directly or indirectly, less than 20% of the joint venture's registered capital and has neither joint control of, nor is in a position to exercise significant influence over, the joint venture.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Jointly-controlled entities

A jointly-controlled entity is a joint venture that is subject to joint control, resulting in none of the participating parties having unilateral control over the economic activity of the jointly-controlled entity.

The Group's interests in jointly-controlled entities are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. The Group's share of the post-acquisition results and reserves of jointly-controlled entities is included in profit or loss and other comprehensive income of the consolidated statement of comprehensive income, respectively. Unrealised gains and losses resulting from transactions between the Group and its jointly-controlled entities are eliminated to the extent of the Group's interests in the jointly-controlled entities, except where unrealised losses provide evidence of an impairment of the asset transferred.

Associates

An associate is an entity, not being a subsidiary or a jointly-controlled entity, in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence.

The Group's interests in associates are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. The Group's share of the post-acquisition results and reserves of associates is included in the consolidated statement of comprehensive income and consolidated reserves, respectively.

Unrealised gains and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's interests in the associates, except where unrealised losses provide evidence of an impairment of the asset transferred.

Goodwill

Goodwill arising on the acquisition of subsidiaries and jointly-controlled entities represents the excess of the cost of the business combination over the Group's interest in the net fair value of the acquirees' identifiable assets acquired, and liabilities and contingent liabilities assumed as at the date of acquisition.

Goodwill arising on acquisition is initially recognised in the consolidated statement of financial position as an asset, initially measured at cost and subsequently at cost less any accumulated impairment losses. In the case of jointly-controlled entities, goodwill is included in the carrying amount thereof, rather than as a separately identified asset on the consolidated statement of financial position.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Goodwill *(Continued)*

The carrying amount of goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill forms part of a cash-generating unit (group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Excess over the cost of business combinations

Any excess of the Group's interest in the net fair value of the acquirees' identifiable assets, liabilities and contingent liabilities over the cost of acquisition of subsidiaries and jointly-controlled entities (previously referred to as negative goodwill), after reassessment, is recognised immediately in profit or loss of the statement of comprehensive income.

Impairment of non-financial assets other than goodwill

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than completed properties held for sale, inventories, deferred tax assets, financial assets and investment properties), the asset's recoverable amount is estimated. An asset's recoverable amount is calculated as the higher of the asset's or cash-generating unit's value in use and its fair value less costs to sell, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment of non-financial assets other than goodwill *(Continued)*

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss of the statement of comprehensive income in the period in which it arises, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

An assessment is made at the end of each reporting period as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss of the statement of comprehensive income in the period in which it arises, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

Related parties

A party is considered to be related to the Group if:

(a) the party, directly or indirectly through one or more intermediaries, (i) controls, is controlled by, or is under common control with, the Group; (ii) has an interest in the Group that gives it significant influence over the Group; or (iii) has joint control over the Group;

(b) the party is an associate;

(c) the party is a jointly-controlled entity;

(d) the party is a member of the key management personnel of the Group;

(e) the party is a close member of the family of any individual referred to in (a) or (d);

(f) the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e); or

(g) the party is a post-employment benefit plan for the benefit of the employees of the Group, or any entity that is a related party of the Group.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Property and equipment and depreciation

Property and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after items of property and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss of the statement of comprehensive income in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure is capitalised in the carrying amount of the asset as a replacement.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Buildings	over the lease terms
Leasehold improvements	over the shorter of the lease terms and 20%
Furniture, fixtures and office equipment	19% to 25%
Motor vehicles	15% to 25%

Where parts of an item of property and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately.

Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss of the statement of comprehensive income in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress represents a building under construction, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction and capitalised borrowing costs on related borrowing funds during the period of construction. Construction in progress is reclassified to the appropriate category of property and equipment when completed and ready for use.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Service concession arrangement

The Group has entered into a service concession arrangement with a government body in Quanzhou, the PRC, for the operation and management of certain sports and recreation facilities. The transactions related to such service concession arrangement are accounted for by the Group as follows:

Consideration paid by the Group
An intangible asset (operating concession) is recognised to the extent that the Group receives a right to charge users of the public services. The intangible asset (operating concession) is accounted for in accordance with the policy set out for "Intangible asset (other than goodwill)" below.

Operating services
Revenue relating to operating services is accounted for in accordance with the policy for "Revenue recognition" below.

Contractual obligations to restore the sports and recreation facilities to a specified level of serviceability
The Group has contractual obligations which it must fulfil as a condition of its licence. The obligations are (a) to maintain the sports and recreation facilities it operates to a specified level of serviceability and (b) to restore the sports and recreation facilities to a specified condition before they are handed over to the grantor at the end of the service concession arrangement. These contractual obligations to maintain or restore the sports and recreation facilities, except for upgrade element, are recognised and measured in accordance with the policy set out for "Provisions" below.

Intangible asset (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value as at the date of acquisition.

The useful life of an intangible asset is assessed to be either finite or indefinite. Intangible asset with finite life is subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Intangible asset with indefinite useful life is tested for impairment annually either individually or at the cash-generating unit level. Such intangible asset is not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

An intangible asset is derecognised on disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss of the statement of comprehensive income in the period the intangible asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant intangible asset.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Intangible asset (other than goodwill) *(Continued)*

Operating concession

Operating concession represents the right to operate certain sports and recreation facilities and is stated at cost less accumulated amortisation and any accumulated impairment losses. Amortisation is provided on the straight-line basis over the period of the operating concession granted to the Group of 30 years.

Investment properties

Investment properties include both completed investment properties and investment properties under construction.

Completed investment properties are interests in land and buildings held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of the reporting period.

Investment properties under construction or development for future use as investment properties are classified as investment properties under construction. Such properties under construction are measured initially at cost, including transaction cost, and stated at fair value, subsequent to initial recognition, at end of the reporting period when fair value can be determined reliably.

Gains or losses arising from changes in the fair values of completed investment properties and investment properties under construction are included in profit or loss of the statement of comprehensive income in the year in which they arise.

Any gains or losses on the retirement or disposal of a completed investment property or an investment property under construction are recognised in profit or loss of the statement of comprehensive income in the year of the retirement or disposal.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Operating leases

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets, and rentals receivable under the operating leases are credited to profit or loss of the statement of comprehensive income on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under the operating leases are charged to profit or loss of the statement of comprehensive income on the straight-line basis over the lease terms.

Prepaid land lease payments under operating leases are initially stated at cost and subsequently recognised on the straight-line basis over the lease terms.

Properties under development

Properties under development are stated at the lower of cost and net realisable value and comprise land costs, construction costs, borrowing costs, professional fees and other costs directly attributable to such properties incurred during the development period.

Properties under development are classified as current assets unless the construction period of the relevant property development project is expected to complete beyond the normal operating cycle. On completion, the properties are transferred to completed properties held for sale.

Revenue is only recognised upon completion of the development. Sales deposits/installments received and receivable from purchasers in respect of pre-sale of properties under development prior to completion of the development are included in current liabilities.

Completed properties held for sale

Completed properties held for sale are stated at the lower of cost and net realisable value. Cost is determined by an apportionment of total land and building costs attributable to the unsold properties. Net realisable value is determined by reference to the sales proceeds of properties sold in the ordinary course of business, less applicable variable selling expenses, or by management estimates based on prevailing market conditions.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investments and other financial assets

Financial assets within the scope of HKAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial assets at initial recognition. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

The Group's financial assets include cash and bank balances, amounts due from related parties and trade and other receivables and are classified and accounted for as loans and receivables.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance income in profit or loss of the statement of comprehensive income. The loss arising from impairment is recognised in profit or loss of the statement of comprehensive income.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- the rights to receive cash flows from the asset have expired;

- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Derecognition of financial assets *(Continued)*

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses individually whether objective evidence of impairment exists for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, 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 yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment of financial assets *(Continued)*

Financial assets carried at amortised cost (Continued)
The carrying amount of the asset is reduced either directly or through the use of an allowance account and the amount of the loss is recognised in profit or loss of the statement of comprehensive income. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to profit or loss of the statement of comprehensive income.

Financial liabilities

Initial recognition and measurement
Financial liabilities within the scope of HKAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, financial guarantee contracts, amounts due to related parties and interest-bearing bank and other borrowings.

Subsequent measurement
The measurement of financial liabilities depends on their classification as follows:

Loans and borrowings
After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss of the statement of comprehensive income when the liabilities are derecognised as well as through the effective interest rate method amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in profit or loss of the statement of comprehensive income.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial liabilities *(Continued)*

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognised initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount of the best estimate of the expenditure required to settle the present obligation at the end of the reporting period; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss of the statement of comprehensive income.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, and which are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, which are not restricted as to use.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in profit or loss of the statement of comprehensive income.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carryforward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- where the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Income tax *(Continued)*

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Revenue recognition

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

(a) from the sale of completed properties, when the significant risks and rewards of ownership of the properties are transferred to the purchasers, that is when the construction of the relevant properties has been completed and the properties have been delivered to the purchasers pursuant to the sales agreement, and the collectability of related receivables is reasonably assured;

(b) from the rendering of services, when the services have been rendered;

(c) rental income, on a time proportion basis over the lease terms;

(d) interest income, on an accrual basis using the effective interest method by applying the rate that discounts the estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset; and

(e) facilities rental income, on a time proportion basis over the lease terms.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Other employee benefits

Pension schemes

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to profit or loss of the statement of comprehensive income as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

The employees of the Group's subsidiaries in Mainland China are required to participate in a central pension scheme (the "Pension Scheme") operated by the local municipal government. The subsidiaries are required to contribute certain percentages of their payroll costs to the Pension Scheme. The only obligation of the Group with respect to the Pension Scheme is to pay the ongoing contributions under the Pension Scheme. The contributions are charged to profit or loss of the statement of comprehensive income as they become payable in accordance with the rules of the Pension Scheme.

Borrowing costs

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Foreign currencies

The financial statements are presented in RMB, which is the Group's presentation currency. The functional currency of the Company is Hong Kong dollar while RMB is used as the presentation currency of the financial statements of the Company for the purpose of aligning with the presentation currency of the Group. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rates of exchange ruling at the end of the reporting period. All differences are taken to profit or loss of the statement of comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

The functional currencies of certain subsidiaries, jointly-controlled entities and associates operating outside the PRC are currencies other than RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into the presentation currency of the Company at the exchange rates ruling at the end of the reporting period, and their profit or loss of the statement of comprehensive income are translated into RMB at the weighted average exchange rates for the year. The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss of the statement of comprehensive income.

