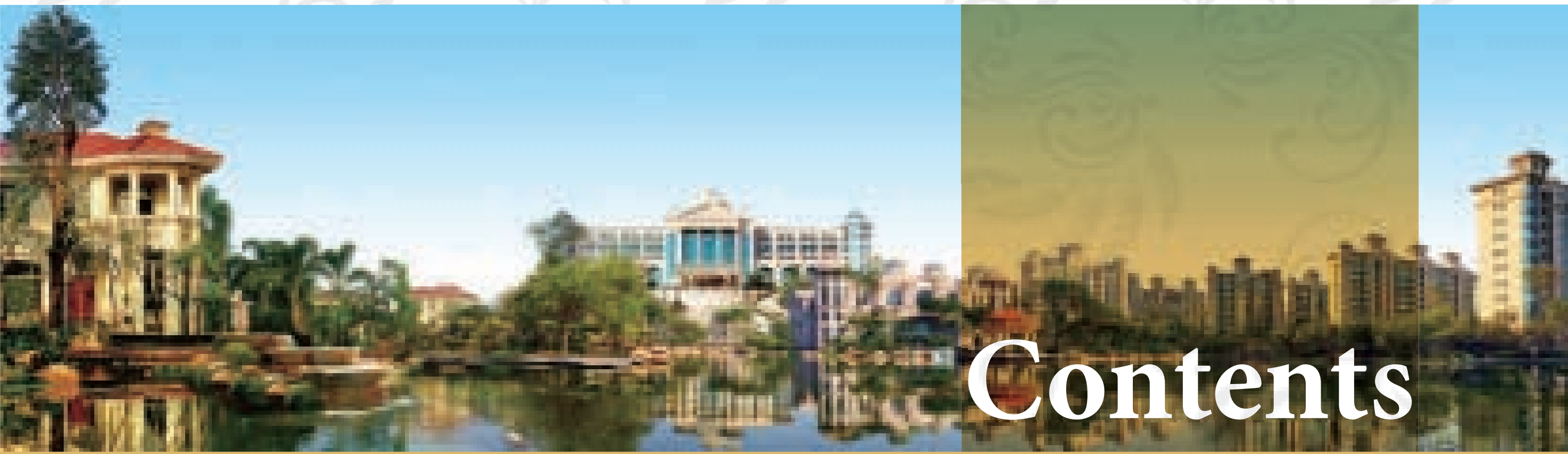
恒大地產集團®
EVERGRANDE REAL ESTATE GROUP

Evergrande Real Estate Group Limited
恒大地產集團有限公司
(incorporated in the Cayman Islands with limited liability)
Stock Code: 3333

Annual Report 2010



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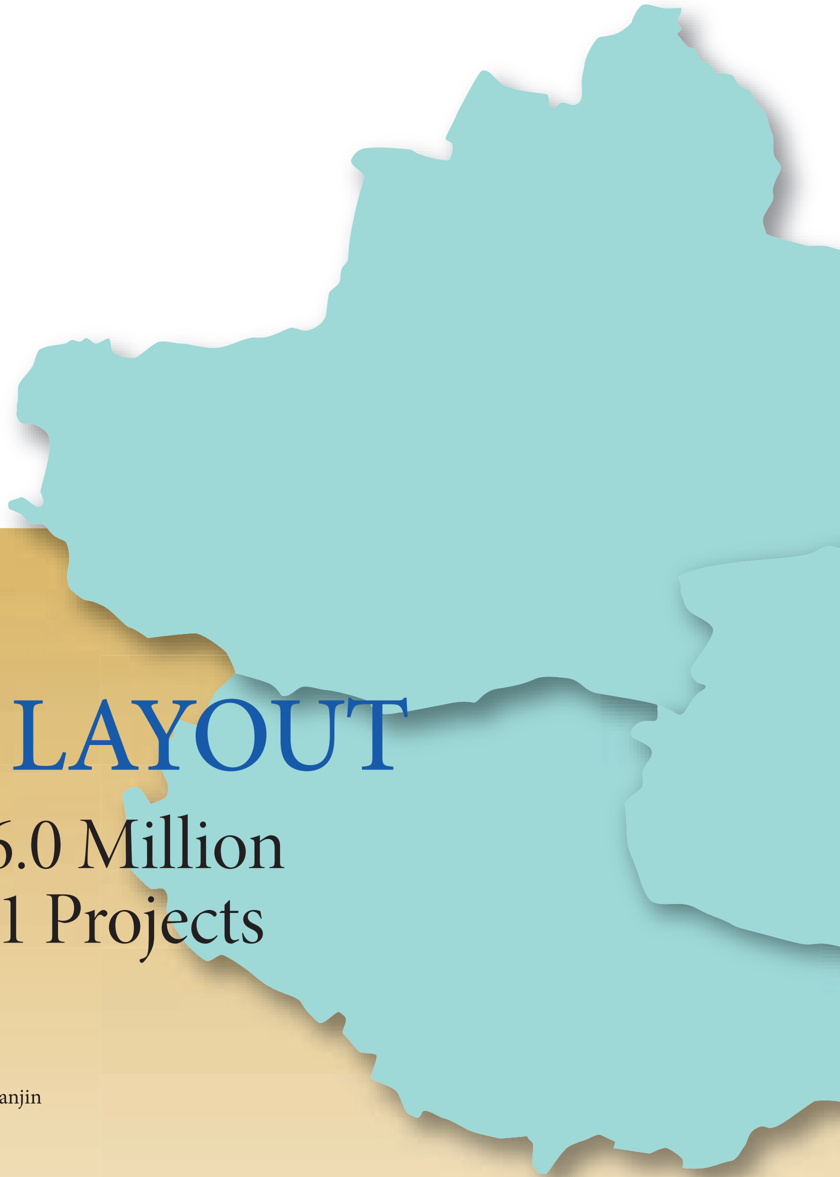


NATIONAL PROPERTIES LAYOUT

Total Land Reserve 96.0 Million Square meters and 121 Projects

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

Chongqing
20 Evergrande Splendor Chongqing
21 Evergrande City Chongqing
22 Evergrande Palace Chongqing
23 Evergrande Oasis Chongqing
24 Evergrande Metropolis Chongqing
25 Evergrande Atrium Chongqing
26 Evergrande Scenic Garden Fuling

Tianjin
27 Evergrande Splendor Tianjin
28 Evergrande Oasis Tianjin
29 Evergrande Scenic Garden Tianjin

Hubei
30 Evergrande Splendor E'zhou
31 Evergrande Palace Wuhan
32 Evergrande Oasis Wuhan
33 Evergrande City Wuhan
34 Evergrande Metropolis Wuhan
35 Evergrande Oasis Yichang

Sichuan
36 Evergrande Splendor Pengshan
37 Evergrande Oasis Chengdu
38 Evergrande City Chengdu
39 Evergrande Scenic Garden Chengdu
40 Evergrande Royal Scenic Peninsula Chengdu
41 Evergrande Metropolis Chengdu
42 Evergrande Atrium Chengdu
43 Evergrande Oasis Nanchong
44 Evergrande Oasis Zigong

Liaoning
45 Evergrande Oasis Shenyang
46 Evergrande City Shenyang
47 Evergrande Metropolis Shenyang
48 Evergrande Palace Shenyang
49 Evergrande Oasis Liaoyang
50 Evergrande Bay Shenyang
51 Evergrande Oasis Anshan
52 Evergrande Oasis Yingkou
53 Evergrande City Yingkou
54 Evergrande Palace Panjin
55 Evergrande Palace Fushun

Shaanxi
56 Evergrande Metropolis Xi'an
57 Evergrande Oasis Xi'an
58 Evergrande City Xi'an

Jiangsu
59 Evergrande Splendor Nanjing
60 Evergrande Oasis Nanjing
61 Evergrande Splendor Qidong
62 Evergrande Metropolis Huai'an
63 Evergrande Metropolis Danyang
64 Evergrande Palace Suqian

Yunnan
65 Evergrande Splendor Kunming
66 Evergrande Metropolis Qujing

Inner Mongolia
67 Evergrande Palace Baotou
68 Evergrande Metropolis Baotou

Shanxi
69 Evergrande Oasis Taiyuan
70 Evergrande Metropolis Taiyuan
71 Evergrande Scenic Garden Taiyuan
72 Evergrande Palace Taiyuan
73 Evergrande Oasis Yuncheng

Guizhou
74 Evergrande Oasis Guiyang
75 Evergrande City Guiyang
76 Evergrande City Zunyi

Anhui
77 Evergrande Palace Hefei
78 Evergrande City Hefei
79 Evergrande Oasis Tongling
80 Evergrande Metropolis Huaibei

Hunan
81 Evergrande Palace Changsha
82 Evergrande Metropolis Changsha
83 Evergrande City Changsha
84 Evergrande Oasis Changsha
85 Evergrande Atrium Changsha
86 Evergrande Palace Liuyang
87 Evergrande Palace Chenzhou

Guangxi
88 Evergrande Oasis Nanning

Henan
89 Evergrande Oasis Zhengzhou
90 Evergrande Metropolis Zhengzhou
91 Evergrande Oasis Luoyang
92 Evergrande Metropolis Xinyang
93 Evergrande Oasis Wugang
94 Evergrande Oasis Anyang
95 Evergrande Atrium Xinxiang

Jiangxi
96 Evergrande City Nanchang
97 Evergrande Oasis Nanchang
98 Evergrande Metroplis Jingdezhen
99 Evergrande Atrium Xinyu

Hebei
100 Evergrande City Shijiazhuang
101 Evergrande Atrium Shijiazhuang
102 Evergrande Oasis Shijiazhuang
103 Evergrande City Qinhuangdao
104 Evergrande Splendor Luquan

Hainan
105 Evergrande Oasis Haikou
106 Evergrande Metropolis Danzhou
107 Evergrande Splendor Danzhou

Shandong
108 Evergrande Metropolis Jinan
109 Evergrande Oasis Jinan
110 Evergrande City Jinan
111 Evergrande Splendor Laiwu

Shanghai
112 Evergrande Palace Shanghai

Jilin
113 Evergrande Oasis Changchun
114 Evergrande City Changchun
115 Evergrande Center Changchun
116 Evergrande Royal Scenic Changchun
117 Evergrande Palace Jilin

Gansu
118 Evergrande City Lanzhou
119 Evergrande Oasis Lanzhou

Ningxia
120 Evergrande Metropolis Yinchuan
121 Evergrande Oasis Shizuishan

BOARD OF DIRECTORS AND COMMITTEES

CHAIRMAN OF THE BOARD OF DIRECTORS

Hui Ka Yan

EXECUTIVE DIRECTORS

Xia Haijun *(Vice Chairman and Chief Executive Officer)*
Li Gang *(Vice Chairman and Executive Vice President)*
Tse Wai Wah
Xu Xiangwu
Xu Wen
Lai Lixin
He Miaoling

INDEPENDENT NON-EXECUTIVE DIRECTORS

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

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

AUTHORISED REPRESENTATIVES

Hui Ka Yan
Fong Kar Chun, Jimmy

CORPORATE AND SHAREHOLDER INFORMATION

CORPORATE INFORMATION HEAD OFFICE

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

PLACE OF BUSINESS IN HONG KONG

1501–1507 One Pacific Place
88 Queensway, Hong Kong

WEBSITE

www.evergrande.com

COMPANY SECRETARY

Fong Kar Chun, Jimmy, Hong Kong solicitor

AUDITOR

PricewaterhouseCoopers

PRINCIPAL BANKERS

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

SHAREHOLDER INFORMATION

Listing Information

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

The bonds of the Company are quoted in Singapore Stock Exchange Limited ("Singapore Stock Exchange")

SECURITY CODE

Stock

HKEX: 3333

Bonds

ISIN Code:	US300151AA58,	USG3225AAA19,
	XS0576382492,	XS0576382229

INVESTOR RELATIONSHIP

For enquiries, please contact:
Investor relationship
Email: evergrandeIR@evergrande.com
Telephone: (852) 2287 9202/2287 9218/2287 9207

FINANCIAL CALENDAR

Announcement of final results:	29 March 2011
Deadline for registration of share transfer:	4:30 pm on 23 May 2011
Annual General Meeting:	27 May 2011
Distribution of final dividend:	On or before 15 July 2011

FINANCIAL SUMMARY

SUMMARY OF BALANCE SHEET

As at 31 December

	2010	2009	Changes
Total cash (including cash and cash equivalents and restricted cash) (RMB Billion)	**19.95**	14.38	38.7%
Total assets (RMB Billion)	**104.45**	63.07	65.6%
Borrowings included in current liabilities (RMB Billion)	**7.00**	6.36	10.1%
Borrowings included in non-current liabilities (RMB Billion)	**24.16**	7.82	209.0%
Capital and reserves attributable to shareholders of the Company (RMB Billion)	**20.64**	12.86	60.5%
Total borrowings/total assets	**29.8%**	22.5%	7.3 percentage points
Net borrowings[1]/total equity	**52.5%**	Net cash	N/A

[1] Net borrowings equals to total borrowings after deducting cash and cash equivalents and restricted cash.