For the purpose of the consolidated statement of cash flows, the cash flows of non-PRC entities are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of non-PRC entities which arise throughout the year are translated into RMB at the weighted average exchange rates for the year.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Operating lease commitments - Group as lessor
The Group has entered into commercial property leases on its investment property portfolio. The Group has determined that it retains all the significant risks and rewards of ownership of these properties which are leased out on operating leases.

Classification between investment properties and owner-occupied properties
The Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independently of the other assets held by the Group.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group accounts for these portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(Continued)*

Judgements *(Continued)*

Classification between investment properties and properties held for sale

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

Valuation of properties under development and completed properties held for sale

Properties under development and completed properties held for sale are stated at the lower of cost and net realisable value. The cost of each unit in each phase of development is determined using the weighted average method. The estimated net realisable value is the estimated selling price less selling expenses and the estimated cost of completion (if any), which are estimated based on the best available information.

If there is an increase in costs to completion or a decrease in net sales value, the net realisable value will decrease and this may result in a provision for properties under development and completed properties held for sale. Such provision requires the use of judgement and estimates. Where the expectation is different from the original estimate, the carrying value and provision for properties in the periods in which such estimate is changed will be adjusted accordingly.

Allocation of construction cost on properties under development

When developing properties, the Group typically divides the development projects into phases. Costs directly related to the development of a phase are recorded as the cost of such phase. Costs that are common to each phase are allocated to each phase based on the saleable floor area of each phase as a percentage of the total saleable floor area of the entire project. The cost of the unit sold is determined by the floor area in square metre sold during the year multiplies by the average cost per square metre of that particular phase of the project.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(Continued)*

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Estimation of fair value of investment properties

Investment properties, including completed investment properties and investment properties under construction, were revalued at each reporting date during the year based on the appraised market value provided by independent professional valuers. Such valuations were based on certain assumptions, which are subject to uncertainty and might materially differ from the actual results. In making the estimation, the Group considers information from current prices in an active market for similar properties and uses assumptions that are mainly based on market conditions existing at each reporting date.

PRC corporate income tax ("CIT")

The Group is subject to income taxes in the PRC. As a result of the fact that certain matters relating to the income taxes have not been confirmed by the local tax bureau, objective estimate and judgement based on currently enacted tax laws, regulations and other related policies are required in determining the provision for income taxes to be made. Where the final tax outcome of these matters is different from the amounts originally recorded, the differences will impact on the income tax and tax provisions in the period in which the differences realise.

PRC land appreciation tax ("LAT")

The Group is subject to LAT in the PRC. The provision for LAT is based on management's best estimates according to the understanding of the requirements set forth in the relevant PRC tax laws and regulations. The actual LAT liabilities are subject to the determination by the tax authorities upon the completion of the property development projects. The Group has not finalised its LAT calculation and payments with the tax authorities for certain of its property development projects. The final outcome could be different from the amounts that were initially recorded.

Useful lives and impairment of property and equipment

The Group's management determines the estimated useful lives and related depreciation charges for its items of property and equipment. This estimate is based on the historical experience of the actual useful lives of items of property and equipment of similar nature and functions. It could change significantly as a result of technical innovations and its competitor's actions. Management will increase the depreciation charge where useful lives are less than previously estimates, or it will write off or write down technically obsolete assets that have been abandoned.

The carrying value of an item of property and equipment is reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable in accordance with the accounting policy as disclosed in the relevant part of this section. The recoverable amount of an item of property and equipment is calculated as the higher of its fair value less costs to sell and value in use, the calculations of which involve the use of estimates.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(Continued)*

Estimation uncertainty *(Continued)*

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Allowance on trade and other receivables

The provision policy for doubtful debts of the Group is based on the ongoing evaluation of the collectability and aged analysis of the outstanding receivables and on management's estimation. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the creditworthiness and the past collection history of each customer. If the financial conditions of the customers of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required.

Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment of all non-financial assets at each reporting period. Indefinite life intangible assets are tested for impairment annually and at other times when such indicator exists. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The calculation of the fair value less costs to sell is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset.

When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Provision for major overhauls

The Group has contractual obligations which it must fulfil as a condition of the operating concession granted by the grantor, that are (a) to maintain the sports and recreation facilities it operates to a specified level of serviceability and (b) to restore the sports and recreation facilities to a specified condition before they are handed over to the grantor at the end of the service concession arrangement. These contractual obligations to maintain or restore the sports and recreation facilities, except for upgrade element, are recognised and measured in accordance with HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, i.e., at the best estimate of the expenditure that would be required to settle the present obligation at the end of the reporting period. The estimation of the expenditure requires the Group to estimate the expected future cash outlays on major overhauls of the facilities over the service concession period and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

5. SEGMENT INFORMATION

The Group is principally engaged in the businesses of property development, property investment and property management. For management purposes, the property development and property investment businesses are monitored as one operating segment on a project basis to allocate resources and assess performance. For financial reporting purposes, the property management segment combines with the property development and investment segment as its reported revenue, reported results and assets are less than 10% of the consolidated revenue, consolidated profit and consolidated assets of the Group.

The Group's revenue from external customers from each product or service is set out in note 6 to the financial statements.

The Group's revenue from external customers is derived solely from its operations in the PRC, and the non-current assets of the Group are substantially located in the PRC.

During the year, no revenue from transactions with a single external customer amounted to 10% or more of the Group's total revenue.

6. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, represents the gross proceeds, net of business tax, and other sales related taxes from the sale of properties; gross rental income received and receivable from investment properties, and property management fee income, net of business tax, received and receivable during the year.

An analysis of the Group's revenue, other income and gains is as follows:

	2009	2008
	RMB'000	RMB'000
Revenue		
Sale of properties	**564,993**	325,217
Property management fees	**8,737**	4,240
Gross rental income	**12,733**	1,722
	586,463	331,179
Other income and gains		
Bank interest income	**2,778**	1,741
Interest income on other receivables	**—**	403
Excess over the cost of a business combination	**—**	4,527
Foreign exchange gains, net	**7,523**	—
Others	**5,738**	291
	16,039	6,962

7. FINANCE COSTS

An analysis of finance costs is as follows:

	2009 **RMB'000**	2008 RMB'000
Interest on bank loans wholly repayable within five years	**78,714**	66,557
Interest on bank loans repayable beyond five years	**847**	1,158
Interest on loans from companies controlled by Mr. Wong Chiu Yeung ("Mr. Wong") (note 41(a)(iii))	**25,021**	16,890
Increase in a discounted amount of provision for major overhauls arising from the passage of time (note 33)	**32**	—
Total interest expense on financial liabilities not at fair value through profit or loss	**104,614**	84,605
Less: Interest capitalised	**(98,972)**	(81,281)
	5,642	3,324

8. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	Notes	2009 RMB'000	2008 RMB'000
Cost of properties sold		**284,081**	199,488
Cost of services provided		**8,723**	3,847
Depreciation	15	**7,157**	5,272
Amortisation of prepaid land lease payments	17	**22,240**	11,423
Amortisation of an intangible asset*	18	**42**	—
Provision for major overhauls	33	**3,800**	—
Minimum lease payments under operating leases for land and buildings		**2,853**	2,871
Direct operating expenses (including repairs and maintenance) arising on rental-earning investment properties		**217**	13
Auditors' remuneration		**1,851**	666
Employee benefit expense (including directors' remuneration (note 9)):			
Salaries and other staff costs		**31,480**	23,965
Pension scheme contributions		**1,461**	700
Less: Amount capitalised		**(5,562)**	(10,377)
		27,379	14,288
Foreign exchange differences, net**		**(7,523)**	1,263
Write-off of items of property and equipment***	15	**11**	89
Loss on disposal of items of property and equipment***		**126**	—
Loss on disposal of a subsidiary***		**—**	158

* The amortisation of an intangible asset for the year is included in "Cost of sales" in the consolidated statement of comprehensive income.

** The amount for the year ended 31 December 2009 included RMB6,852,000 foreign exchange gain released from exchange fluctuation reserve upon the deregistration of a subsidiary during the year.

*** These items are included in "Other expenses" on the face of the consolidated statement of comprehensive income of the Group during the year.

9. DIRECTORS' REMUNERATION

Directors' remuneration for the year, disclosed pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and Section 161 of the Hong Kong Companies Ordinance, is as follows:

	2009	2008
	RMB'000	RMB'000
Fees	**—**	—
Other emoluments:		
Salaries, allowances and benefits in kind	**1,193**	1,397
Discretionary performance related bonuses	**2,162**	—
Pension scheme contributions	**22**	18
	3,377	1,415
	3,377	1,415

(a) Independent non-executive directors

No fee and other emoluments were paid to the independent non-executive directors for the years ended 31 December 2009 and 2008 as they were appointed subsequent to 31 December 2009.

(b) Executive directors and a non-executive director

	Fees	**Salaries allowances and benefits in kind**	**Discretionary performance related bonuses**	**Retirement benefit scheme contributions**	**Total**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**
2009					
Executive directors:					
Mr. Wong	**—**	**324**	**705**	**—**	**1,029**
Mr. Chen Yuanlai ("Mr. Chen")	**—**	**285**	**485**	**11**	**781**
Mr. Cheng Hiu Lok ("Mr. Cheng")	**—**	**324**	**487**	**—**	**811**
Mr. Li Wei ("Mr. Li")	**—**	**260**	**485**	**11**	**756**
	—	**1,193**	**2,162**	**22**	**3,377**

9. DIRECTORS' REMUNERATION *(Continued)*

(b) Executive directors and a non-executive director *(Continued)*

	Fees RMB'000	Salaries allowances and benefits in kind RMB'000	Discretionary performance related bonuses RMB'000	Retirement benefit scheme contributions RMB'000	Total RMB'000
2008					
Executive directors:					
Mr. Wong	—	360	—	—	360
Mr. Chen	—	322	—	11	333
Mr. Cheng	—	423	—	—	423
Mr. Li	—	292	—	7	299
	—	1,397	—	18	1,415

No fee and other emoluments were paid to the non-executive director for the years ended 31 December 2009 and 2008 as he was appointed subsequent to 31 December 2009.

There was no arrangement under which a director waived or agreed to waive any remuneration during the year.

10. FIVE HIGHEST PAID INDIVIDUALS

The five highest paid employees during the year included four (2008: three) directors, details of whose remuneration are set out in note 9 above. Details of the remuneration of the remaining one (2008: two) non-director, highest paid individual for the year are as follows:

	2009 RMB'000	2008 RMB'000
Salaries, allowances and benefits in kind	**928**	1,434
Discretionary performance related bonuses	**258**	—
Pension scheme contributions	**11**	11
	1,197	1,445

10. FIVE HIGHEST PAID INDIVIDUALS *(Continued)*

The number of non-director, highest paid employees whose remuneration fell within the following bands is as follows:

	2009	2008
	RMB'000	RMB'000
Nil to RMB500,000	**—**	1
RMB500,001 to RMB1,000,000	**—**	—
RMB1,000,001 to RMB1,500,000	**1**	1
	1	2

11. INCOME TAX

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the year (2008: Nil). Taxes on profits assessable in Mainland China have been calculated at the rates of tax prevailing in the cities in which the Group's subsidiaries operate.

	2009	2008
	RMB'000	RMB'000
Group:		
Current charge for the year:		
PRC CIT	**49,934**	18,952
PRC LAT	**55,368**	16,653
	105,302	35,605
Deferred (note 32)	**73,694**	40,001
Total tax charge for the year	**178,996**	75,606

On 16 March 2007, the National People's Congress approved the PRC Corporate Income Tax Law (the "New CIT Law"), which became effective on 1 January 2008. The New CIT Law introduces a wide range of changes which include, but are not limited to, the unification of the income tax rates for domestic-invested and foreign-invested enterprises at 25%. Pursuant to "Guo Fa [2007] No. 39" promulgated on 26 December 2007, for the Group's subsidiaries in Xiamen and Shenzhen which enjoyed a preferential tax rate of 15% prior to 1 January 2008, the tax rate will be transitioned to 25% over five years at rates of 18% in 2008, 20% in 2009, 22% in 2010, 24% in 2011 and 25% in 2012.

11. INCOME TAX *(Continued)*

A reconciliation of the tax expense applicable to profit before tax at the statutory/applicable rates for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rate is as follows:

	2009	2008
	RMB'000	RMB'000
Profit before tax	**540,687**	241,465
At the statutory/applicable income tax rates of different jurisdictions	**136,456**	61,928
Lower tax rate for specific cities	**(648)**	(9,793)
Effect of change in tax rates used for the recognition of deferred taxes	**(446)**	—
Profits and losses attributable to jointly-controlled entities and associates	**986**	1,902
Income not subject to tax	**(533)**	(1,589)
Expenses not deductible for tax	**7,144**	5,339
Tax losses utilised from previous periods	**(190)**	(166)
Tax losses not recognised	**3,195**	286
Tax effect on unrealised profits arising from transactions within the Group	**(7,892)**	4,681
LAT	**55,368**	16,653
Tax effect of LAT	**(14,444)**	(2,998)
Others	**—**	(637)
Tax expense at the Group's effective rate	**178,996**	75,606

The share of tax charge in 2009 attributable to jointly-controlled entities and associates amounting to RMB10,412,000 (2008: tax credit of RMB11,413,000) and RMB190,000 (2008: tax credit of RMB559,000), respectively, are included in "Share of profits and losses of jointly-controlled entities and associates" in profit or loss of the consolidated statement of comprehensive income.

12. PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT

The consolidated profit attributable to owners of the parent for the year ended 31 December 2009 includes a loss of RMB12,113,000 (2008: RMB56,000) which has been dealt with in the financial statements of the Company (note 35(e)).

13. DIVIDEND

The directors do not recommend the payment of any dividend in respect of the current year (2008: Nil).

14. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of basic earnings per share is based on the profit for the year attributable to owners of the parent, and the weighted average number of ordinary shares of 2,087,406,027 (2008: 2,000,000,000) in issue during the year, as adjusted retrospectively to reflect the capitalisation issue after the reporting period (note 44).

No adjustment has been made to the basic earnings per share amounts presented for the years ended 31 December 2009 and 2008 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during those years.

15. PROPERTY AND EQUIPMENT

	Buildings RMB'000	Leasehold improvements RMB'000	Furniture, fixtures and office equipment RMB'000	Motor vehicles RMB'000	Construction in progress RMB'000	Total RMB'000
31 December 2009						
At 31 December 2008 and 1 January 2009:						
Cost	48,518	5,982	7,116	10,704	10,535	82,855
Accumulated depreciation	(1,601)	(2,242)	(2,592)	(4,920)	—	(11,355)
Net carrying value	46,917	3,740	4,524	5,784	10,535	71,500
At 1 January 2009, net of accumulated depreciation	46,917	3,740	4,524	5,784	10,535	71,500
Additions	—	28	1,108	1,330	1,413	3,879
Acquisition of subsidiaries that are not a business (note 36(a))	—	5,677	1,795	1,257	—	8,729
Transfer	11,948	—	—	—	(11,948)	—
Depreciation	(1,468)	(1,505)	(2,033)	(2,151)	—	(7,157)
Write-off	—	—	(11)	—	—	(11)
Disposals	—	—	(48)	(613)	—	(661)
At 31 December 2009, net of accumulated depreciation	57,397	7,940	5,335	5,607	—	76,279
At 31 December 2009:						
Cost	60,466	13,424	10,775	12,371	—	97,036
Accumulated depreciation	(3,069)	(5,484)	(5,440)	(6,764)	—	(20,757)
Net carrying value	57,397	7,940	5,335	5,607	—	76,279

15. PROPERTY AND EQUIPMENT *(Continued)*

	Buildings RMB'000	Leasehold improve-ments RMB'000	Furniture, fixtures and office equipment RMB'000	Motor vehicles RMB'000	Construction in progress RMB'000	Total RMB'000
31 December 2008						
At 1 January 2008:						
Cost	39,953	2,861	6,478	11,452	6,177	66,921
Accumulated depreciation	(516)	(1,379)	(1,289)	(4,393)	—	(7,577)
Net carrying value	39,437	1,482	5,189	7,059	6,177	59,344
At 1 January 2008, net of accumulated depreciation	39,437	1,482	5,189	7,059	6,177	59,344
Additions	8,765	3,121	928	790	4,358	17,962
Acquisition of subsidiaries (note 36(b))	—	—	16	—	—	16
Depreciation	(1,087)	(863)	(1,487)	(1,835)	—	(5,272)
Disposals	—	—	(33)	(208)	—	(241)
Write-off	—	—	(89)	—	—	(89)
Exchange realignment	(198)	—	—	(22)	—	(220)
At 31 December 2008, net of accumulated depreciation	46,917	3,740	4,524	5,784	10,535	71,500
At 31 December 2008:						
Cost	48,518	5,982	7,116	10,704	10,535	82,855
Accumulated depreciation	(1,601)	(2,242)	(2,592)	(4,920)	—	(11,355)
Net carrying value	46,917	3,740	4,524	5,784	10,535	71,500

At 31 December 2009, certain of the Group's buildings with an aggregate carrying amount of RMB52,454,000 (2008: RMB28,310,000) were pledged to banks to secure the bank loans granted to the Group (note 38).

16. INVESTMENT PROPERTIES

	Completed RMB'000	Under construction RMB'000	Total RMB'000
At 1 January 2008	78,200	455,000	533,200
Additions	456	138,178	138,634
Transfer	593,178	(593,178)	—
Disposals during the year	(400)	—	(400)
Disposal of a subsidiary (note 36(c))	(800)	—	(800)
Net gains from fair value adjustment	211,366	—	211,366
At 31 December 2008 and 1 January 2009	882,000	—	882,000
Additions	42,387	—	42,387
Net gains from fair value adjustment	371,613	—	371,613
At 31 December 2009	**1,296,000**	**—**	**1,296,000**

The Group's investment properties are situated in Mainland China under the following lease terms:

	2009 RMB'000	2008 RMB'000
Long term leases	**94,000**	67,015
Medium term leases	**1,202,000**	814,985
	1,296,000	882,000

The Group's investment properties were revalued on 31 December 2009 by DTZ Debenham Tie Leung, independent professionally qualified valuers, at RMB1,296,000,000 (2008: RMB882,000,000).

The fair value of completed investment properties was based on either capitalisation of net income derived from the existing tenancies with allowance for the reversionary income potential of the properties, or by making reference to comparable market transactions.

At 31 December 2009, the Group's investment properties with an aggregate carrying amount of RMB1,296,000,000 (2008: RMB838,672,000) were pledged to secure the bank loans granted to the Group (note 38).

The Group's investment properties are leased to third parties and companies controlled by Mr. Wong under operating leases, further summary details of which are included in note 39(a).

17. PREPAID LAND LEASE PAYMENTS

	2009 RMB'000	2008 RMB'000
At beginning of year	**771,940**	1,315,426
Additions	**815,933**	145,071
Acquisition of subsidiaries that are not a business (note 36(a))	**1,153,107**	—
Transfer to properties under development	**(498,219)**	(676,594)
Amortisation recognised during the year	**(22,240)**	(11,423)
Exchange realignment	**—**	(540)
At end of year	**2,220,521**	771,940
Current portion included in prepayments, deposits and other receivables	**(50,150)**	(11,552)
Non-current portion	**2,170,371**	760,388

The Group's leasehold land is situated in Hong Kong and Mainland China and is held under the following lease terms:

	2009 RMB'000	2008 RMB'000
Long term leases:		
Mainland China	**700,234**	751,713
Medium term leases:		
Hong Kong	**8,313**	8,487
Mainland China	**1,511,974**	11,740
	1,520,287	20,227
	2,220,521	771,940

At 31 December 2009, certain of the Group's leasehold land with an aggregate carrying amount of RMB1,132,399,000 (2008: RMB230,385,000) were pledged to banks to secure the bank loans granted to the Group (note 38).