SUMMARY OF INCOME STATEMENT

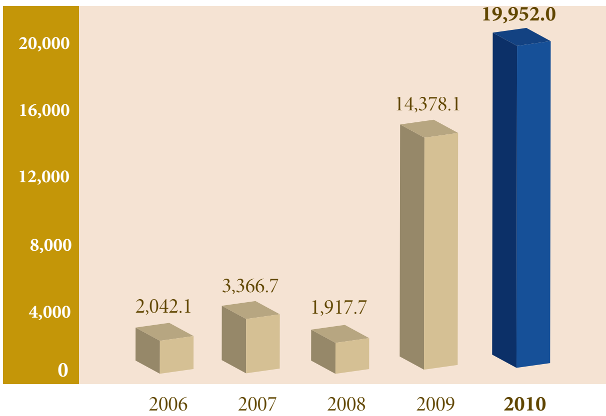
For the year ended 31 December

	2010	2009	Changes
Revenue (RMB Billion)	**45.80**	5.72	700.7%
Gross profit (RMB Billion)	**13.37**	1.95	585.6%
Profit for the year (RMB Billion)	**8.02**	1.12	616.1%
Profit attributable to shareholders of the Company (RMB Billion)	**7.59**	1.05	622.9%
Basic earnings per share (RMB)	**0.506**	0.074	583.8%
Dividend per share (RMB)	**0.1268**	0.007	1,711.4%

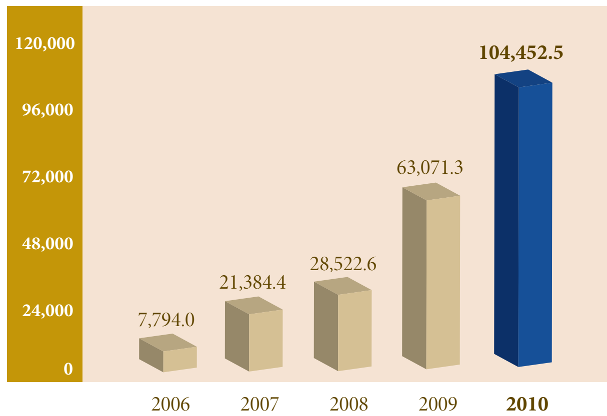
FINANCIAL SUMMARY (continued)

2006–2010 COMPARISON OF MAJOR FINANCIAL INDICATORS

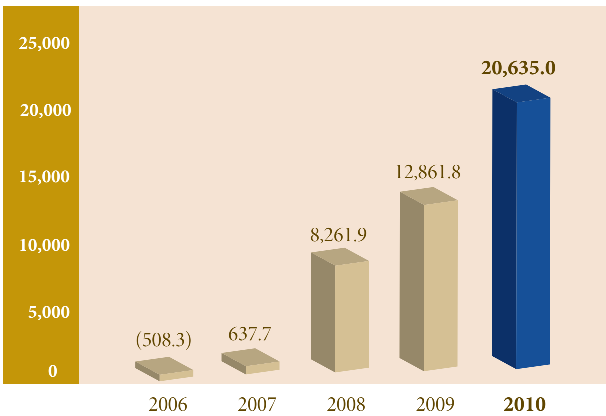
Total cash
(RMB million)



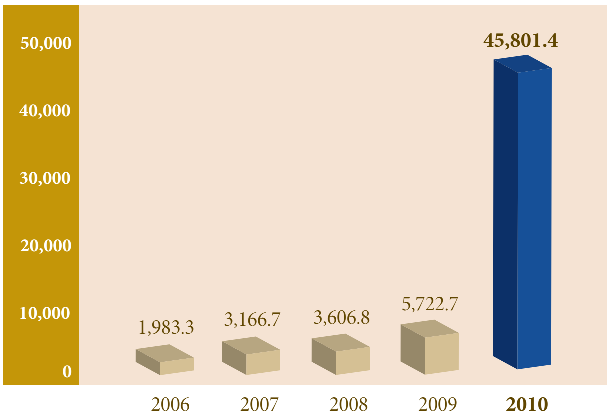
Total assets
(RMB million)



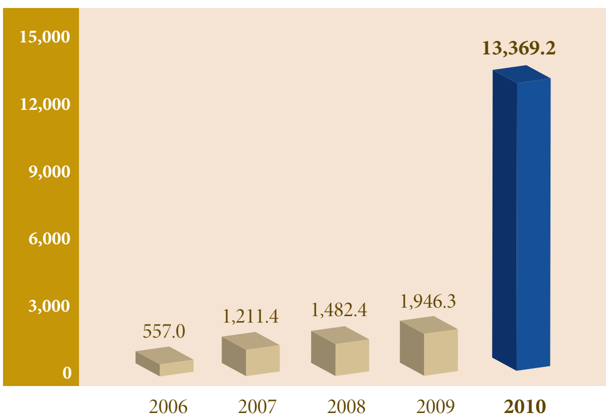
Equity attributable to shareholders of the Company (RMB million)



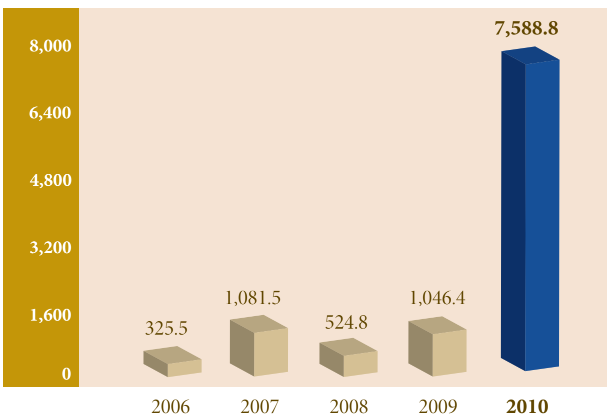
Revenue
(RMB million)

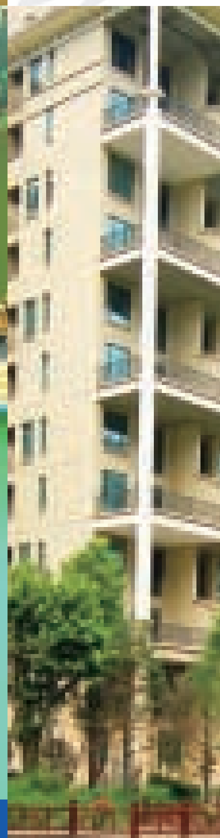


Gross profit
(RMB million)



Profit attributable to shareholders
(RMB million)





REPORT OF THE CHAIRMAN OF THE BOARD OF DIRECTORS

REPORT OF THE CHAIRMAN

OF THE BOARD OF DIRECTORS

Dear shareholders,

I am glad to present the annual report of Evergrande Real Estate Group Limited ("Evergrande" or "the Company") and its subsidiaries (the Group) for the year ended 31 December 2010. Revenue and gross profit of the Group for the year were RMB45.80 billion and RMB13.37 billion respectively, or a year-on-year growth of 700.7% and 585.6%, and net profit increased by 616.1% to RMB8.02 billion. Net profit attributable to shareholders' amounted to RMB7.59 billion and earnings per share was RMB0.506. Return on shareholders' equity is 45.3%.

In order to reciprocate the trust and support of shareholders, the Board of Directors proposed to distribute a final dividend of RMB1,902,000,000 for 2010 and it will be distributed upon approval in the general meetings of shareholders of the Group.

BUSINESS REVIEW

The complex and changing macroeconomic circumstances in the PRC and abroad, combined with a series of adjustment and control policies enacted by the Chinese government since 2010, led China's real estate industry into periodic adjustments. In view of a sluggish market environment coupled with a wait-and-see attitude, the Group, adhering to the philosophy of "proactive management style, sound operation and strategy", decisively captured a brief window of opportunity and achieved a milestone leap as measured by profit, revenue and assets.

Unprecedented leap in profitability drove net profit and return on shareholders' equity to a record high. During the year 2010, the Group's net profit surged by 616.1% to RMB8.02 billion and the compound annual growth rate of net profit over the past three years reached 256.2%. Profit from core businesses was up by 1800% to RMB5.51 billion. Net profit margin of core businesses increased by 7 percentage points to 12%. Profit attributable to shareholders of the Company soared by 622.9% to RMB7.59 billion. Return on shareholders' equity increased by 35.4 percentage points to 45.3%, outperforming that of peer companies. Basic earnings per share increased substantially by 583.8% to RMB0.506.

Unprecedented leap in the revenue from core businesses resulted in a more balanced regional distribution. During the year 2010, the Group recognised property development revenue of RMB45.34 billion, representing a year-on-year growth of 800%. Such revenue was derived from 20 major cities, including the nine new cities of Changsha, Xi'an, Kunming, Hefei, Guiyang, Baotao, Luoyang, Qingyuan and Pengshan. The property development revenue in five of these regions, including Guangdong, Chongqing, Chengdu, Changsha and Wuhan, exceeded RMB3.5 billion, of which Guangdong province contributed only 18%, indicating the establishment of the Group's nationwide distribution network.

Unprecedented leap in the scale of assets and assets are of reasonable structure and good quality. At the end of 2010, the Group's total assets reached RMB104.45 billion, representing an increase of 65.6% year-on-year. Net current assets grew by 101.7% to RMB34.17 billion. Total debt ratio (total debt/total assets) and net debt ratio (the ratio of net borrowings[1] to total equity) at the end of the year were 29.8% and 52.5% respectively. The proportion of short-term borrowings to total debt at the end of the year was 22.5%, which remained healthy.

[1] Net borrowings equals to total borrowings after deducting cash and cash equivalents and restricted cash

LAND RESERVE

During the year, the Group adhered to the land reserve strategy of "reinforcement in second-tier cities alongside the development of third-tier cities" through developing second-tier cities and continuing to absorb high quality and low-cost land reserve by way of flexible diversified and financially sound methods. During the year, the Group acquired 67 land plots distributed in 49 cities in China, including Shanghai, Tianjin, Chengdu, Taiyuan, Shenyang, Jinan and Changchun, with the gross floor area ("GFA") of the land reserve increasing by 51.126 million m^2. 34 of them are in third-tier cities, and the proportion of land in the new land reserve located in these third-tier cities was 50.9%. The average cost of new land reserves was approximately RMB648/m^2 and the average cost of land reserves located in third-tier cities was approximately RMB492/m^2.

As at 31 December 2010, the GFA of the Group's total land reserve was approximately 96.003 million m^2, distributed among 62 major cities in China, including three municipalities, 20 provincial capitals and cities, 39 third-tier cities. There were altogether 112 projects under or pending for development and the average cost of the land reserve was approximately RMB520/m^2. The overall consideration for the Group's land reserve as at the end of the year was RMB56.5 billion, of which the settled and outstanding amounts were RMB37.2 billion and RMB19.3 billion respectively. In accordance with the agreements, RMB10.34 billion and RMB5.24 billion were scheduled to be paid in 2011 and 2012 respectively, with RMB3.72 billion to be paid after 2012.

The Board firmly believes that, with the Group's adherence to a forward-looking strategy, the Group has actively seized the appropriate opportunities and has succeeded in leveraging the greatest scale of land reserves in China at a relatively low cost. Furthermore, given that third-tier cities are generally less affected by the macro adjustment and control policies, the room for urban development is broad and the demand and growth potential for housing are immense, enabling the Group to share in the historic opportunities brought forth by the rapid economic growth and the acceleration of urbanization in China.

CONTRACTED SALES

In 2010, the continuing implementation of unprecedented intensive adjustment and control policies by the Chinese government changed the track of the rapid surge in real estate prices, and with focus on suppressing impulse purchases and supporting self-use demand, even ushered the entire market into a profound evolution.