18. INTANGIBLE ASSET

	Operating concession	
	2009	2008
	RMB'000	RMB'000
At beginning of year	**—**	—
Acquisition of subsidiaries that are not a business (note 36(a))	**4,861**	—
Amortisation recognised during the year	**(42)**	—
At end of year	**4,819**	—
Cost	**4,861**	—
Accumulated amortisation	**(42)**	—
Net carrying amount	**4,819**	—

On 28 March 2006, Quanzhou Straits Sports Centre Co., Ltd (the "Straits Sports Centre") entered into an operating right concession agreement (the "Operating Right Agreement") with Quanzhou Sports Bureau (the "Sports Bureau"), a local government body in Quanzhou, the PRC, at a cash consideration of RMB5,000,000. Pursuant to the Operating Right Agreement, the Straits Sports Centre is granted an operating concession (the "Operating Concession") to operate and manage certain sports and recreation facilities (the "Facilities") in Quanzhou for a period of 30 years (the "Operating Period").

This service concession arrangement involves the Group as operator (i) paying a specific amount as consideration to obtain the Operating Concession of the Facilities; (ii) operating and maintaining the Facilities at a specified level of serviceability on behalf of the Sports Bureau for the Operating Period; and (iii) receiving a right to charge users using the Facilities. The Group is entitled to operate and manage the Facilities, and is entitled to all the income associated with the operation of the Facilities. However, the relevant government bodies as grantors will control and regulate the scope of services provided and the prices charged by the Group during the Operating Period, retain ownership, and to be entitled to any residual interest in the Facilities at the end of the Operating Period.

The cost of the Operating Concession is being amortised over the Operating Period.

19. PROPERTIES UNDER DEVELOPMENT

	2009 **RMB'000**	2008 RMB'000
Properties under development expected to be completed:		
Within normal operating cycle included under current assets	**2,052,276**	1,370,435
Beyond normal operating cycle included under non-current assets	**354,620**	308,496
	2,406,896	1,678,931
Properties under development expected to be completed within normal operating cycle and recovered:		
Within one year	**1,190,918**	414,276
After one year	**861,358**	956,159
	2,052,276	1,370,435

All the Group's properties under development are located in Mainland China and are held under long term leases.

At 31 December 2009, certain of the Group's properties under development, including the relevant land use rights, with an aggregate carrying amount of RMB1,928,086,000 (2008: RMB674,896,000) were pledged to banks to secure the bank loans granted to the Group (note 38).

20. INVESTMENT IN SUBSIDIARIES

	Company	
	2009	2008
	RMB	RMB
Unlisted investment, at cost	**8**	8

The amounts due from and to subsidiaries included in the Company's current assets and current liabilities are unsecured, interest-free and repayable on demand. The carrying amounts of such balances approximate to their fair values.

20. INVESTMENT IN SUBSIDIARIES *(Continued)*

Particulars of the principal subsidiaries of the Group are set out below:

Company name	Place of incorporation/ registration and operations	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
New Bright Construction & Landscape Limited	Hong Kong	HK$100	—	100	Investment holding
South China Property International Limited	Hong Kong	HK$10,000	—	100	Investment holding
Xiamen Zhongjun Industrial Co., Ltd.** (廈門中駿集團有限公司#)	PRC	RMB177,000,000	—	100	Investment holding and trading of construction materials
Xiamen Cippon Tai Wo Property Management Co., Ltd.** (廈門世邦泰和物業管理有限公司#)	PRC	HK$15,000,000	—	100	Property management
Xiamen Rundi Architectural Design Co., Ltd.** (廈門潤地建築設計有限公司#)	PRC	HK$23,000,000	—	100	Construction and interior design
Xiamen Guanjun Aviation Storage Services Co., Ltd.* (廈門冠駿航空倉儲服務有限公司#)	PRC	RMB40,000,000	—	95	Property investment
Xiamen Lucky Star Decoration Engineering Co., Ltd.*** (廈門福斯達裝修工程有限公司#)	PRC	RMB5,000,000	—	100	Interior design and decoration

20. INVESTMENT IN SUBSIDIARIES *(Continued)*

Company name	Place of incorporation/ registration and operations	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Xiamen Jinmen Seaview Manor Real Estate Co., Ltd.** (廈門金門海景山莊房地產開發有限公司#)	PRC	HK$20,000,000	—	100	Property development
Tianxia Estate (Xiamen) Develop Co., Ltd.** (天下房地產（廈門）開發有限公司#)	PRC	US$7,000,000	—	100	Property development
Beijing World City Property Management Co., Ltd.** (北京世界城物業管理有限公司#)	PRC	RMB50,000,000	—	100	Property management
Zhangzhou Long Wen Hua Gang Real Estate Development Co., Ltd.** (漳州龍文華房地產開發有限公司#)	PRC	RMB30,000,000	—	80	Property development
Beijing Jinghui Real Estate Development Co., Ltd.*** (北京京匯房地產開發有限公司#)	PRC	RMB100,000,000	—	100	Property development
Quanzhou Junjing Real Estate Development Co., Ltd.* (泉州駿景房地產開發有限公司#)	PRC	RMB100,000,000	—	100	Property development
Nanan Junxin Real Estate Development Co., Ltd.* (南安駿信房地產開發有限公司#)	PRC	RMB50,000,000	—	51	Property development
Zhongjun (Quanzhou) Real Estate Development Co., Ltd.* (中駿（泉州）房地產開發有限公司#)	PRC	RMB315,000,000	—	100	Property development

20. INVESTMENT IN SUBSIDIARIES *(Continued)*

Company name	Place of incorporation/ registration and operations	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Nanan Huajing Real Estate Development Co., Ltd.* (南安華景房地產開發有限公司#)	PRC	RMB70,000,000	—	100	Property development
Shenzhen Fanya Real Estate Development Co., Ltd.** (深圳泛亞房地產開發有限公司#)	PRC	HK$160,000,000	—	63.2	Property development
Shanxi Yuanhong Real Estate Co., Ltd.* (山西源宏房地產開發有限公司#)	PRC	RMB100,000,000	—	60	Property development
Xiamen Zhongjun Tianfeng Real Estate Co., Ltd.* (廈門中駿天峰房地產有限公司#)	PRC	RMB144,000,000	—	100	Property development
Fujian Straits West-Coast Investment Co., Ltd.* (福建省海峽西岸投資發展有限公司#)	PRC	RMB730,000,000	—	58	Property development
Quanzhou Straits Sports Center Co., Ltd* (泉州市海峽體育中心有限公司#)	PRC	RMB300,000,000	—	58	Operation and management of sports and recreation facilities

* Registered as limited liability companies under PRC law.

** Registered as wholly-foreign-owned entities under PRC law.

*** Registered as sino-foreign joint ventures under PRC law.

\# The English names of these companies represent the best effort made by management of the Company to directly translate their Chinese names as no official English names have been registered.

Details of the subsidiaries acquired during the year are set out in note 36(a) to the financial statements.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

21. INTERESTS IN JOINTLY-CONTROLLED ENTITIES

	2009 RMB'000	2008 RMB'000
Share of net assets	**169,160**	136,136
Due to a jointly-controlled entity	**(12,942)**	(12,942)
	156,218	123,194

The amount due to a jointly-controlled entity is unsecured, interest-free and has no fixed terms of repayment.

Particulars of the jointly-controlled entities are as follows:

Name	Nominal value of registered/ paid-up capital	Place of incorporation/ registration	Percentage of ownership interest attributable to the Group	Principal activities
Well China International Investment Holdings Limited	Ordinary shares of HK$140,000,000	Hong Kong	49[(1)]	Investment holding
Quanzhou Yuanhang Real Estate Development Co., Ltd.* （泉州遠航房地產開發有限公司#）	Registered capital of RMB90,000,000	PRC	49[(1)]	Property development and investment
Poly-Wuyi (Hong Kong) Development Limited	Ordinary shares of US$10,000	Hong Kong	50	Investment holding
Fuzhou Wuyi Oasis Real Estate Co., Ltd.** （福州武夷綠州房地產開發有限公司#）	Registered capital of RMB40,000,000	PRC	50	Property development

* Registered as a limited liability company under the PRC law.

** Registered as a wholly-foreign-owned entity under the PRC law.

\# The English names of these companies represent the best effort made by management of the Company to directly translate their Chinese names as no official English names have been registered.

(1) Pursuant to the relevant shareholders' agreements, the Group is entitled to a 50% voting right in the boards of directors of these entities.

21. INTERESTS IN JOINTLY-CONTROLLED ENTITIES *(Continued)*

The following tables illustrate the summarised financial information of the Group's jointly-controlled entities:

	2009 **RMB'000**	2008 RMB'000
Share of the jointly-controlled entities' assets and liabilities:		
Non-current assets	**120,132**	122,618
Current assets	**632,194**	277,322
Current liabilities	**(560,066)**	(166,783)
Non-current liabilities	**(23,100)**	(97,021)
Net assets	**169,160**	136,136

	2009 **RMB'000**	2008 RMB'000
Share of the jointly-controlled entities' results:		
Revenue	**63,602**	75,470
Other income	**738**	111
	64,340	75,581
Total expenses	**(55,526)**	(91,691)
Tax	**(10,412)**	11,413
Loss after tax	**(1,598)**	(4,697)

22. INTERESTS IN ASSOCIATES

	2009 RMB'000	2008 RMB'000
Share of net assets	**6,128**	11,489

Particulars of the associates are as follows:

Name	Nominal value of registered/ paid-up capital	Place of incorporation/ registration	Percentage of ownership interest attributable to the Group	Principal activities
Quanzhou Baoxing Real Estate Development Co., Ltd.* (泉州寶興房地產開發有限公司#)	Registered capital of RMB48,000,000	PRC	30	Property development
China Bright Investments Limited	Ordinary shares of HK$100	Hong Kong	20	Investment holding
Grand Richy Investments Limited	Ordinary shares of US$100	BVI	45	Investment holding
Shishi Minnan Goal Coast Resort Co., Ltd.** (石獅市閩南黃金海岸度假村有限公司#)	Registered capital of RMB10,500,000	PRC	45	Property development
Xiamen Dayoufu Property Consulting Ltd.** (廈門大友富置業顧問有限公司#)	Registered Capital of HK$1,050,000	PRC	20	Property agency

* Registered as a limited liability company under the PRC law.

** Registered as a wholly-foreign-owned entity under the PRC law.

The English names of these companies represent the best effort made by management of the Company to directly translate their Chinese names as no official English names have been registered.

22. INTERESTS IN ASSOCIATES *(Continued)*

The Group's shareholdings in all associates are held indirectly by subsidiaries of the Company.

All associates have been accounted for using the equity method in the financial statements and their financial year end date is coterminous with that of the Group.

The following table illustrates the summarised financial information, on a 100% basis, of the Group's associates extracted from their financial statements:

	2009	2008
	RMB'000	RMB'000
Assets	**971,555**	636,857
Liabilities	**(944,374)**	(606,764)
Revenue	**17,562**	2,425
Loss	**(3,743)**	(12,360)

23. COMPLETED PROPERTIES HELD FOR SALE

All the Group's completed properties held for sale are located in Mainland China and are held under long term leases. All the completed properties held for sale are stated at cost.

At 31 December 2009, certain of the Group's completed properties held for sale with an aggregate carrying amount of RMB3,488,000 (2008: RMB607,862,000) were pledged to banks to secure the bank loans granted to the Group (note 38).

24. TRADE RECEIVABLES

The Group's trade receivables arise from the sale of properties, leasing of investment properties and provision of property management services.

Consideration in respect of properties is payable by the purchasers in accordance with the terms of the related sale and purchase agreements. The Group normally requires its customers to make payment of monthly/quarterly charges in advance in relation to the leasing of investment properties and provision of property management services. The Group generally grants a rent-free period for three months to the lessees of the Group's investment properties, extending up to six months for major customers.

Since the Group's trade receivables related to a number of diversified customers, there is no significant concentration of credit risk. All trade receivables are non-interest-bearing.

24. TRADE RECEIVABLES *(Continued)*

The aged analysis of the trade receivables that are not considered to be impaired are as follows:

	Group	
	2009	2008
	RMB'000	RMB'000
Neither past due nor impaired	**17,281**	—
1 to 6 months past due	**2,319**	220
7 to 12 months past due	**—**	3,949
Over 1 year past due	**2,544**	428
	22,144	4,597

Receivables that were past due but not impaired relate to a number of diversified customers for whom there was no recent history of default and have a good track record with the Group. Based on past experience, the directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral or other credit enhancements over these balances.

25. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Group		Company	
	2009	2008	**2009**	2008
	RMB'000	RMB'000	**RMB'000**	RMB'000
Prepayments (note)	**383,994**	620,322	**8,137**	21
Deposits	**39,635**	9,123	**—**	—
Proceeds receivable from the disposal of jointly-controlled entities	**—**	5,752	**—**	—
Other receivables	**57,487**	15,482	**—**	—
	481,116	650,679	**8,137**	21
Non-current portion	**(154,976)**	(508,040)	**—**	—
Current portion	**326,140**	142,639	**8,137**	21

Note: The balances included prepayments for the acquisition of land use rights in Mainland China amounting to RMB154,976,000 (2008: RMB508,040,000) as at 31 December 2009.

None of the above assets is either past due or impaired. The financial assets included in the above balances relate to receivables for which there was no recent history of default.

26. DUE FROM/TO RELATED PARTIES

An analysis of the balances with related parties is as follows:

	Group		Company	
	2009	2008	**2009**	2008
	RMB'000	RMB'000	**RMB'000**	RMB'000
Due from related parties:				
Directors:				
Mr. Cheng	**—**	30,231	**—**	—
Mr. Chen	**589**	2,593	**—**	—
Companies controlled by:				
Mr. Wong	**2,688**	20,606	**—**	—
Mr. Chen	**—**	676	**—**	—
Mr. Cheng	**—**	22	**—**	—
Jointly-controlled entities	**11,728**	11,719	**—**	—
An associate	**157,804**	60,222	**—**	—
Due from the immediate holding company	**—**	—	**—**	9
	172,809	126,069	**—**	9
Due to related parties:				
Director:				
Mr. Wong	**196**	258,960	**—**	—
Companies controlled by Mr. Wong	**—**	79,480	**—**	—
Jointly-controlled entities	**142,975**	—	**—**	—
An associate	**88,095**	30,000	**—**	—
	231,266	368,440	**—**	—

The balances are non-trade in nature, unsecured, interest-free and are repayable on demand. The carrying amounts of the amounts due from/to related parties approximate to their fair values.

None of the amounts due from related parties is either past due or impaired. The financial assets included in the above balances relate to receivables for which there was no recent history of default.

27. CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

	Group	
	2009	2008
	RMB'000	RMB'000
Cash and bank balances	**604,805**	143,089
Less: Restricted cash (notes)	**(115,325)**	(83,410)
Cash and cash equivalents	**489,480**	59,679

Notes:

(a) Pursuant to relevant regulations in the PRC, certain property development companies of the Group are required to place in designated bank accounts certain amounts of pre-sale proceeds of properties as guarantee deposits for the construction of the related properties. The deposits can only be used for purchases of construction materials and payments of the construction fees of the relevant property projects when approval from relevant local government authorities is obtained. At 31 December 2009, such guarantee deposits amounted to RMB1,196,000 (2008: RMB1,459,000).

(b) According to a loan facility agreement signed by a subsidiary of the Group with its bank, the relevant subsidiary was required to place the pre-sale proceeds of its properties in specific bank accounts. The deposits could only be used for the payment of property development costs incurred by that subsidiary and the repayment of the respective loan. The relevant loan was repaid during the year and such deposits amounted to RMB6,837,000 as at 31 December 2008.

(c) According to the relevant mortgage facility agreements signed by certain subsidiaries of the Group with their banks, the subsidiaries are required to place at designated bank accounts certain amounts as deposits for potential default of mortgage loans advanced to property purchasers. Such guarantee deposits will be released after the property ownership certificate of the relevant property has been passed to the bank. As at 31 December 2009, such deposits amounted to RMB7,706,000 (2008: RMB9,829,000).

(d) Pursuant to a management agreement entered into between the Sports Bureau and Straits Sports Centre, the fund advanced by the Sports Bureau and deposited in a designated bank account can only be used for the payments of construction costs and expenditure incurred for the construction of the Facilities. As at 31 December 2009, such deposit amounted to RMB5,830,000 (2008: Nil).

(e) In addition to the restrictions as detailed in notes (a), (b), (c) and (d), certain subsidiaries of the Group are also required to place certain amounts as guarantee deposits for public maintenance fund or the use of the loan proceeds which deposited in specific bank accounts are restricted. As at 31 December 2009, the aggregate amount of such deposits was RMB100,593,000 (2008: RMB65,285,000).

At the end of the reporting period, the cash and bank balances of the Group denominated in RMB amounted to RMB482,982,000 (2008: RMB138,161,000). The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. All the bank balances and restricted deposits are deposited with creditworthy banks with no recent history of default. The carrying amounts of the cash and cash equivalents approximate to their fair values.

28. TRADE PAYABLES

An aged analysis of the trade payables as at the end of the reporting period is as follows:

	Group	
	2009	2008
	RMB'000	RMB'000
Within 1 year	**299,075**	351,960
Over 1 year	**8,459**	84,618
	307,534	436,578

The trade payables are non-interest-bearing and repayable within the normal operating cycle or on demand.

29. RECEIPTS IN ADVANCE

Receipts in advance represent sales proceeds received from buyers in connection with the Group's pre-sale of properties during the year.

30. OTHER PAYABLES AND ACCRUALS

		Group		Company	
	Notes	**2009**	2008	**2009**	2008
		RMB'000	RMB'000	**RMB'000**	RMB'000
Deposits received		**130,737**	163,499	**—**	—
Accruals		**13,553**	2,636	**3,116**	176
Due to a minority shareholder of certain subsidiaries	(a)	**2,960**	6,316	**—**	—
Advances from minority shareholders of certain subsidiaries	(b)	**152,361**	127,230	**—**	—
Considerations payable for the acquisition of subsidiaries and associates		**—**	236,745	**—**	—
Other payables		**189,726**	84,195	**2,464**	—
		489,337	620,621	**5,580**	176
Non-current portion		**(2,240)**	(2,479)	**—**	—
Current portion		**487,097**	618,142	**5,580**	176

30. OTHER PAYABLES AND ACCRUALS *(Continued)*

Notes:

(a) The balances are secured by certain equity interests of the Group's subsidiaries. The balances are interest-free, except for an amount of RMB2,960,000 at 31 December 2009 (2008: RMB3,440,000) which bore interest at 5.31% per annum, and are repayable in accordance with the terms of the relevant subcontracting and share transfer agreements.

(b) The balances are unsecured, interest-free and repayable on demand.

The carrying amounts of other liabilities and the balances with minority shareholders of certain subsidiaries approximate to their fair values.

31. INTEREST-BEARING BANK AND OTHER BORROWINGS

	2009			2008		
	Contractual interest rate (%) per annum	**Maturity**	**RMB'000**	Contractual interest rate (%) per annum	Maturity	RMB'000
Current						
Bank loans - secured	**5.04 - 6.05**	**2010**	**555,000**	6.62 - 10.00	2009	793,500
Current portion of long term bank loans - secured	**2.50 - 6.53**	**2010**	**12,037**	2.50 - 8.32	2009	15,318
Loans from companies controlled by Mr. Wong - unsecured			**—**	2.95 - 8.22	2009	200,607
			567,037			1,009,425
Non-current						
Bank loans - secured	**2.50 - 6.53**	**2011 - 2028**	**1,539,028**	2.50 - 8.75	2010 - 2028	344,493
			1,539,028			344,493
			2,106,065			1,353,918

	2009 RMB'000	2008 RMB'000
Analysed into:		
Bank loans repayable:		
Within one year or on demand	**567,037**	808,818
In the second year	**360,330**	14,123
In the third to fifth years, inclusive	**1,171,059**	318,132
In the sixth to tenth years, inclusive	**7,639**	12,238
	2,106,065	1,153,311
Loans from companies controlled by Mr. Wong repayable within one year	**—**	200,607

31. INTEREST-BEARING BANK AND OTHER BORROWINGS *(Continued)*

Notes:

(a) Certain of the Group's bank loans are secured by the Group's buildings, investment properties, prepaid land lease payments, properties under development and completed properties held for sale, details of which are disclosed in note 38.