With such an unprecedented and severe change in circumstances, the Group adhered to its prospective vision and gave full play to its edge for good quality, low cost, large scale and fast turnover, by paying full attention to mid- to high-end products with focus on self-use demand and by taking the lead in opening up markets by way of a flexible and pragmatic pricing strategy, hence further increasing market share in second- and third-tier cities. During the year, the total saleable area launched by the Group was approximately 12.49 million m^2 and the rate of contracted sales was approximately 63.1%. There were 24 new projects across 17 second- and third-tier cities in China, including Changsha, Hefei, Shijiazhuang, Nanchang, Taiyuan, Tianjin and Chengdu, and a total of 56 projects for sale distributed in 28 cities in China.

During the year, the Group achieved aggregate contracted sales revenue of approximately RMB50.42 billion, representing an increase of 66.4% year-on-year; the GFA of contracted sales was 7.887 million m^2, representing an increase of 39.9% over last year; the average selling price of contracted sales was RMB6,394/m^2, representing a year-on-year growth of 19.0%. 92.5% of the contracted sales was derived from second- and third-tier cities including Changsha, Chongqing, Chengdu, Shenyang, Wuhan and Taiyuan. The diversified regional distribution of contracted sales, a product mix in line with market demand and the Group's popular and high quality products together have enhanced its capability to resist market risk, hence laying a foundation for its rapid and sound development in the coming years.

PROPERTY DEVELOPMENT

During the year, the Group put into practice the strategy for standardized operation of quality products and continued to implement the rapid development model through which over 70% of new projects were launched in about 6 months after the lands were obtained, driving the Group's performance to historical high levels in terms of the area of projects completed, the area of properties delivered, the area of contracted sales and the area under construction.

The Group completed construction of an area of 8.988 million m^2 for the year, representing an increase of 655.9% over the area of 1.189 million m^2 in 2009. At the end of the year, the Group had a total of 69 projects under construction, of which 59 projects had received pre-sale permits; the area under construction was approximately 23.97 million m^2, of which 23.748 million m^2 were saleable area.

FINANCIAL FUNDS

The Group upheld the financial policy of "cash is king" and proactively captured market opportunities to promote the diversification of financing channels. During the year, with the principle of maintaining healthy cashflows, the Group enhance its relationship with commercial banks on the basis of long-term co-operation and good credibility. The Group's year-end cash balance rose from RMB14.38 billion in 2009 to RMB19.95 billion in 2010. Together with the unutilized banking facilities of RMB33.25 billion, the total amount of funds available for use by the Group amounted to RMB53.2 billion.

During the year of 2010, the Group issued two senior notes which amounted to US dollar 1.35 billion and the Group's net debt ratio remained at the satisfactory level of 52.5% as at 31 December 2010.

At the end of 2010, the Group had again accurately predicted the interest rate hikes and monetary tightening trends in China and successfully captured international capital market windows for the issue of two senior notes in January 2011 which amounted to RMB9.25 billion.

The Board is confident that our sound financial management policies and adequate financial resources have provided sufficient security to the Group's rapid business growth. Additionally, the Group's excellent property sales results for the year will further consolidate its financial condition and enable it to capture development opportunities under market adjustments with ease.

SUBSEQUENT EVENTS

On 13 January 2011, the Company issued 7.5%, 3 year senior notes with an aggregated principal amount of RMB5,550,000,000 and 9.25%, 5 year senior notes with an aggregated principal amount of RMB3,700,000,000 at 100% of the face value. The senior notes are jointly guaranteed by certain subsidiaries and are secured by pledges of the shares of the subsidiaries.

QUALITY PRODUCT CONCEPT AND BRAND VALUE

During the year, the Group adhered to the strategy of "brand + scale" and continuously improved and extended its standardized industry chain of quality products. Further, through various methods including consolidating and expanding the strategic alliance for quality products, strengthening the centralization of bid offering and taking as well as centralizing procurement, the Group kept costs under control and enhanced the value for money or its products, in a bid to build the most reputed property brand in China.

The number of the Group's strategic alliance partners increased from over 200 companies in 2009 to over 300 companies at the end of the year, which consolidated the base for the standardized operation of quality products. With the support of the strategic alliance of quality products covering the whole process of the real estate industry, the Group selected well-known construction enterprises and suppliers in the PRC and abroad ranging from project planning and design, construction, garden construction to building and decoration materials. Meanwhile, various costs such as design, construction and procurement decreased due to economies of scale from large-scale development and construction.

The standardized operation of quality products has enabled the Company's success in establishing a distinct image of cost effectiveness. Given the excellent brand and high quality of its properties, the properties of the Group were sought after in the market and were granted various awards in China. According to "China Real Estate Value Ranking" in September 2010, the brand value of the Group amounted to RMB8.016 billion, ranking at the top of the list.

MANAGEMENT TEAM AND MANAGEMENT STYLE

The Board is of the opinion that the Group's excellent management team and advanced management style contributed greatly to the success of the Group. The management team emphasised and devised plans for the areas of human resources and management systems to achieve economies of scale and enhance the brand image of the Group. As at the end of 2010, the Group had a total of 19,351 employees, of which over 90% of the employees of the property development stream were graduates with university degrees or above, forming a highly educated team of young and high quality staff.

The Group has adopted one of the best management systems in China. It has adopted an integrated centralized management system to ensure unified management of regional companies, and has implemented strict target planning management on full scale.

The insightful strategic decisions and sound execution capability of the management team supported the Group in maintaining long term steady and rapid development. In April and May 2010, the management team of the Group took the lead in responding to market conditions and decisively expanded our marketing campaign. At the same time, the Group further improved the speed of launching new projects, with several new projects launched 6 months after land was obtained. As a result, a number of the Group's business and financial indicators grew multiple times.

FINAL DIVIDEND

The Board has passed a resolution to propose the payment of a final dividend on or before 15 July 2011 (Friday) of RMB0.1268 per share (the "2010 Final Dividend"), to shareholders of the Company whose names appear on the Company's Register of Members on 27 May 2011 (Friday). The 2010 Final Dividend is subject to approval at the forthcoming Annual General Meeting of the Company.

CORPORATE GOVERNANCE

The Group has been conducting business according to the principles of the Code on Corporate Governance Practices ("Code") set forth in Appendix 14 of the Listing Rules, and the Group has complied with all applicable rules of the Code.

The Board understands that protecting and utilizing corporate resources and creating value for shareholders is the first priority of an enterprise. The Board has therefore committed to improve the standard of corporate governance, and continue enhancing our profitability and potential for sustainable growth. In 2010, the Group made great progress in standardizing its management, strengthening internal monitor systems and cost controls, increasing the overall transparency of the Company and perfecting corporate internal control mechanisms and risk management of the Board, among other achievements.

The Group particularly emphasized the transparency and efficiency of information disclosures, and employs various methods, such as monthly sales briefings and communications, sales results release conferences and investors meetings, to deliver comprehensive information, such as the latest development strategies, development progress, sales results and market prospects of the Group to the public.

The Board believes that the efforts mentioned above will help the Group maximize its financial performance, so as to maximize shareholder value and implement the strong and sustainable development strategies of the Group.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities during the year ended 31 December 2010.

SECURITIES TRANSACTIONS CONDUCTED BY THE DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") set forth in Appendix 10 of the Listing Rules as the code of conduct for securities transactions conducted by the directors. After detailed and cautious enquiries, the Company confirmed that for the year ended 31 December 2010 all directors always abided by the Model Code.

CORPORATE SOCIAL RESPONSIBILITIES AND AWARDS

The Group adheres to its original intention of developing properties for people's livelihood, and vigorously assumes corporate social responsibilities, devoting its best efforts to charity activities which support livelihood, sports and environmental protection, working hard to foster social harmony and progress through wholly beneficial activities.

The Group is convinced that corporate development is closely related to people's livelihood. In the past 14 years since incorporation, the Group has provided 180,000 households with cost-effective residential buildings. Just in 2010, the Group provided 65,000 units of commercial residential flats to residents in 28 cities in China, with the proportion of first-time home buyers accounting for over 55% and the proportion of small- and medium-sized flats of less than 144 m^2 accounting for over 80.6% of the total trading volume. In the Group's property portfolio, highly-demanded mid-end and mid- to high-end residential buildings accounted for approximately 74% of the total and the selling prices were kept within a reasonable range affordable to home buyers.

During the year, the Group actively supported the 23rd Table Tennis Asian Cup and football events in China, and made donations to charity activities, including the reconstruction of the earthquake-damaged Yushu region, the construction of basic education facilities in northern Guangdong, preparations for establishing the Hong Kong New Homeland Association, the "Guangdong to Help the Poor Day" and the Guangzhou Asian Games. The Group donated more than RMB53 million to charity activities during the year.

During the year, the Group was ranked among the top ten in the sector in the "Top 10 Property Developers of China" as announced by China Real Estate Top 10 Research Group, for the seventh consecutive year. The Group's brand value, amounting to RMB8.016 billion, was ranked the top in the "Brand Value Rankings of China's Real Estate Industry". Regarding the building of a sense of corporate citizenship, the Group topped the list of "China's Top 10 Real Estate

Enterprises with Sense of Social Responsibility" and was awarded "China's Excellent Corporate Citizen for 2010". As for the aspects of business operation and investment value, the Group was awarded "Top 10 Operational Efficiency" and "Blue-Chip Real Estate Enterprise for 2010" in the China Top Hundred Real Estate Enterprises as well as "Top 10 Hong Kong Listed Real Estate Companies in China" by combined value in the Brand Value Rankings of China's Listed Real Estate Companies for 2010. The above awards demonstrated that the Group's achievements in social responsibility, internal control and brand building were highly recognized.

BUSINESS OUTLOOK

Macro Markets

Under the quantitative easing policies launched by developed countries and high domestic inflation expectations, the Board is of the view that government regulation and control would take an important role in China's real estate market in 2011. Upon the introduction of the new eight measures of the State Council and the purchase restriction order in January this year, the shrinking market trading volume seems to have indicated that China's real estate market will face challenge amidst evolution and pains in 2011.

The Board understands that the Chinese government intends to prevent a rapid surge in real estate prices and to regulate and stabilize the real estate market and believes that China's real estate market, having experienced regulation and control, will undertake a more reasonable and steady growth in the near future. The Board also understands that, along with more extensive regulation and control, industry consolidation will be accelerated and a significant increase in market concentration and ordering will result, which indicates a golden opportunity for development for brand name enterprises with strategic vision, leading scale and operational expertise, suggesting that the Group will capture market opportunities more easily.

Regulation and control have altered the evolution of the industry. However, the Board is convinced that the development context of the Group will not be changed. The Group's confidence is derived from the rise of China's overall economy, the drive from the housing demand as a result of urbanization,industrialization and various comprehensive elements such as its past management experience, brand strength, human resources, land reserve and capital accumulation. The Group's efforts over the years have provided a good foundation and favorable conditions for the Group to develop into a leader in quality properties in standardized operation in China. The strong growth in business results in the past years indicates the capability and strength of the Group and will become the foundation of its further advancement. It is believed that the Group will also benefit from the positive developments of the overall industry and will achieve a bigger leap forward while actively responding to the regulation and control and putting the concept of "properties for people's livelihood" into practice.

DEVELOPMENT STRATEGIES

2011 is a year of challenges and breakthroughs to the Company. The Group will continue the development philosophy of "New starting point, new philosophy, new mindset, new standard" amidst adjustments and control and breakthroughs in the course of development in order to further strengthen our leading position in China's real estate sector.

The Group will reinforce its compact group management style at all angles and centralize the management of key areas such as project development, project quality, cost control, capital planning and human resources by way of vertical integration. The headquarters of the Group, being the center of management, will adhere to the overall principles of increasing efficiency, controlling risks and saving costs, and allocate resources in a rational manner, enhance organizational processes, and support the business development of top-tier companies to maximize overall results.

The Group will continue to reinforce second-tier cities intensively, capture growth opportunities in regions with fast economic growth on our prospective vision and further expand its vertical and horizontal strategic network. On the basis of consolidating second-tier and third-tier cities, the Group will actively seek opportunities, attempt to obtain high quality and low cost land reserves through flexible and diversified methods, and endeavor to explore business diversification. In January 2011, the Group seized the opportunity to acquire a 71% equity interest in 深圳市建設(集團)有限公司 (Shenzhen Construction (Group) Co., Ltd.) and obtained a total of 380,000 m^2 of land reserve and 50,000 m^2 of floor area for lease in cities including Shenzhen and Dongguan for the first time. On the basis of maintaining sound operations of residential property in second-tier and third-tier cities and stable cashflow, the Group will also adopt strategies for a modest attempt to diversify our business formats such as commercial property with an objective to improve results and stablize cashflows.

The Group will continue to uphold prudent financial management, stress the stability of finance, availability of funds and liquidity, and will strictly control various costs by a combination of different methods and will increase the rate of utilization and rate of return of funds. At the same time, the Group will explore several channels of financing, leverage domestic and overseas financing platforms and further strengthen its funding base.

The Group will continue to enhance the standardized industry chain of quality properties throughout the process and implement the rapid development strategy to ensure that every project is successfully developed and sold. At the same time, the Group aims for a reasonable pace of development and construction and set rational and reasonable selling prices according to market conditions to secure the rate of investment return on projects and to pursue simultaneous improvement in the speed and quality of growth. The Group will fully reinforce its quality property strategy and implement quality property standards strictly on the basis of expanding and consolidating existing brand alliances in order to maintain its industry-leading property quality, and to ensure revenue recognized upon delivery of property for the year will be achieved according to schedule.

The Group will carry out an intensive study on national industrial policies and real market demand for a reasonable arrangement of properties with focus on the traditional mid- to high-end properties complemented by high-end and tourism-related properties. The number of high-end properties, mid-end and mid- to high-end properties and tourism-related properties will be maintained in the reasonable proportion of 1:7:2 so as to cover the widest range of customer groups.

The Group will research the optimal allocation of human resources, with focus on the introduction and training of professionals and technicians for areas such as construction supervision, budget and accounts, finance and development, and improved team building so as to bring new blood for the development of the Group.

The Group will strive to build a service system integrating real estate and property, maintain its leading position in fundamental services and improve the operating conditions of the property system. Supported by a complete set of facilities of the projects, the Group will endeavor to provide integrated value-added services in relation to leisure, film and television, sports and health, in accordance with actual customer needs, to further increase customer loyalty.

OPERATING OBJECTIVES

The year 2011 is a year with both challenges and opportunities. The Board is highly confident in obtaining excellent results once again. The Group plans to achieve an increase of 38.8% in contracted sales amount to RMB70 billion for 2011 compared with the same period of 2010, and it reviews sales targets each month and adjusts development and sales plans in response to ever-changing market conditions in a timely manner. It plans to deliver RMB60 billion worth of properties for the year, an increase of 32.2% over 2010.

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

REVIEW OF CONSOLIDATED FINANCIAL INFORMATION

The Audit Committee of the Company comprises of all independent non-executive directors, Mr. Chau Shing Yim, David, Mr. Yu Kam Kee, Lawrence and Mr. He Qi. The Audit Committee assists the Board in providing an independent review of the completeness, accuracy and fairness of the financial statements of the Group, as well as the efficiency and effectiveness of the Group's operations and internal controls. The Audit Committee has reviewed the annual results of the Group for the year ended 31 December 2010.

PUBLICATION OF INFORMATION ON THE STOCK EXCHANGE'S WEBSITE

This announcement will be published on the Stock Exchange's website and the Company's website (www.evergrande.com). The 2010 Annual Report will also be published on the Stock Exchange's website and the Company's website and will be despatched to the shareholders of the Company.

APPRECIATION

The steady development of the businesses of the Company has always been due to the trust and support of all the shareholders, investors and business partners as well as the loyalty of all members of its staff, and on behalf of the Board, I express my heartfelt gratitude.

Hui Ka Yan
Chairman

Hong Kong, 29 March 2011

MANAGEMENT DISCUSSION AND ANALYSIS

MANAGEMENT DISCUSSION AND ANALYSIS

OVERALL PERFORMANCE FOR 2010

During the year, the Group delivered **43** projects and the total amount of property development revenue was RMB**45.34 billion**, representing a year-on-year growth of **800.0%**;

During the year, gross profit amounted to RMB**13.37 billion**, net profit attributable to shareholders amounted to RMB**7.59 billion**, representing an increase of **585.6%** and **622.9%** compared with last year respectively. Return on shareholders' equity is **45.3%**;

As at the end of year, the Group had total cash of RMB**19.95 billion**, representing an increase of **38.7%** year on year; together with unutilized banking facilities of RMB**33.25 billion**, the Group has sufficient working capital.

As at the end of the year, the Group had **112** projects under or pending for development in **62** cities in China, the GFA of the land reserve was **96.003 million** square meters and the average land cost was approximately RMB**520** per square meter;

The Group achieved contracted sales of RMB**50.42 billion** for the year and the GFA of contracted sales was **7.887 million** square meters, representing a year-on-year increase of **66.4%** and **39.9%** respectively.

REVENUE

Revenue of the Group for the year amounted to RMB45.80 billion, or a growth of 700.7% compared with last year, of which revenue generated from property business amounted to RMB45.34 billion, or a year-on-year growth of 800.0%; rental income of investment properties amounted to RMB51.17 million, or an annual growth of 36.1% compared with last year; revenue generated from property management services and other property related business amounted to RMB410.24 million or an annual decrease of RMB231.95 million compared with last year.

GROSS PROFIT

Gross profit of the Group amounted to RMB13.37 billion, or an increase of 585.6% compared with last year, which was mainly due to a remarkable increase in the area of properties delivered during the year. Gross profit margin was 29.2% or a decrease of 4.8 percentage points over last year, which was mainly due to the concentration in the delivery of mid-end and mid- to high-end properties nationwide during the year, while the revenue of last year was more attributable to the properties in Guangdong Province which were sold at relatively higher selling prices and gross profit margin.

SELLING AND MARKETING COSTS

Selling and marketing costs of the Group rose to RMB1.57 billion in 2010 from RMB1.08 billion in 2009, which was mainly due to an increase in the number of projects launched during the year, the expansion in scale and the corresponding increase in national marketing and brand publicity activities. However the proportion of selling and marketing costs to total revenue for the year was 3.4%, a decrease of 15.4 percentage points from 18.8% in 2009, which indicated our improvement in controlling the selling and marketing costs.

ADMINISTRATIVE EXPENSES

Administrative expenses of the Group increased by RMB0.64 billion to RMB1.38 billion from RMB0.74 billion in 2009, which was mainly due to our continued expansion in the business throughout China, the relatively substantial increase in operating results for the year and corresponding increases in the number of employees and their remuneration level. The proportion of administrative expenses to total revenue for the year was 3.0%, a decrease of 10.0 percentage points from 13.0% in 2009, which indicated our improvement in mitigating administrative expenses.

LAND RESERVE

- The Group newly acquired 67 land plots in 49 cities in China and the GFA of these land reserve was 51.126 million square meters;

- 50.9% of the total GFA of land reserve newly acquired during the year was located in third-tier cities and there was a total of 34 new projects in third-tier cities, the average cost of such land reserve was RMB492 per square meter;

- As at the end of the year, the total GFA of land reserve of the Group reached 96.003 million square meters and the average cost was RMB520 per square meter.

"Forward-looking layout and winning on strategy" is the overall concept of the Group in obtaining high quality and low cost land reserve. In light of the tough competition in top-tier markets and the increasingly evident impact of the adjustments and control policies on the real estate market, on the basis of the strategy for "nationwide layout and the advance into second-tier markets" since 2004, the Group proposed the long-term strategy of "intensive cultivation of second-tier markets alongside the development of third-tier markets" for the first time during the year, with focus on the vast number of third-tier cities in China.

The Group believes that user demand will be immense, considering China's vast area and population and the varying degrees of regional market development and stages of development. Developing third-tier cities will help us to open up markets and construct extensive and indepth business systems, hence stabilizing fluctuations and eliminating industry risks. At the same time, it will help us to tap real user demand and develop more diversified residential properties, which will coincide with the original intent of the central government for macro adjustments to increase market supply and support user demand.

At present, China has 287 cities at prefecture level or above and an urban population of approximately 380 million people which accounts for 28.6% of the national population, of which the majority are third-tier cities that are neither municipalities nor provincial capitals. Seven years ago, the Group carried out nationwide development and advanced into second-tier cities, which solidified our leading position in the standardized operation and quality properties in China. By the end of 2010, the Group penetrated 62 cities in China, of which 39 were third-tier cities and the total GFA of the land reserve was 96.003 million square meters. The Group believes that a long-term strategy leveraging the development of third-tier cities has enabled us to grab hold of the historic opportunities arising from the process of urbanization in China and will guide us to march into a more far-reaching future.

LIST OF ADDITIONAL LAND RESERVE FOR 2010

As at 31 December 2010

No.	Project name	City	Site area (Square meters)	Total GFA (Square meters)	Land reserve (Square meters)	Attributable equity interest (%)
	Guangdong Province					
1	Evergrande Royal Scenic Bay	Foshan	60,491	229,902	229,902	100
2	Evergrande Oasis Zhongshan	Zhongshan	97,652	445,400	445,400	100
3	Evergrande City Yunfu	Yunfu	107,282	263,269	263,269	100
	Chongqing Municipality					
4	Evergrande Atrium Chongqing	Chongqing	388,394	1,183,966	1,183,966	100
5	Evergrande Scenic Garden Fuling	Chongqing	197,054	510,285	510,285	100
	Tianjin Municipality					
6	Evergrande Splendor Tianjin (Phase 3)	Tianjin	821,638	276,200	276,200	100
7	Evergrande Oasis Tianjin	Tianjin	804,055	1,123,041	1,005,874	100
8	Evergrande Scenic Garden Tianjin	Tianjin	303,657	323,453	323,453	100
	Hubei Province					
9	Evergrande Splendor E'zhou (Phase 2)	E'zhou	977,736	1,152,417	1,152,417	100
10	Evergrande Metropolis Wuhan	Wuhan	375,732	813,053	788,496	100
11	Evergrande Oasis Yichang	Yichang	153,964	519,665	519,665	100
	Sichuan Province					
12	Evergrande Scenic Garden Chengdu	Chengdu	1,775,243	933,475	933,475	100
13	Evergrande Royal Scenic Peninsula Chengdu	Chengdu	1,060,061	2,992,100	2,992,100	100
14	Evergrande Metropolis Chengdu	Chengdu	53,333	344,072	344,072	100
15	Evergrande Atrium Chengdu	Chengdu	43,540	340,374	340,374	100
16	Evergrande Oasis Nanchong	Nanchong	102,963	357,223	357,223	100
17	Evergrande Oasis Zigong	Zigong	216,449	728,957	728,957	100
	Liaoning Province					
18	Evergrande Metropolis Shenyang	Shenyang	353,066	1,128,216	1,128,216	100
19	Evergrande Palace Shenyang	Shenyang	72,970	210,671	210,671	100
20	Evergrande Bay Shenyang	Shenyang	217,114	545,904	545,904	100
21	Evergrande Oasis Liaoyang	Liaoyang	422,936	1,427,199	1,427,199	100
22	Evergrande Oasis Anshan	Anshan	352,910	1,251,787	1,251,787	100
23	Evergrande Oasis Yingkou	Yingkou	445,843	1,487,418	1,487,418	100
24	Evergrande City Yingkou	Yingkou	364,074	1,254,939	1,254,939	100
25	Evergrande Palace Panjin	Panjin	301,934	923,897	923,897	100
26	Evergrande Oasis Fushun	Fushun	218,874	1,198,500	1,198,500	100
	Jiangsu Province					
27	Evergrande Metropolis Huai'an	Huai'an	304,755	918,357	918,357	100
28	Evergrande Metropolis Danyang	Danyang	282,022	853,024	853,024	100
29	Evergrande Palace Suqian	Suqian	238,187	833,654	833,654	100
	Yunnan Province					
30	Evergrande Metropolis Qujing	Qujing	77,461	172,552	172,552	100
	Inner Mongolia Autonomous Region					
31	Evergrande Metropolis Baotou	Baotou	188,005	642,161	642,161	100
	Shanxi Province					
32	Evergrande Scenic Garden Taiyuan	Taiyuan	342,259	798,299	798,299	85
33	Evergrande Palace Taiyuan	Taiyuan	197,054	412,012	412,012	100
34	Evergrande Oasis Yuncheng	Yuncheng	67,975	256,387	256,387	100
	Guizhou Province					
35	Evergrande City Guiyang	Guiyang	248,965	969,218	969,218	100
36	Evergrande City Zunyi	Zunyi	540,573	2,073,898	2,073,898	51