(b) At 31 December 2009, Mr. Wong, a family member of Mr. Wong and a company controlled by Mr. Chen provided guarantees aggregating to RMB17,804,000 (2008: RMB226,304,000) in respect of the Group's bank loans.

(c) Except for certain secured bank loans of RMB8,378,000 (2008: RMB8,683,000) as at 31 December 2009 and certain other loans of RMB8,804,000 as at 31 December 2008, which are denominated in Hong Kong dollars, all of the Group's secured and unsecured borrowings are denominated in RMB.

(d) Except for certain short term bank loans of RMB545,000,000 (2008: RMB180,000,000) as at 31 December 2009 and certain short term other loans of RMB15,000,000 as at 31 December 2008 , the interest rates of which were fixed in nature, all borrowings bear interest at floating interest rates. The carrying amounts of the Group's bank and other borrowings approximate to their fair values.

32. DEFERRED TAX

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

Deferred tax liabilities

Group

	Revaluation on investment properties RMB'000
At 1 January 2008	51,545
Disposal of a subsidiary (note 36(c))	(42)
Deferred tax charged to profit or loss of the consolidated statement of comprehensive income during the year	52,841
At 31 December 2008 and 1 January 2009	**104,344**
Deferred tax charged to profit or loss of the consolidated statement of comprehensive income during the year	**92,903**
At 31 December 2009	**197,247**

32. DEFERRED TAX *(Continued)*

Deferred tax assets

Group

	Unrealised profits arising from intra-group transactions RMB'000	Provision of LAT RMB'000	Tax losses RMB'000	Total RMB'000
At 1 January 2008	—	3,180	22,907	26,087
Credited/(charged) to profit or loss of the consolidated statement of comprehensive income during the year	6,928	(3,115)	9,027	12,840
At 31 December 2008 and 1 January 2009	6,928	65	31,934	38,927
Acquisition of subsidiaries that are not a business (note 36(a))	—	—	35,062	35,062
Credited/(charged) to profit or loss of the consolidated statement of comprehensive income during the year	13,374	10,684	(4,849)	19,209
At 31 December 2009	**20,302**	**10,749**	**62,147**	**93,198**

For presentation purposes, certain deferred tax assets and liabilities have been offset in the consolidated statement of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	2009 RMB'000	2008 RMB'000
Net deferred tax assets recognised in the consolidated statement of financial position	**82,449**	20,808
Net deferred tax liabilities recognised in the consolidated statement of financial position	**186,498**	86,225

At 31 December 2009, the Group has unutilised tax losses arising in the PRC of RMB274,755,000 (2008: RMB149,492,000) that can be carried forward for five years from the year in which the losses arose for offsetting against future taxable profits of the tax entity in which the losses arose. Deferred tax assets are recognised for tax losses carried forward only to the extent that the realisation of the related benefits through the future taxable profits is probable. At 31 December 2009, the Group did not recognise deferred tax assets arising in the PRC in respect of unutilised tax losses of RMB35,837,000 (2008: RMB17,294,000) due to the unpredictability of future profit streams.

32. DEFERRED TAX *(Continued)*

Pursuant to the New CIT Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in the PRC. The requirement became effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. The Group is therefore liable to withholding taxes on dividends distributed by those subsidiaries, jointly-controlled entities and associates established in the PRC in respect of earnings generated from 1 January 2008.

At 31 December 2009, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries, jointly-controlled entities and associates established in the PRC. In the opinion of the directors, it is not probable that these subsidiaries, jointly-controlled entities and associates will distribute such earnings in the foreseeable future. The aggregate amounts of temporary differences associated with investments in subsidiaries, jointly-controlled entities and associates in the PRC for which deferred tax liabilities have not been recognised totalled RMB62,379,000 at 31 December 2009 (2008: RMB11,778,000).

33. PROVISION FOR MAJOR OVERHAULS

Pursuant to the Operating Right Agreement, the Group has contractual obligations which it must fulfil as a condition of the Operating Concession. The obligations are (a) to maintain the Facilities it operates to a specified level of serviceability and (b) to restore the Facilities to a specified condition before they are handed over to the Sports Bureau at the end of the Operating Concession. These contractual obligations to maintain or restore the sports and recreation facilities, except for upgrade element, are recognised and measured in accordance with HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, i.e., at the best estimate of the expenditure that would be required to settle the present obligation at the reporting date. The future expenditure on these maintenance and restoration costs is collectively referred to as "major overhauls". The estimation basis is reviewed on an ongoing basis, and revised where appropriate.

The movements in the provision for the major overhauls of the Facilities for the year are as follows:

	2009 **RMB'000**	2008 RMB'000
At beginning of year	**—**	—
Acquisition of subsidiaries that are not a business (note 36(a))	**2,888**	—
Additional provisions	**880**	—
Increase in a discounted amount arising from the passage of time (note 7)	**32**	—
At end of year	**3,800**	—

34. SHARE CAPITAL

Shares

	2009 HK$	2008 HK$
Authorised:		
3,000,000 (2008: 3,000,000) ordinary shares of HK$0.10 each	**300,000**	300,000
Issued and fully paid:		
112,660 (2008: 100,000) ordinary shares of HK$0.10 each	**11,266**	10,000
Equivalent to RMB'000	**11**	10

On 21 August 2009, the Company entered into a subscription agreement (the "Subscription Agreement") with certain investors for the subscription of 12,660 ordinary shares of the Company, representing 11.237% of the entire share capital of the Company on a fully diluted basis immediately following the completion of the Subscription Agreement, for an aggregate consideration of approximately HK$775 million (equivalent to approximately RMB683 million). The Subscription Agreement was completed on 28 August 2009.

A summary of the transactions during the year with reference to the above movement in the Company's issued share capital is as follows:

					RMB Equivalent		
	Number of shares in issue	Issued capital HK$'000	Share premium account HK$'000	Total HK$'000	Issued capital RMB'000	Share premium account RMB'000	Total RMB'000
At 1 January 2008, 31 December 2008, 1 January 2009	100,000	10	—	10	10	—	10
Issue of shares	12,660	1	775,382	775,383	1	682,675	682,676
	112,660	11	775,382	775,393	11	682,675	682,686
Share issue expenses	—	—	(780)	(780)	—	(687)	(687)
At 31 December 2009	**112,660**	**11**	**774,602**	**774,613**	**11**	**681,988**	**681,999**

34. SHARE CAPITAL *(Continued)*

Share options

At the special general meeting held on 6 January 2010, the Company adopted a share option scheme (the "Scheme"). Employees (including directors) of the Group are included in the eligible participants under the Scheme. A total of 285,320,000 shares will be available for issue under the Scheme, which represented 10% of the aggregate of the shares in issue on the date the shares of the Company commence trading on the Stock Exchange. Each participant cannot be entitled to more than 1% of the total number of shares in issue in any 12-month period. The option shall expire, in any event, not later than 10 years from the date of grant of the option subject to the provision for early termination set out in the Scheme. The Scheme remains in force until 5 January 2020. No option has been granted under the Scheme since the adoption of the Scheme.

35. RESERVES

(a) Group

The amounts of the Group's reserves and the movements therein for the year are presented in the consolidated statement of changes in equity on page 48 of the financial statements.

(b) Capital reserve

Capital reserve represents the difference between the amounts of consideration and the carrying values of minority interests acquired or disposed of.

(c) Statutory surplus reserve

Transfers from retained profits to the statutory surplus reserve were made in accordance with the relevant PRC rules and regulations and the articles of association of the Company's subsidiaries established in the PRC and were approved by the respective boards of directors.

For the entity concerned, the statutory surplus reserve can be used to cover previous years' losses, if any, and may be converted into capital in proportion to equity holders' existing equity holdings, provided that the balance after such conversion is not less than 25% of their registered capital.

(d) Merger reserve

The merger reserve represents the excess of the Company's share of the nominal value of the paid-up capital of the subsidiaries acquired over the Company's cost of acquisition of the subsidiaries under common control upon the group reorganisation completed in December 2007.

35. RESERVES *(Continued)*

(e) Company

	Note	Share premium account RMB'000	Exchange fluctuation reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
At 1 January 2008		—	329	(8,222)	(7,893)
Total comprehensive income/(loss) for the year		—	466	(56)	410
At 31 December 2008		—	795	(8,278)	(7,483)
Total comprehensive income/(loss) for the year		—	12	(12,113)	(12,101)
Issue of shares	34	682,675	—	—	682,675
Share issue expenses	34	(687)	—	—	(687)
At 31 December 2009		**681,988**	**807**	**(20,391)**	**662,404**

36. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Acquisition of subsidiaries that are not a business

Year ended 31 December 2009

On 15 September 2009, the Group entered into a share transfer agreement with the then existing shareholders of Fujian Straits West-Coast Investment Co., Ltd. ("Haixi Investment"), who were independent third parties, for the acquisition of a 58% equity interest in Haixi Investment at a total consideration of RMB859,400,000. This acquisition has been accounted for as an acquisition of assets as the major assets of Haixi Investment and its subsidiary (collectively the "Haixi Group") are five parcels of land in Quanzhou, the PRC, and no property development and pre-sale activities were being carried out by the Haixi Group at the date of acquisition. The acquisition was completed on 22 September 2009.

This acquisition has been accounted for by the Group as an acquisition of assets as the entities acquired by the Group do not constitute a business.

36. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS *(Continued)*

(a) Acquisition of subsidiaries that are not a business *(Continued)*

Year ended 31 December 2009 *(Continued)*

The aggregate net assets acquired by the Group in the above transaction, are as follows:

	RMB'000
Net assets acquired:	
Property and equipment (note 15)	8,729
Prepaid land lease payments (note 17)	1,153,107
Properties under development	299,784
Intangible asset (note 18)	4,861
Deferred tax assets (note 32)	35,062
Prepayments, deposits and other receivables	487,789
Restricted cash	172,159
Cash and bank balances	2,293
Trade and other payables	(246,274)
Tax payable	(2,922)
Interest-bearing bank loans	(430,000)
Provision for major overhauls (note 33)	(2,888)
Net assets	1,481,700
Minority interests	(622,300)
	859,400
Total consideration satisfied by:	
Cash	859,400
Net cash outflow arising on acquisition:	
Cash and bank balances acquired	2,293
Cash consideration paid	(859,400)
	(857,107)

36. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS *(Continued)*

(b) Business combination

Year ended 31 December 2008

(i) On 21 August 2008, the Group acquired the entire share capital of Sourceup International Limited ("Sourceup") from Mr. Huang Jiaxi at a consideration of US$100. The acquisition was completed on 21 August 2008 and Sourceup then became a wholly-owned subsidiary of the Group. Sourceup and its subsidiaries (collectively the "Sourceup Group") are principally engaged in the provision of property management services in Beijing.