As at 31 December 2010

No.	Project name	City	Site area (Square meters)	Total GFA (Square meters)	Land reserve (Square meters)	Attributable equity interest (%)
	Anhui Province					
37	Evergrande Oasis Tongling	Tongling	312,337	873,503	873,503	100
38	Evergrande Metropolis Huaibei	Huaibei	289,553	854,068	854,068	100
	Hunan					
39	Evergrande Palace Liuyang	Liuyang	114,639	332,386	332,386	100
40	Evergrande Palace Chenzhou	Chenzhou	126,112	505,503	505,503	100
	Henan Province					
41	Evergrande Metropolis Zhengzhou	Zhengzhou	126,730	962,126	962,126	100
42	Evergrande Metropolis Xinyang	Xinyang	323,530	760,769	760,769	85
43	Evergrande Oasis Wugang	Wugang	34,906	115,996	115,996	100
44	Evergrande Oasis Anyang	Anyang	386,168	422,155	422,155	100
45	Evergrande Atrium Xinxiang	Xinxiang	79,002	276,476	276,476	100
	Jiangxi Province					
46	Evergrande Metropolis Jingdezhen	Jingdezhen	205,558	597,186	597,186	100
47	Evergrande Atrium Xinyu	Xinyu	203,734	682,404	682,404	100
	Hebei Province					
48	Evergrande Atrium Shijiazhuang	Shijiazhuang	171,198	616,286	616,286	58
49	Evergrande Oasis Shijiazhuang	Shijiazhuang	176,426	567,685	567,685	70
50	Evergrande City Qinhuangdao	Qinhuangdao	796,573	1,936,538	1,936,538	100
51	Evergrande Splendor Luquan	Luquan	446,395	277,451	277,451	100
	Hainan Province					
52	Evergrande Metropolis Danzhou	Danzhou	126,780	354,402	354,402	100
53	Evergrande Splendor Danzhou	Danzhou	533,333	210,407	210,407	100
	Shandong Province					
54	Evergrande Metropolis Jinan	Jinan	134,118	429,026	429,026	100
55	Evergrande Oasis Jinan	Jinan	678,556	1,951,110	1,951,110	100
56	Evergrande City Jinan	Jinan	479,234	1,707,790	1,707,790	100
57	Evergrande Splendor Laiwu	Laiwu	366,593	156,390	156,390	100
	Shanghai Municipality					
58	Evergrande Palace Shanghai	Shanghai	32,970	129,648	129,648	84
	Jilin Province					
59	Evergrande Oasis Changchun	Changchun	197,940	618,090	618,090	100
60	Evergrande City Changchun	Changchun	215,377	1,638,400	1,638,400	100
61	Evergrande Center Changchun	Changchun	26,239	305,641	305,641	100
62	Evergrande Royal Scenic Changchun	Changchun	170,324	432,830	432,830	100
63	Evergrande Palace Jilin	Jilin	127,455	281,095	281,095	100
	Gansu Province					
64	Evergrande City Lanzhou	Lanzhou	412,052	707,839	707,839	100
65	Evergrande Oasis Lanzhou	Lanzhou	686,641	1,611,869	1,611,869	100
	Ningxia Hui Autonomous Region					
66	Evergrande Metropolis Yinchuan	Yinchuan	218,580	437,624	437,624	100
67	Evergrande Oasis Shizuishan	Shizuishan	172,502	620,391	620,391	100
	Total		**21,147,776**	**51,268,029**	**51,126,305**	

OVERVIEW OF LAND RESERVE OF THE GROUP

As at 31 December 2010

No.	Project name	City	Site area (Square meters)	Total GFA (Square meters)	Land reserve (Square meters)	Attributable equity interest (%)
	Guangdong Province					
1	Jinbi Garden No. 2	Guangzhou	69,146	305,722	30,201	100
2	Jinbi Garden No. 3	Guangzhou	145,978	460,323	79,545	100
3	Jinbi Junhong Garden	Guangzhou	36,357	197,013	39,438	100
4	Evergrande Royal Scenic Peninsula Guangdong	Foshan	543,528	1,079,305	381,555	60
5	Evergrande Royal Scenic Bay	Foshan	60,491	229,902	229,902	100
6	Evergrande Scenic Garden Guangzhou	Guangzhou	536,199	755,680	443,805	100
7	Evergrande Oasis Guangzhou	Guangzhou	111,048	484,693	235,796	100
8	Evergrande Metropolis Foshan	Foshan	171,869	861,897	861,897	100
9	Evergrande Splendor Qingyuan	Qingyuan	1,801,408	2,569,803	2,048,596	100
10	Evergrande Oasis Zhongshan	Zhongshan	97,652	445,400	445,400	100
11	Evergrande City Yunfu	Yunfu	107,282	263,269	263,269	100
	Chongqing Municipality					
12	Evergrande Splendor Chongqing	Chongqing	808,799	813,275	467,812	100
13	Evergrande City Chongqing	Chongqing	316,329	1,179,993	548,634	100
14	Evergrande Palace Chongqing	Chongqing	169,813	378,596	50,145	100
15	Evergrande Oasis Chongqing	Chongqing	91,928	465,752	260,046	100
16	Evergrande Metropolis Chongqing	Chongqing	191,400	838,207	636,185	100
17	Evergrande Atrium Chongqing	Chongqing	388,394	1,183,966	1,183,966	100
18	Evergrande Scenic Garden Fuling	Chongqing	197,054	510,285	510,285	100
	Tianjin Municipality					
19	Evergrande Splendor Tianjin	Tianjin	1,675,803	641,735	347,494	100
20	Evergrande Oasis Tianjin	Tianjin	804,055	1,123,041	1,005,874	100
21	Evergrande Scenic Garden Tianjin	Tianjin	303,657	323,453	323,453	100
	Hubei Province					
22	Evergrande Splendor E'zhou	E'zhou	1,742,809	2,010,674	1,868,754	100
23	Evergrande Palace Wuhan	Wuhan	286,659	564,596	382,233	100
24	Evergrande Oasis Wuhan	Wuhan	314,901	815,914	442,896	100
25	Evergrande City Wuhan	Wuhan	370,692	849,449	690,065	100
26	Evergrande Metropolis Wuhan	Wuhan	375,732	813,053	788,496	100
27	Evergrande Oasis Yichang	Yichang	153,964	519,665	519,665	100
	Sichuan Province					
28	Evergrande Splendor Pengshan	Pengshan	1,491,632	1,281,306	767,789	100
29	Evergrande Oasis Chengdu	Chengdu	142,145	629,449	270,743	100
30	Evergrande City Chengdu	Chengdu	169,501	698,772	313,727	100
31	Evergrande Scenic Garden Chengdu	Chengdu	1,775,243	933,475	933,475	100
32	Evergrande Royal Scenic Peninsula Chengdu	Chengdu	1,060,061	2,992,100	2,992,100	100
33	Evergrande Metropolis Chengdu	Chengdu	53,333	344,072	344,072	100
34	Evergrande Atrium Chengdu	Chengdu	43,540	340,374	340,374	100
35	Evergrande Oasis Nanchong	Nanchong	102,963	357,223	357,223	100
36	Evergrande Oasis Zigong	Zigong	216,449	728,957	728,957	100
	Liaoning Province					
37	Evergrande Oasis Shenyang	Shenyang	602,130	2,107,948	1,618,025	100
38	Evergrande City Shenyang	Shenyang	355,000	887,500	583,810	100
39	Evergrande Metropolis Shenyang	Shenyang	353,066	1,128,216	1,128,216	100
40	Evergrande Palace Shenyang	Shenyang	72,970	210,671	210,671	100
41	Evergrande Oasis Liaoyang	Liaoyang	422,936	1,427,199	1,427,199	100
42	Evergrande Bay Shenyang	Shenyang	217,114	545,904	545,904	100
43	Evergrande Oasis Anshan	Anshan	352,910	1,251,787	1,251,787	100
44	Evergrande Oasis Yingkou	Yingkou	445,843	1,487,418	1,487,418	100
45	Evergrande City Yingkou	Yingkou	364,074	1,254,939	1,254,939	100
46	Evergrande Palace Panjin	Panjin	301,934	923,897	923,897	100
47	Evergrande Palace Fushun	Fushun	218,874	1,198,500	1,198,500	100

OVERVIEW OF LAND RESERVE OF THE GROUP (continued)

As at 31 December 2010

No.	Project name	City	Site area (Square meters)	Total GFA (Square meters)	Land reserve (Square meters)	Attributable equity interest (%)
	Shaanxi Province					
48	Evergrande Oasis Xi'an	Xi'an	207,175	602,154	400,930	100
49	Evergrande City Xi'an	Xi'an	162,471	734,753	605,074	100
	Jiangsu Province					
50	Evergrande Splendor Nanjing	Nanjing	983,033	1,108,766	802,371	100
51	Evergrande Oasis Nanjing	Nanjing	137,097	307,784	155,873	100
52	Evergrande Splendor Qidong	Qidong	5,978,624	11,957,045	11,957,045	100
53	Evergrande Metropolis Huai'an	Huai'an	304,755	918,357	918,357	100
54	Evergrande Metropolis Danyang	Danyang	282,022	853,024	853,024	100
55	Evergrande Palace Suqian	Suqian	238,187	833,654	833,654	100
	Yunnan Province					
56	Evergrande Splendor Kunming	Kunming	660,891	925,806	557,416	100
57	Evergrande Metropolis Qujing	Qujing	77,461	172,552	172,552	100
	Inner Mongolia Autonomous Regio					
58	Evergrande Palace Baotou	Baotou	437,925	1,666,068	1,537,957	100
59	Evergrande Metropolis Baotou	Baotou	188,005	642,161	642,161	100
	Shanxi Province					
60	Evergrande Oasis Taiyuan	Taiyuan	691,764	1,848,044	1,182,194	100
61	Evergrande Metropolis Taiyuan	Taiyuan	121,746	493,004	493,004	100
62	Evergrande Scenic Garden Taiyuan	Taiyuan	342,259	798,299	798,299	85
63	Evergrande Palace Taiyuan	Taiyuan	197,054	412,012	412,012	100
64	Evergrande Oasis Yuncheng	Yuncheng	67,975	256,387	256,387	100
	Guizhou Province					
65	Evergrande Oasis Guiyang	Guiyang	146,825	309,918	117,557	100
66	Evergrande City Guiyang	Guiyang	248,965	969,218	969,218	100
67	Evergrande City Zunyi	Zunyi	540,573	2,073,898	2,073,898	51
	Anhui Province					
68	Evergrande Palace Hefei	Hefei	142,578	504,573	206,577	100
69	Evergrande City Hefei	Hefei	310,929	795,520	583,531	100
70	Evergrande Oasis Tongling	Tongling	312,337	873,503	873,503	100
71	Evergrande Metropolis Huaibei	Huaibei	289,553	854,068	854,068	100
	Hunan Province					
72	Evergrande Palace Changsha	Changsha	144,978	495,207	321,798	100
73	Evergrande Metropolis Changsha	Changsha	185,376	828,806	494,980	100
74	Evergrande City Changsha	Changsha	268,506	567,157	372,616	100
75	Evergrande Oasis Changsha	Changsha	144,187	747,484	567,149	100
76	Evergrande Atrium Changsha	Changsha	565,210	1,755,751	1,755,751	60
77	Evergrande Palace Liuyang	Liuyang	114,639	332,386	332,386	100
78	Evergrande Palace Chenzhou	Chenzhou	126,112	505,503	505,503	100
	Guangxi Zhuang Autonomous Region					
79	Evergrande Oasis Nanning	Nanning	341,449	812,911	812,911	100
	Henan Province					
80	Evergrande Oasis Zhengzhou	Zhengzhou	553,669	1,603,324	1,603,324	80
81	Evergrande Metropolis Zhengzhou	Zhengzhou	126,730	962,126	962,126	100
82	Evergrande Oasis Luoyang	Luoyang	892,080	3,164,544	2,905,328	100
83	Evergrande Metropolis Xinyang	Xinyang	323,530	760,769	760,769	85
84	Evergrande Oasis Wugang	Wugang	34,906	115,996	115,996	100
85	Evergrande Oasis Anyang	Anyang	386,168	422,155	422,155	100
86	Evergrande Atrium Xinxiang	Xinxiang	79,002	276,476	276,476	100

OVERVIEW OF LAND RESERVE OF THE GROUP (continued)

As at 31 December 2010

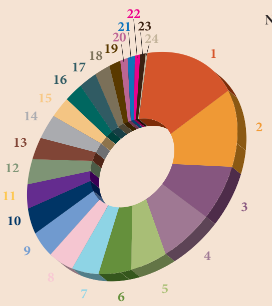
No.	Project name	City	Site area (Square meters)	Total GFA (Square meters)	Land reserve (Square meters)	Attributable equity interest (%)
	Jiangxi Province					
87	Evergrande City Nanchang	Nanchang	976,800	1,529,303	1,529,303	88
88	Evergrande Oasis Nanchang	Nanchang	1,577,389	1,074,355	1,013,943	100
89	Evergrande Metroplis Jingdezhe	Jingdezhen	205,558	597,186	597,186	100
90	Evergrande Atrium Xinyu	Xinyu	203,734	682,404	682,404	100
	Hebei Province					
91	Evergrande City Shijiazhuang	Shijiazhuang	245,414	905,979	905,979	100
92	Evergrande Atrium Shijiazhuang	Shijiazhuang	171,198	616,286	616,286	58
93	Evergrande Oasis Shijiazhuang	Shijiazhuang	176,426	567,685	567,685	70
94	Evergrande City Qinhuangdao	Qinhuangdao	796,573	1,936,538	1,936,538	100
95	Evergrande Splendor Luquan	Luquan	446,395	277,451	277,451	100
	Hainan Province					
96	Evergrande Oasis Haikou	Haikou	895,840	2,053,356	2,053,356	100
97	Evergrande Metropolis Danzhou	Danzhou	126,780	354,402	354,402	100
98	Evergrande Splendor Danzhou	Danzhou	533,333	210,407	210,407	100
	Shandong Province					
99	Evergrande Metropolis Jinan	Jinan	134,118	429,026	429,026	100
100	Evergrande Oasis Jinan	Jinan	678,556	1,951,110	1,951,110	100
101	Evergrande City Jinan	Jinan	479,234	1,707,790	1,707,790	100
102	Evergrande Splendor Laiwu	Laiwu	366,596	156,390	156,390	100
	Shanghai Municipality					
103	Evergrande Palace Shanghai	Shanghai	32,970	129,648	129,648	84
	Jilin Province					
104	Evergrande Oasis Changchun	Changchun	197,940	618,090	618,090	100
105	Evergrande City Changchun	Changchun	215,377	1,638,400	1,638,400	100
106	Evergrande Center Changchun	Changchun	26,239	305,641	305,641	100
107	Evergrande Royal Scenic Changchun	Changchun	170,324	432,830	432,830	100
108	Evergrande Palace Jilin	Jilin	127,455	281,095	281,095	100
	Gansu Province					
109	Evergrande City Lanzhou	Lanzhou	412,052	707,839	707,839	100
110	Evergrande Oasis Lanzhou	Lanzhou	686,641	1,611,869	1,611,869	100
	Ningxia Hui Autonomous Region					
111	Evergrande Metropolis Yinchuan	Yinchuan	218,580	437,612	437,624	100
112	Evergrande Oasis Shizuishan	Shizuishan	172,502	620,391	620,391	100
	Total		**48,265,435**	**107,508,614**	**96,002,846**	

As at the end of 2010, the total GFA of the land reserve of the Group reached 96.003 million square meters and there were a total of 112 projects under construction or held for future development. The average cost of the land reserve was approximately RMB520 per square meter. (Please refer to the list of land reserve of the Group)

LAND RESERVE

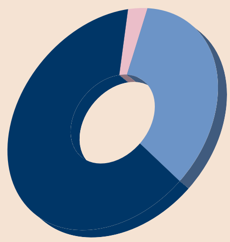
As at the end of 2010, the total GFA of the land reserve of the Group reached 96.003 million square meters and there were a total of 112 projects under construction or held for future development. The average cost of the land reserve was approximately RMB520 per square meter. (Please refer to the list of land reserve of the Group)

GFA Distribution of the Land Reserve



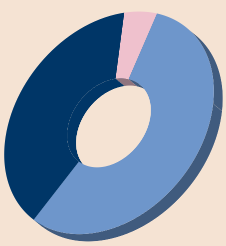
No.	Region	Proportion
1	Jiangsu Province	16.2%
2	Liaoning Province	12.1%
3	Sichuan Province	7.3%
4	Henan Province	7.3%
5	Guangdong Province	5.3%
6	Hubei Provincie	4.9%
7	Hunan Province	4.5%
8	Hebei Province	4.5%
9	Shandong Province	4.4%
10	Jiangxi Province	4.0%
11	Chongqing City	3.8%
12	Jilin Province	3.4%
13	Guizhou Province	3.3%
14	Shanxi Province	3.3%
15	Hainan Province	2.7%
16	Anhui Province	2.6%
17	Gansu Province	2.4%
18	Inner Mongolia Autonomous Region	2.3%
19	Tianjin City	1.7%
20	Ningxia Hui Autonomous Region	1.3%
21	Shaanxi Province	1.0%
22	Guangxi Zhuang Autonomous Region	0.8%
23	Yunnan Province	0.8%
24	Shanghai City	0.1%
	Total	**100.00%**

Distribution by the Type of City



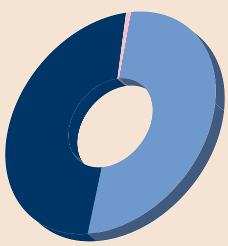
Top-tier cities	2	3.3%
Second-tier cities	21	33.8%
Third-tier cities	39	62.9%
Total no. of cities	**62**	**100%**

Regional Distribution of Projects by the Number of Projects



No. of projects in top-tier cities	6	5.3%
No. of projects in second-tier cities	62	55.4%
No. of projects in third-tier cities	44	39.3%
Total no. of projects	**112**	**100%**

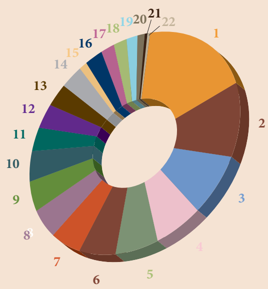
Distribution of the land reserve for 2010



Top-tier cities	958,433	1.0%
Second-tier cities	47,620,183	49.6%
Third-tier cities	47,424,230	49.4%
Total land reserve	**96,002,846**	**100%**

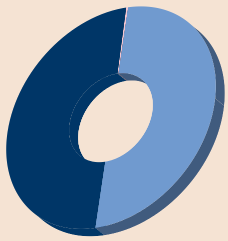
During the year, the Group newly acquired 67 land plots and the GFA of the additional land reserve was 51.126 million square meters. They were distributed in 49 cities in China including Shanghai, Tianjin, Chengdu, Taiyuan, Shenyang, Jinan and Changchun, of which 34 were third-tier cities, and the proportion of land reserve in these third-tier cities in the total additional land reserve was 50.9%. The average cost of the additional land reserve was approximately RMB648 per square meter, of which the average cost in third-tier cities was RMB492 per square meter.

Regional distribution of the additional land reserve for 2010



	Province	Proportion
1	Liaoning Province	18.4%
2	Sichuan Province	11.1%
3	Shandong Province	8.3%
4	Hebei Province	6.6%
5	Jilin Province	6.5%
6	Guizhou Province	6.0%
7	Jiangsu Province	5.1%
8	Henan Province	5.0%
9	Hubei Province	4.8%
10	Gansu Province	4.5%
11	Anhui Province	3.4%
12	Chongqing City	3.3%
13	Tianjin City	3.0%
14	Shanxi Province	2.9%
15	Jiangxi Province	2.5%
16	Ningxia Hui Autonomous Region	2.2%
17	Guangdong Province	1.8%
18	Hunan Province	1.6%
19	Inner Mongolia Autonomous Region	1.3%
20	Hainan Province	1.1%
21	Yunan Province	0.3%
22	Shanghai City	0.3%
	Total	**100.00%**

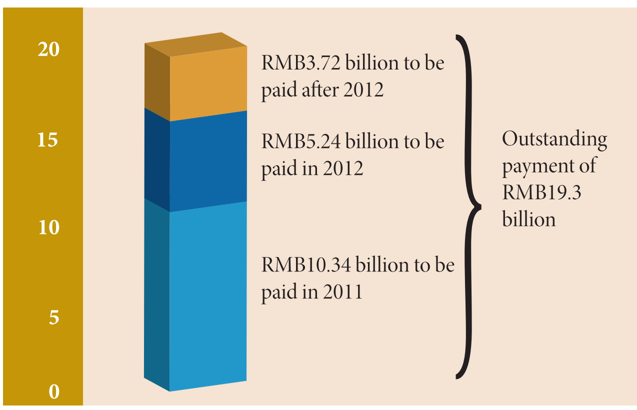
Regional distribution of the additional land reserve for 2010 by GFA



Top-tier cities	129,648	0.2%
Second-tier cities	24,978,834	48.9%
Third-tier cities	26,017,823	50.9%
Total no. of newly acquired land reserve	**51,126,305**	**100.0%**

As at the end of the year, the total value of the land reserve of the Group amounted to RMB56.5 billion, and the settled and outstanding amounts were RMB37.2 billion and RMB19.3 billion respectively. In accordance with the agreements, RMB10.34 billion, RMB5.24 billion and RMB3.72 billion were planned to be paid in 2011, 2012 and thereafter, respectively.

(RMB Billion)



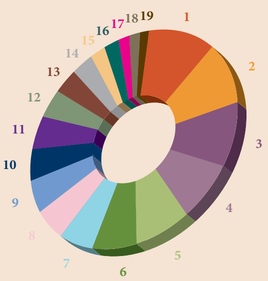
CONTRACTED SALES OF PROPERTIES

During the year, the Group adhered to its prospective vision and gave full play to its edge for good quality, low cost, large scale and fast turnover, paying full attention on mid- to high-end products with focus on user demand and taking the lead in opening up markets by way of a flexible and pragmatic pricing strategy, hence further increasing the market share in second- and third-tier cities.

During the year, the total saleable area launched by the Group was approximately 12.49 million square meters and the rate of contracted sales was approximately 63.1%. The Group achieved aggregate contracted sales revenue of approximately RMB50.42 billion, representing an increase of 66.4% year on year; the GFA of contracted sales was 7.887 million square meters, representing an increase of 39.9% over last year; the average selling price of contracted sales was RMB6,394/square meter, representing a year-on-year growth of 19.0%.

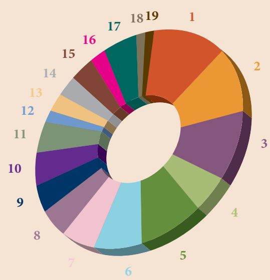
92.5% of the amount of contracted sales was derived from second- and third-tier cities including Changsha, Chongqing, Chengdu, Shenyang, Wuhan and Taiyuan. The balanced regional distribution of contracted sales, a product mix in line with market demand and our popular and high quality products have also further strengthened our capability to resist any type of market risk, hence laying a foundation for our rapid and sound development in the coming stage.