(ii) On 4 August 2008, the Group acquired the entire equity interest of Quanzhou Cippon Property Management Co., Ltd. ("Quanzhou Cippon") from an independent third party at a cash consideration of RMB1,000,000. The acquisition was completed on 22 August 2008 and Quanzhou Cippon then became a wholly-owned subsidiary of the Group. Quanzhou Cippon is principally engaged in the provision of property management services.

The fair values of the identifiable assets and liabilities of the Sourceup Group and Quanzhou Cippon as at the dates of acquisition approximated to their corresponding carrying amounts immediately before the acquisition and were as follows:

	Fair value recognised on acquisition RMB'000	**Previous carrying amount** RMB'000
Property and equipment (note 15)	16	16
Prepayments, deposits and other receivables	50,420	50,420
Due from related parties	597	597
Due to a director	(45,452)	(45,452)
Cash and bank balances	417	417
Other payables and accruals	(451)	(451)
Tax payable	(19)	(19)
	5,528	5,528
Excess over the cost of business combination recognised in profit or loss of the consolidated statement of comprehensive income	(4,527)	
Satisfied by cash	1,001	

36. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS *(Continued)*

(b) Business combination *(Continued)*

Year ended 31 December 2008 *(Continued)*

An analysis of the net outflow of cash and cash equivalents in respect of the acquisition of subsidiaries is as follows:

	RMB'000
Cash and bank balances acquired	417
Cash consideration paid	(1,001)
Net outflow of cash and cash equivalents in respect of the acquisition of subsidiaries	(584)

The results of the subsidiaries acquired in the year ended 31 December 2008 had no significant impact on the Group's consolidated turnover or profit for that year.

(c) Disposal of a subsidiary

Year ended 31 December 2008

On 9 July 2008, the Group entered into a share transfer agreement with an independent third party for the disposal of Xiamen Hengjun Property Co., Ltd. ("Hengjun"), a wholly-owned subsidiary of the Group, for a consideration of RMB2,288,000. Hongjun is principally engaged in property investment and management businesses. The disposal was completed on 9 July 2008.

36. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS *(Continued)*

(c) Disposal of a subsidiary *(Continued)*

Year ended 31 December 2008 *(Continued)*

Details of the net assets disposed of under the above share transfer agreement and their financial impacts are summarised below:

	RMB'000
Net assets disposed of:	
Investment properties (note 16)	800
Prepayments, deposits and other receivables	29
Trade receivables	374
Due from related parties	1,000
Cash and bank balances	438
Other payables and accruals	(108)
Tax payable	(45)
Deferred tax liabilities (note 32)	(42)
	2,446
Loss on disposal	(158)
Satisfied by cash	2,288

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of this subsidiary is as follows:

	RMB'000
Cash consideration	2,288
Cash and bank balances disposed of	(438)
Net inflow of cash and cash equivalents in respect of the disposal of a subsidiary	1,850

37. CONTINGENT LIABILITIES

At the end of the reporting period, contingent liabilities not provided for in the financial statements were as follows:

	Notes	**2009** **RMB'000**	2008 RMB'000
Guarantees in respect of mortgage facilities provided for certain purchasers of the Group's properties	(a)	**879,213**	504,211
Guarantees given to banks in connection with facilities granted to companies controlled by Mr. Wong	(b)	**—**	255,500

Notes:

(a) As at 31 December 2009, the Group provided guarantees in respect of mortgage facilities granted by certain banks relating to the mortgage loans arranged for certain purchasers of the Group's properties. Pursuant to the terms of the guarantees, upon default on mortgage payments by these purchasers before the expiry of the guarantees, the Group is responsible for repaying the outstanding mortgage principals together with the accrued interest and penalties owed by the defaulted purchasers to the banks.

Under the above arrangement, the related properties were pledged to the banks as collaterals for the mortgage loans, upon default on mortgage repayments by these purchasers, the banks are entitled to take over the legal titles and will realise the pledged properties through open auction. The Group is responsible for repaying the banks when the proceeds from the auction of the properties cannot cover the outstanding mortgage principals together with the accrued interest and penalties.

The Group's guarantee period starts from the dates of grant of the relevant mortgage loans and ends upon the issuance of real estate ownership certificates to the purchasers, which will generally be available within one to two years after the purchasers take possession of the relevant properties.

The fair value of the guarantees is not significant and the directors of the Company consider that in the case of default on payments, the net realisable value of the related properties can cover the repayment of the outstanding mortgage principals together with the accrued interest and penalties and therefore no provision has been made in the financial statements for the guarantees.

(b) The fair value of the guarantees is not significant and the directors of the Company consider that the risk of default in payment is remote, and therefore no provision for the guarantees has been made in the financial statements.

(c) At the end of the reporting period, the Company did not have any significant contingent liabilities.

37. CONTINGENT LIABILITIES *(Continued)*

In addition, the Group's share of the jointly-controlled entities' and associates' own financial guarantees which are not included in the above, is as follows:

	2009 **RMB'000**	2008 RMB'000
Guarantees in respect of mortgage facilities provided for certain purchasers of the jointly-controlled entities' properties	**339,245**	59,614
Guarantees in respect of mortgage facilities provided for certain purchasers of the associates' properties	**27,867**	—

38. PLEDGE OF ASSETS

At the end of the reporting period, the following assets of the Group were pledged to certain banks for securing the loans granted to the Group:

	2009 **RMB'000**	2008 RMB'000
Property and equipment (note 15)	**52,454**	28,310
Investment properties (note 16)	**1,296,000**	838,672
Prepaid land lease payments (note 17)	**1,132,399**	230,385
Properties under development (note 19)	**1,928,086**	674,896
Completed properties held for sale (note 23)	**3,488**	607,862
	4,412,427	2,380,125

39. OPERATING LEASE ARRANGEMENTS

(a) As lessor

The Group leases its investment properties (note 16) under operating lease arrangements, with leases negotiated for terms ranging from one to ten years. The terms of the leases generally also require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions.

At 31 December 2009, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	2009	2008
	RMB'000	RMB'000
Within one year	**8,980**	1,458
In the second to fifth years, inclusive	**134**	134
After five years	**101**	118
	9,215	1,710

(b) As lessee

The Group leases certain of its office properties under operating lease arrangements. Leases for properties are negotiated for terms ranging from one to ten years.

At 31 December 2009, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	2009	2008
	RMB'000	RMB'000
Within one year	**1,115**	695
In the second to fifth years, inclusive	**3,119**	—
After five years	**1,430**	—
	5,664	695

40. COMMITMENTS

In addition to the operating lease commitments detailed in note 39(b) above, the Group had the following capital commitments at the end of the reporting period:

	2009 **RMB'000**	2008 RMB'000
Contracted, but not provided for:		
Capital expenditure for properties under development, completed properties held for sale and construction of investment and owner-occupied properties in Mainland China	**1,332,476**	1,110,644

In addition, the Group's share of the jointly-controlled entities' own capital commitments which are not included in the above, is as follows:

	2009 **RMB'000**	2008 RMB'000
Contracted, but not provided for:		
Capital expenditure for jointly-controlled entities' properties under development	**9,564**	52,205

At the end of the reporting period, the Company did not have any significant commitments.

41. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions and balances detailed in notes 26, 30 and 31 to the financial statements, the Group had the following material transactions with related parties during the year:

	Notes	**2009** **RMB'000**	2008 RMB'000
Sale of properties to:			
Directors	(i)	**1,171**	—
Family members of the directors	(i)	**3,910**	4,319
Rental income from companies controlled by Mr. Wong	(ii)	**1,633**	1,283
Property management fee income from companies controlled by Mr. Wong	(ii)	**246**	220
Interest expenses on loans from companies controlled by Mr. Wong	(iii)	**25,021**	16,890
Sales agency fees paid to an associate	(iv)	**13,267**	—

Notes:

(i) The properties were sold at prices mutually agreed by both parties.

(ii) Terms on the rental and management fee income of office premises were mutually agreed between both parties.

(iii) The interest expenses were charged at rates ranging from 2.68% to 5.40% (2008: from 2.36% to 8.22%) per annum.

(iv) The sales agency fees were charged at rates ranging from 1.1% to 1.3% of the selling price of the relevant properties sold.

(b) During the year, the Group provided financial guarantees with an aggregate amount of RMB75,000,000 (2008: RMB135,500,000) to certain banks for securing the loan facilities granted to certain companies controlled by Mr. Wong. Further details of the financial guarantees provided to related parties at the end of the reporting period are disclosed in note 37 to the financial statements.

(c) In the opinion of the directors, the directors of the Company represent the key management personnel of the Group. Further details of the compensation of key management personnel of the Group are set out in note 9 to the financial statements.

Except for items (a)(iv) and (c), the above also constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules.

42. FINANCIAL INSTRUMENTS BY CATEGORY

All financial assets and liabilities of the Company and the Group as at 31 December 2009 and 2008 are loans and receivables and financial liabilities stated at amortised cost, respectively.

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise interest-bearing bank and other loans, amounts due from/to related parties, and cash and short term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

It is, and has been throughout the year under review, the Group's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the Group's financial instruments are market risk, interest rate risk, foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Market risk

The Group's assets are predominantly in the form of prepaid land lease payments, investment properties, properties under development and completed properties held for sale. In the event of a severe downturn in the property market, these assets may not be readily realised.

Interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates. Other than deposits held at banks, the Group does not have significant interest-bearing assets. Restricted deposits were held at banks in the PRC at the same saving rate of unrestricted deposits throughout the year. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's bank borrowings with floating interest rates. The Group has not used any interest rate swaps to hedge its exposure to interest rate risk, and will consider hedging significant interest rate risk should the need arise.

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Interest rate risk *(Continued)*

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax. There is no material impact on other components of the Group's equity.