Regional distribution of contracted sales amount for 2010



	Region	Proportion
1	Changsha	11.6%
2	Chongqing	10.6%
3	Chengdu and adjacent areas	9.2%
4	Guangdong	8.3%
5	Shenyang and adjacent areas	7.9%
6	Wuhan and adjacent areas	6.9%
7	Taiyuan	5.9%
8	Xi'an	5.6%
9	Shijiazhuang	5.3%
10	Jinan	4.8%
11	Hefei	4.5%
12	Zhengzhou and adjacent areas	4.0%
13	Tianjin	3.4%
14	Baotou	2.9%
15	Kunming	2.4%
16	Nanjing and adjacent areas	2.0%
17	Guiyang	1.8%
18	Nanchang	1.7%
19	Changchun	1.2%
	Total	**100.0%**

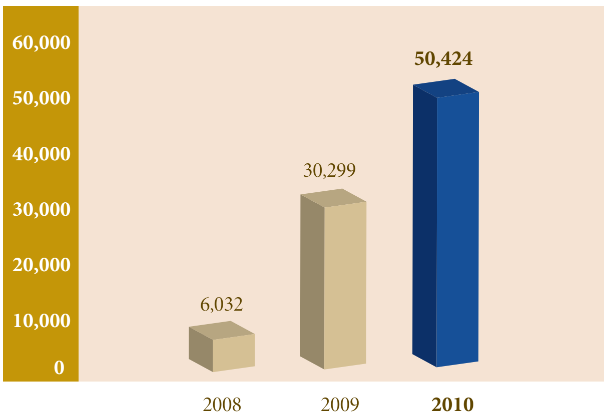
Regional distribution of GFA of contracted sales for 2010



	Region	Proportion
1	Changsha	12.6%
2	Chongqing	11.0%
3	Chengdu and adjacent areas	9.8%
4	Shenyang and adjacent areas	9.1%
5	Wuhan and adjacent areas	7.5%
6	Taiyuan	5.6%
7	Xi'an	5.2%
8	Guangdong	5.2%
9	Jinan	4.9%
10	Hefei	4.5%
11	Zhengzhou and adjacent areas	4.4%
12	Shijiazhuang	4.4%
13	Kunming	3.4%
14	Baotou	2.8%
15	Tianjin	2.5%
16	Guiyang	2.3%
17	Nanjing and adjacent areas	2.2%
18	Nanchang	1.4%
19	Changchun	1.2%
	Total	**100%**

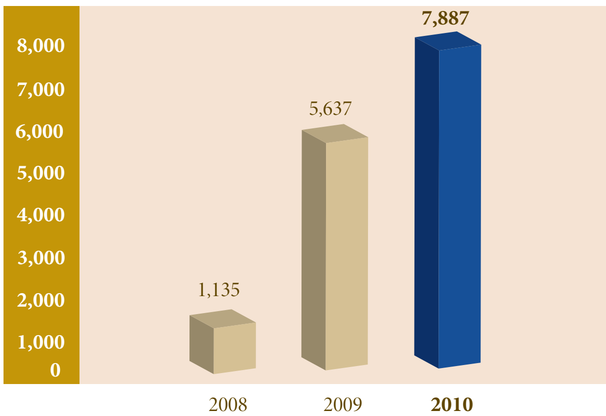
Growth in contracted sales for 2008–2010

(RMB million)



Growth in contracted sold GFA for 2008–2010

('000 square meters)



During the year, the Group had 24 new projects across 17 second-and third-tier cities in China, including Changsha, Hefei, Shijiazhuang, Nanchang, Taiyuan, Tianjin and Chengdu, and a total of 56 projects for sale distributed in 28 cities in China.

List of new projects for 2010

No.	Property Name	City	Time of launch
1	Evergrande City Changsha	Changsha	January 2010
2	Evergrande Oasis Changsha	Changsha	January 2010
3	Evergrande Atrium Changsha	Changsha	June 2010
4	Evergrande Metropolis Chengdu	Chengdu	July 2010
5	Evergrande Scenic Garden Chengdu	Chengdu	June 2010
6	Evergrande Royal Scenic Peninsula Chengdu	Chengdu	November 2010
7	Evergrande Metropolis Wuhan	Wuhan	September 2010
8	Evergrande Oasis Yichang	Yichang	October 2010
9	Evergrande Oasis Liaoyang	Liaoyang	October 2010
10	Evergrande Palace Shenyang	Shenyang	November 2010
11	Evergrande Metropolis Shenyang	Shenyang	August 2010
12	Evergrande Metropolis Taiyuan	Taiyuan	June 2010
13	Evergrande City Hefei	Hefei	May 2010
14	Evergrande Oasis Tianjin	Tianjin	June 2010
15	Evergrande City Guiyang	Guiyang	September 2010
16	Evergrande Metropolis Huai'an	Huai'an	October 2010
17	Evergrande City Shijiazhuang	Shijiazhuang	April 2010
18	Evergrande Oasis Shijiazhuang	Shijiazhuang	September 2010
19	Evergrande Oasis Nanchang	Nanchang	May 2010
20	Evergrande Oasis Jinan	Jinan	July 2010
21	Evergrande Metropolis Jinan	Jinan	July 2010
22	Evergrande Oasis Changchun	Changchun	October 2010
23	Evergrande Metropolis Xinyang	Xinyang	November 2010
24	Evergrande Metropolis Zhengzhou	Zhengzhou	November 2010

PROPERTY DEVELOPMENT

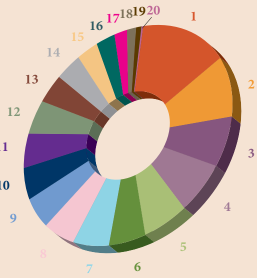
There were 38 projects completed during the year which were situated in 20 cities in China with a completed total GFA of 8.988 million square meters. The status of the completed project is set out in the following table.

Overall Status of Completed Projects for 2010

Details of Completed Projects for 2010

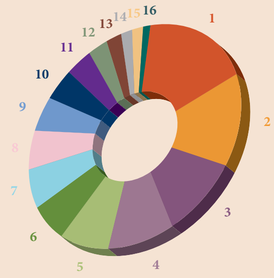
No.	Property Project	Stage	Completed GFA ('000 square meters)
1	Evergrande Royal Scenic Peninsula Guangdong	Second to third stage Fourth stage (partial)	319.7
2	Evergrande Scenic Garden Guangzhou	First to second stage (partial)	206.4
3	Evergrande Oasis Guangzhou	First stage (partial)	248.9
4	Evergrande Splendor Qingyuan	First stage (partial)	521.2
5	Evergrande Splendor Chongqing	Second stage (partial)	232.1
6	Evergrande City Chongqing	First stage (partial)	477.0
7	Evergrande Palace Chongqing	First to second stage (partial)	253.0
8	Evergrande Metropolis Chongqing	First stage (partial)	205.7
9	Evergrande Oasis Chongqing	First stage (partial)	202.0
10	Evergrande Splendor Tianjin	First to second stage (partial)	132.9
11	Evergrande Oasis Tianjin	First stage (partial)	117.2
12	Evergrande Splendor E'zhou	First to second stage (partial)	10.5
13	Evergrande Palace Wuhan	First to second stage (partial)	69.1
14	Evergrande Oasis Wuhan	First stage (partial)	373.0
15	Evergrande City Wuhan	First stage (partial)	159.4
16	Evergrande Metropolis Wuhan	First stage (partial)	24.6
17	Evergrande Splendor Pengshan	First stage (partial)	513.5
18	Evergrande Oasis Chengdu	First to second stage (partial)	200.2
19	Evergrande City Chengdu	First to second stage (partial)	244.4
20	Evergrande Oasis Shenyang	First stage (partial)	303.6
21	Evergrande City Shenyang	First stage (partial)	147.0
22	Evergrande Metropolis Xi'an	First to second stage	303.8
23	Evergrande Oasis Xi'an	First stage (partial)	201.2
24	Evergrande City Xi'an	First stage (partial)	129.7
25	Evergrande Splendor Nanjing	First to second stage (partial)	296.7
26	Evergrande Oasis Nanjing	First stage (partial)	151.9
27	Evergrande Splendor Kunming	First stage (partial)	349.2
28	Evergrande Palace Baotao	First stage (partial)	128.1
29	Evergrande Oasis Taiyuan	First stage (partial)	562.1
30	Evergrande Oasis Guiyang	First stage (partial)	192.4
31	Evergrande Palace Hefei	First stage (partial)	298.0
32	Evergrande City Hefei	First stage (partial)	212.0
33	Evergrande Palace Changsha	First stage (partial)	173.4
34	Evergrande Metropolis Changsha	First stage (partial)	333.8
35	Evergrande City Changsha	First stage (partial)	194.5
36	Evergrande Oasis Changsha	First stage (partial)	180.3
37	Evergrande Oasis Luoyang	First stage (partial)	259.2
38	Evergrande Oasis Nanchang	First stage (partial)	60.4
	Total		**8,988.1**

Distribution of Completed Areas for 2010



	City	Proportion
1	Chongqing	15.2%
2	Changsha	9.7%
3	Xi'an	7.1%
4	Wuhan	7.0%
5	Taiyuan	6.3%
6	Qingyuan	5.8%
7	Pengshan	5.7%
8	Hefei	5.7%
9	Guangzhou	5.1%
10	Shenyang	5.0%
11	Nanjing	5.0%
12	Chengdu	4.9%
13	Kunming	3.9%
14	Foshan	3.6%
15	Luoyang	2.9%
16	Tianjin	2.8%
17	Guiyang	2.1%
18	Baotou	1.4%
19	Nanchang	0.7%
20	E'zhou	0.1%
	Total	100.0%

Overall Situation of Delivery of Properties for 2010



	Project	Percentage of revenue
1	Guangdong Province	18.0%
2	Chongqing Municipality	13.6%
3	Sichuan Province	10.6%
4	Hunan Province	9.7%
5	Hubei Province	8.0%
6	Shanxi Province	6.4%
7	Shaanxi Province	6.2%
8	Anhui Province	5.5%
9	Tianjin Municipality	4.6%
10	Liaoning Province	4.3%
11	Jiangsu Province	3.5%
12	Yunan Province	2.9%
13	Henan Province	2.1%
14	Inner Mongolia Autonomous Region	1.7%
15	Guizhou Province	1.6%
16	Jiangxi Province	1.3%
	Total	100.0%

During the year, the Group delivered a total of 43 projects across 20 cities in China and the total amount of properties delivered amounted to RMB45.34 billion, representing an increase of 800% year on year.

Overall Situation of Projects Under Construction

As at the end of the year, the Group had 69 projects under construction, of which 59 projects received pre-sale permits; the GFA under construction was approximately 23.97 million square meters, of which the saleable area under construction was 23.748 million square meters and the saleable area under construction pending for contracted sales was approximately 45.08 million square meters.

The vast scale of development and construction and the area of properties available for delivery have fully paved the way for contracted sales and the revenue recognized upon delivery of properties in the next stage.

INVESTMENT PROPERTIES

During the year, the Group appropriately increased its investment properties profile such as stores and car parks in order to obtain long term and stable growth of cash flow to supplement the property operation. As at the end of 2010, the Group possessed approximately 347,141 square meters of stores and commercial centers etc. and 34,242 units of car parks. During the year, the rental situations of the properties were satisfactory. We achieved a total rental income of RMB51.17 million, or a year-on-year increase of 36.1%; segmental profit was RMB3.41 billion, of which fair value gain of the investment properties amounted to RMB3.35 billion (net of deferred tax was approximately RMB2.51 billion).

OTHER PROPERTY RELATED BUSINESSES

The property management and other property related business met the needs of property development and became an integral part of the value chain of the Group, hence enhancing our core competitiveness and improving our brand reputation.

Property Management

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

During the year, the Group recorded revenue from property management of RMB132.22 million, representing a year-on-year growth of 66%. It was mainly because the GFA of completed and delivered properties for the year was higher and thus additional property management fee was charged.

The Group will strive to build a service system integrating real estate and property, maintain its leading position in fundamental services and improve the operating conditions of the property system. Supported by a complete set of facilities of the projects, we will endeavour to provide integrated value-added services in relation to leisure, film and television, sports and health according to actual customer needs to further increase customer loyalty.

Other property related businesses

During the year, the Group recorded a total of RMB278.02 million of revenue generated from other property related business including hotel services, construction services, football and volleyball clubs operations, or a year-on-year decrease of RMB284.66 million.

FINANCIAL REVIEW

Borrowings

As of 31 December 2010, the borrowings of the Group amounted to RMB31.16 billion with the following drawdown periods:

	2010	As a percentage of total loans	2009	As a percentage of total loans
Less than 1 year	7,000.1	22.5%	6,359.7	44.9%
1–2 years	4,847.5	15.6%	2,487.9	17.6%
2–5 years	19,312.4	61.9%	5,328.2	37.6%
Total	31,160.0	100%	14,175.8	100.0%

As at 31 December 2010, RMB22,409.9 million borrowings are denominated by RMB and carry floating rate interests, the remaining RMB8,750.3 million borrowings are denominated by US dollar and carry fixed rate interests.

We have always been emphasising on a stable loan structure. As at 31 December 2010, only approximately 22.5% of the loans had to be repaid within one year. Our total amount of cash and cash equivalents and restricted cash was RMB19.95 billion. With our successful issuance of RMB9.25 billion senior notes on 13 January 2011, in which 45% of the proceed is used to repay the onshore borrowings, the structure of our borrowings was further optimised.