	Increase/ (decrease) in basis points	Effect on profit before tax RMB'000
2009		
RMB	**150**	**(23,263)**
HK$	**150**	**(126)**
RMB	**(150)**	**23,263**
HK$	**(150)**	**126**
2008		
RMB	150	(12,986)
HK$	150	(260)
RMB	(150)	12,986
HK$	(150)	260

Foreign currency risk

All of the Group's turnover and substantially all of the Group's operating expenses are denominated in RMB, which is currently not a freely convertible currency. The PRC Government imposes controls on the convertibility of RMB into foreign currencies and, in certain cases, the remittance of currency out of Mainland China. Shortages in the availability of foreign currencies may restrict the ability of the Group's PRC subsidiaries to remit sufficient foreign currencies to pay dividends or other amounts to the Group.

Under existing PRC foreign exchange regulations, payments of current account items, including dividends, trade and service-related foreign exchange transactions, can be made in foreign currencies without prior approval from the State Administration for Foreign Exchange Bureau by complying with certain procedural requirements. However, approval from appropriate PRC governmental authorities is required where RMB is to be converted into a foreign currency and remitted out of China to pay capital account items, such as the repayment of bank loans denominated in foreign currencies.

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Foreign currency risk *(Continued)*

Currently, the Group's PRC subsidiaries may purchase foreign exchange for settlement of current account transactions, including payment of dividends to the Company, without prior approval of the State Administration for Foreign Exchange Bureau. The Group's PRC subsidiaries may also retain foreign currencies in their current accounts to satisfy foreign currency liabilities or to pay dividends. Since foreign currency transactions on the capital account are still subject to limitations and require approval from the State Administration for Foreign Exchange Bureau, this could affect the Group's subsidiaries' ability to obtain required foreign currency through debt or equity financing, including by means of loans or capital contributions from the shareholders.

The Group's financial assets and liabilities including certain amounts due from/(to) related parties denominated in Hong Kong dollars ("HK$") and certain short term deposits denominated in HK$ and the United States dollars ("US$") are subject to foreign currency risk. Therefore, the fluctuations in the exchange rates of RMB against foreign currencies could affect the Group's results of operations.

There are limited hedging instruments available in the PRC to reduce the Group's exposure to exchange rate fluctuations between the RMB and other currencies. To date, the Group has not entered into any hedging transactions in an effort to reduce the Group's exposure to foreign currency exchange risks. While the Group may decide to enter into hedging transactions in the future, the availability and effectiveness of these hedges may be limited and the Group may not be able to hedge the Group's exposure successfully, or at all.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in RMB exchange rates against HK$ and US$, with all other variables held constant, of the Group's profit before tax.

	Increase/ (decrease) in exchange rate	Effect on profit before tax RMB'000
2009		
If US$ weakens against RMB	**10%**	**(7,790)**
If US$ strengthens against RMB	**(10%)**	**7,790**
2008		
If US$ weakens against RMB	10%	(36)
If US$ strengthens against RMB	(10%)	36

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Credit risk

It is the Group's policy that all customers are required to pay deposits in advance of the purchase of properties. In addition, the Group does not have any significant credit risk as the credit given to any individual or corporate entity is not significant. The Group performs appropriate and sufficient credit verification procedures for every credit sale transaction to minimise credit risk. Customers are required to pay for any remaining balance within a three-month-period after the effective date of the sales and purchase agreement. There is no significant concentration of credit risk within the Group.

The Group has arranged bank financing for certain purchasers of property units and provided guarantees to secure obligation of such purchasers for repayments. Detailed disclosure of these guarantees is made in note 37.

The credit risk of the Group's other financial assets, which mainly comprise cash and short term deposits, other receivables and amounts due from related parties, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Liquidity risk

Due to the capital intensive nature of the Group's business, the Group ensures that it maintains sufficient cash and credit lines to meet its liquidity requirements. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans. In the opinion of the directors of the Company, most of the borrowings that mature within one year are able to renew and the Group expects to have adequate sources of funding to finance the Group and manage the liquidity position.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, was as follows:

Group

			2009		
	Within one year or on demand RMB'000	In the second year RMB'000	In the third to fifth years, inclusive RMB'000	In the sixth to tenth years, inclusive RMB'000	Total RMB'000
Interest-bearing bank and other borrowings	673,533	439,638	1,230,863	12,936	2,356,970
Trade payables	307,319	215	—	—	307,534
Financial liabilities included in other payables and accruals	342,807	2,240	—	—	345,047
Due to related parties	231,266	—	—	—	231,266
	1,554,925	442,093	1,230,863	12,936	3,240,817
Financial guarantees issued: Maximum amount guaranteed	879,213	—	—	—	879,213

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Liquidity risk *(Continued)*

	2008				
	Within one year or on demand RMB'000	In the second year RMB'000	In the third to fifth years, inclusive RMB'000	In the sixth to tenth years, inclusive RMB'000	Total RMB'000
Interest-bearing bank and other borrowings	1,075,772	36,568	341,365	15,069	1,468,774
Trade payables	429,722	6,856	—	—	436,578
Financial liabilities included in other payables and accruals	430,300	21,946	2,240	—	454,486
Due to related parties	368,440	—	—	—	368,440
	2,304,234	65,370	343,605	15,069	2,728,278
Financial guarantees issued:					
Maximum amount guaranteed	759,711	—	—	—	759,711

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to provide support to its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2009 and 31 December 2008.

The Group monitors capital using a net gearing ratio, which is net debt divided by the total equity. Net debt is calculated as total interest-bearing bank and other borrowings (as shown in the consolidated statement of financial position) less cash and cash equivalents (including restricted cash). Capital comprises all components of equity (i.e., share capital, minority interests and reserves). The Group aims to maintain a healthy and stable net gearing ratio.

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Capital management *(Continued)*

The gearing ratios as at 31 December 2009 and 2008 were as follows:

	2009	2008
	RMB'000	RMB'000
Interest-bearing bank and other borrowings (note 31)	**2,106,065**	1,353,918
Less: Cash and bank balances (note 27)	**(604,805)**	(143,089)
Net debt	**1,501,260**	1,210,829
Total equity	**2,312,226**	573,927
Gearing ratio	**64.9%**	211.0%

44. EVENTS AFTER THE REPORTING PERIOD

(a) Pursuant to a written resolution of shareholders of the Company passed on 6 January 2010, the authorised share capital of the Company was increased from HK$300,000 to HK$1,000,000,000 divided into 10,000,000,000 shares by the creation of 9,997,000,000 additional shares of HK$0.10 each, ranking pari passu in all respects with the existing share capital of the Company and the directors were conditionally authorised to issue and allot 2,253,087,340 shares at par as fully paid to the shareholders whose names appeared on the register of the members of the Company on 1 January 2010 by way of capitalisation of a sum of HK$225,308,734 which was then standing to the credit of the share premium account of the Company.

(b) On 5 February 2010, the Company's shares were listed on the Stock Exchange and the Company issued 600,000,000 new ordinary shares of HK$0.10 each at HK$2.60 per share, raising gross proceeds of HK$1,560,000,000.

45. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue of by the board of directors on 15 April 2010.

A summary of the results and of the assets, liabilities and minority interests of the Group for the last four financial years, as extracted from the published audited financial statements and the prospectus of the Company dated 25 January 2010, is set out below:

RESULTS

	Year ended 31 December			
	2009	2008	2007	2006
	RMB'000	RMB'000	RMB'000	RMB'000
REVENUE	**586,463**	331,179	371,694	327,396
Cost of sales	**(292,804)**	(203,335)	(242,727)	(261,244)
Gross profit	**293,659**	127,844	128,967	66,152
Other income and gains	**16,039**	6,962	43,476	8,231
Changes in fair value of investment properties	**371,613**	211,366	168,247	38,145
Selling and marketing expenses	**(38,955)**	(27,143)	(46,268)	(21,751)
Administrative expenses	**(91,197)**	(64,883)	(57,650)	(23,801)
Other expenses	**(137)**	(247)	(589)	(3)
Finance costs	**(5,642)**	(3,324)	(1,376)	(240)
Share of profits and losses of:				
Jointly-controlled entities	**(1,598)**	(4,697)	(3,261)	(1,416)
Associates	**(3,095)**	(4,413)	(888)	(112)
PROFIT BEFORE TAX	**540,687**	241,465	230,658	65,205
Income tax expense	**(178,996)**	(75,606)	(70,581)	(13,418)
PROFIT FOR THE YEAR	**361,691**	165,859	160,077	51,787
Attributable to:				
Owners of the parent	**373,434**	168,458	159,206	50,607
Minority interests	**(11,743)**	(2,599)	871	1,180
	361,691	165,859	160,077	51,787

ASSETS, LIABILITIES AND MINORITY INTERESTS

	As at 31 December			
	2009	2008	2007	2006
	RMB'000	RMB'000	RMB'000	RMB'000
TOTAL ASSETS	**8,705,494**	5,366,768	4,175,555	2,028,077
TOTAL LIABILITIES	**(6,393,268)**	(4,792,841)	(3,799,447)	(1,954,488)
MINORITY INTERESTS	**(802,851)**	(116,424)	(117,740)	(6,112)
	1,509,375	457,503	258,368	67,477

Overview of Major Properties

MAJOR INVESTMENT PROPERTIES

Name of project	Location	Use	Tenure	Attributable interest of the Group
World City	No. 8 Jinhui Road, Chaoyang District, Beijing	Commercial	Medium lease term	100%

MAJOR PROPERTIES UNDER DEVELOPMENT

Name of project	Location	Use	Site area (sq.m.)	Gross floor area (sq.m.)	Expected completion date	Attributable interest of the Group
West Lake No. 1	Xinhua North Road, Quanzhou Fujian Province	Residential and Commercial	66,687	198,782	December 2010	100%

MAJOR COMPLETED PROPERTIES HELD FOR SALE

Name of project	Location	Use	Site area (sq.m.)	Gross floor area (sq.m.)	Stage of completion	Attributable interest of the Group
World City	No. 8 Jinhui, Road, Chaoyang District, Beijing	Residential	14,344	40,601	Completed	100%
Seashore Suite No.1	Haicang Avenue and Haicang District commercial Xiamen, Fujian Province	Residential	24,083	104,066	Completed	100%