The above borrowings were pledged against the property and equipment, investment properties, properties under development, completed properties held for sale, cash at bank of the Group and the shares of certain subsidiaries of the Group at an effective average interest rate of 8.26% for the year (2009: 9.58%).

Foreign exchange exposure

The Group's businesses are principally conducted in Renminbi. Other than the foreign currency denominated bank deposits and the senior notes denominated in US dollar, the Group does not have any material exposure directly due to foreign exchange fluctuations. The Group has not entered into any significant forward exchange contract to hedge its exposure to foreign exchange risk.

Liquidity

As at 31 December 2010, the total amount of cash and cash equivalents and restricted cash was RMB19.95 billion, and together with the unutilized banking facilities of RMB33.25 billion, the Group has sufficient working capital. The successful issuance of RMB9.25 billion senior notes on 13 January 2011 further provided adequate funds and strengthened the financial capability of the Group, and provided great financial support for our quest for the best business opportunities and speedy support.

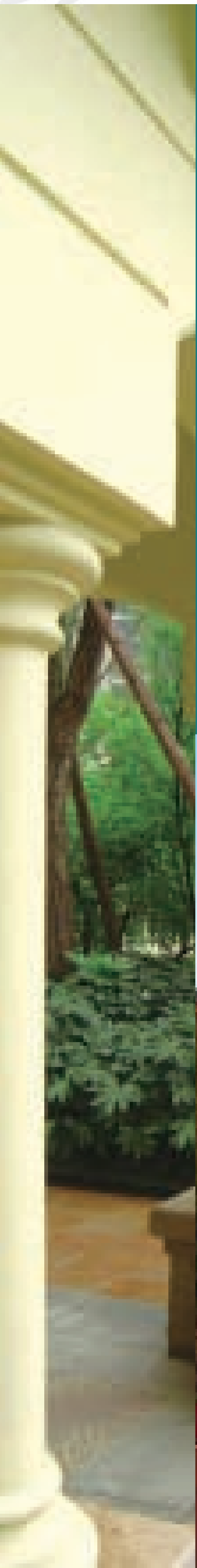
Gearing Ratios

As of 31 December 2010, the net current assets of the Group increased by 101.7% to RMB34.17 billion compared to 2009. The total borrowings to total assets ratio and net debt ratio (net borrowings to total equity) are 29.8% and 52.5% respectively. The total borrowings to EBITDA ratio decreased to 2.5 times in 2010 from 18.6 times in 2009 and the interest coverage ratio increased from 0.6 times in 2009 to 6.0 times in 2010. Amidst a rapid growth in business, the Group still possessed a sound financial structure and was capable to respond to various kinds of potential risks.

Contingency

As at 31 December 2010, the Group arranged bank financing for several property buyers and provided a buy-back guarantee in relation to the repayment obligations of approximately RMB25.45 billion for those buyers. The Group had not suffered from significant loss resulting from the above guarantee in the past, which was mainly because the guarantee concerned was only a transitional arrangement for property buyers prior to the completion of mortgage registration and was pledged against property rights, in addition to the fact that it will be removed once the mortgage registration is completed. Considering the above factors, the Board is of the view that buyers' arrears are unlikely and thus no provision will be required for this.

DIRECTORS AND ADMINISTRATIVE STRUCTURE



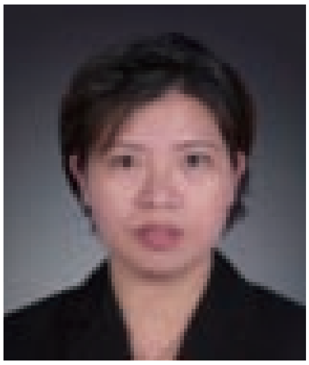
DIRECTORS AND ADMINISTRATIVE STRUCTURE

EXECUTIVE DIRECTORS







1. Hui Ka Yan (許家印)

age 52, has served as chairman of the Group since 1996. Dr Hui was appointed as executive Director of the Company on 26 June 2006, responsible for formulating the overall development strategies of the Group and organizing the Company's human resources management, project expansion, hotel management and other businesses under the segment. Dr Hui has over 27 years of experience in real estate investment, property development and corporate management. Currently Dr Hui is a member of the 11th National Committee of the Chinese People's Political Consultative Conference. In addition, Dr Hui also serves as a vice-chairman of the China Enterprise Confederation, China Enterprise Directors Association and China Real Estate Association. He was accredited as a "National Model Worker" (one of the highest civilian honors in China) by the State Council. He graduated from Wuhan University of Science and Technology with a bachelor's degree in metallurgy in 1982, and was awarded an honorary doctorate degree in commerce by the University of West Alabama in 2008. Dr Hui has also been a professor in management in Wuhan University of Science and Technology since 2003. He was appointed as doctoral tutor in 2010.

2. Xia Haijun (夏海鈞)

age 46, our vice chairman of the Board, president and executive Director of the Group. Dr Xia has 17 years of experience in property development and property management, and is accredited as a senior economist in China. Dr Xia is mainly in charge of the daily management of our nationwide business operations including administration and information management, brand and marketing planning management, procurement, tender and bidding and budget management, design, development of administration of reporting of construction projects, construction development and quality control, property operation management, football and volleyball clubs and investor relations management etc. Dr Xia joined us as our chief executive officer in June 2007 and was elected an executive Director on 6 March 2008. Dr Xia graduated from Jinan University with a master's degree in business administration in 1998 and a doctor's degree in industrial economy in 2001.

EXECUTIVE DIRECTORS

3. Li Gang (李鋼)

age 46, our vice chairman of the Board, executive vice president and executive Director of the Group. Mr Li has more than 16 years of experience in property development, operation and management. Mr Li is primarily responsible for our business management, financial management, financial audit management, various monitoring and filing management, legal affairs management, fund raising and financing management etc. He joined us in April 2003 and was elected an executive Director on 6 March 2008.

4. Tse Wai Wah (謝惠華)

age 43, our executive Director and chief financial officer. Mr Tse joined us in December 2008 and was elected an executive Director on 14 October 2009. Mr Tse is primarily responsible for financial management and operational management. Mr Tse has over 17 years of experience in auditing, accounting and finance. Mr Tse graduated from the University of North Carolina at Charlotte with a Master of Business Administration degree. Currently he is a member of the Hong Kong Institute of Certified Public Accountants and the American Institute of Certified Public Accountants.

5. Xu Xiangwu (徐湘武)

age 46, our executive Director and vice president. Mr Xu is also the general manager of our management center. Mr Xu was elected an executive Director on 14 October 2009. He graduated from East China Jiaotong University with major in civil engineering in 1985 and obtained a master degree in structural engineering from the Central South University in 1989. He is solely responsible for our engineering construction system.

6. Xu Wen (徐文)

age 46, our executive Director and vice president. Mr Xu was elected an executive Director on 14 October 2009. Mr Xu has over 17 years of experience in project management, construction research and design, and is the chairman of the board of directors of Guangzhou Evergrande Materials and Equipment Company Limited. Mr Xu obtained a bachelor's degree in civil construction in 1985 and is a registered structural engineer and a qualified supervising engineer in China.

7. Lai Lixin (賴立新)

age 38, our executive Director and vice president. Mr Lai was elected an executive Director on 17 December 2008. He has more than 16 years of experience in the operation and management of real estate projects. Mr Lai is currently responsible for our capital operation, investment strategies and management of development plans. He graduated with a bachelor's degree in machinery manufacturing and engineering from Nanchang University in 1993 and received a master's degree in project management from Wuhan University of Science and Engineering in 2009.

8. He Miaoling (何妙玲)

age 45, our executive Director and vice president. Ms He was elected an executive Director on 14 October 2009. Ms He has more than 12 years of experience in marketing and brand promotion in the property industry. Ms He is currently responsible for the building up of corporate culture, corporate brand publicity and promotion and marketing planning of real estate projects etc. Ms He graduated from South China University of Technology with a bachelor's degree in applied mathematics in 1989.

1 2 3 4 5 6 7 8

INDEPENDENT NON-EXECUTIVE DIRECTORS

Yu Kam Kee, Lawrence (余錦基)

B.B.S., M.B.E., J.P., age 65, our independent non-executive Director. Mr Yu was elected an independent non-executive Director on 14 October 2009. Mr Yu underwent training at Bayer AG and Cassella AG in Germany and has accumulated many years of extensive experience in the chemical industry. He is the Honorary Life President of the Hong Kong Dyestuffs Merchants Association Limited. He also serves on many charitable and social organizations. He is now the Co-Chairman of the Campaign Committee of the Community Chest of Hong Kong, Governor of the Hong Kong Automobile Association, Director of the Hong Kong Football Association Limited and Chairman of the Champaign Committee of the Road Safety Council. He is a senior advisor of China Renji Medical Group Limited and an independent non-executive director of Great China Holdings Limited, Global Flex Holdings Limited and the Hong Kong Building and Loan Agency Limited, shares of all these companies are listed on the Stock Exchange. Mr Yu was the chairman and executive director of China Renji Medical Group Limited, Wing On Travel (Holdings) Limited and See Corporation Limited (shares of all these companies are listed on the Stock Exchange) until 18 April 2007, 1 December 2007 and 1 October 2009, respectively, when his resignations as the chairman and executive director from the three companies took effect. Mr Yu was also the chairman and non-executive director of Trasy Gold Ex Limited, shares of which are listed on the Stock Exchange, until 1 October 2009 when his resignation took effect.

Chau Shing Yim, David (周承炎)

age 46, our independent non-executive Director. Mr Chau was elected an independent non-executive Director on 14 October 2009. Mr Chau has over 21 years' experience in corporate finance, working on projects ranging from initial public offerings and restructuring of PRC enterprises for cross-border and domestic takeovers. He was formerly a partner of Deloitte Touche Tohmatsu in Hong Kong, heading the merger and acquisition and corporate advisory services. He is a member of the Hong Kong Securities Institute, the Institute of Chartered Accountants of England and Wales, or ICAEW with the Corporate Finance Qualification granted by ICAEW, and the Hong Kong Institute of Certified Public Accountants, or HKICPA. Mr Chau was an ex-committee member of the Disciplinary Panel of HKICPA. He is an executive director of Tidetime Sun Holdings Limited and an independent non-executive director of Lee & Man Paper Manufacturing Limited, Shandong Molong Petroleum Machinery Company Limited and Varitronix International Limited, shares of all these companies are listed on the Stock Exchange.

He Qi (何琦)

age 52, our independent non-executive Director. Mr He was elected an independent non-executive Director on 14 October 2009. Mr He is the Deputy Secretary of China Real Estate Association, as well as the director of the training center and the intermediary professional committee of the China Real Estate Association. He worked in the State Infrastructure Commission of the State City Construction General Bureau from 1981 to 1994. He was an executive of the Development Center of the China Real Estate Association from 1995 to 1999, and a standing deputy city major of Ji'an City of Jiangxi Province from 1999 to 2001. He has been the Deputy Secretary of the China Real Estate Association from 2006 to now.

COMPANY SECRETARY

Fong Kar Chun, Jimmy (方家俊)

age 36, our vice president and our company secretary. Mr Fong is a member of the Law Society of Hong Kong and has been a qualified solicitor in Hong Kong since 2001. Mr Fong joined us in June 2009 and is responsible for planning and implementing our international fund raising and overseeing the investors relationship department with Mr Lai. Before joining us, Mr Fong was formerly as a director in the investment banking division of the Royal Bank of Scotland (previously known as ABN AMRO Bank N.V.) specialising in mergers and acquisitions and equity capital market fund raising, and Sidley Austin (a global law firm in Hong Kong) and DLA Piper (an international law firm in Hong Kong) as a solicitor. Mr Fong obtained his Bachelor of Laws and a postgraduate certificate in laws from the University of Hong Kong in 1997 and 1998 respectively. Mr Fong obtained his Master of Laws in Banking and Finance Laws from the London School of Economics and Political Science, University of London in 2000.

SENIOR MANAGEMENT

Lin Manjun (林漫俊)

age 40, our vice president and the general manager of the tender and bidding center, he is solely responsible for the Group's tender and bidding management, contract management and budgeting and audit management. He has over 17 years of experience in project design and tender and bidding management. Mr Lin graduated from the Wuhan Urban Construction Institute with a major in construction.

Sun Yunchi (孫雲馳)

age 37, our vice president. Mr Sun has more than 15 years of experience in capital operations and management, currently responsible for the fund raising and financing management for some of our regions.

Li Guodong (李國東)

age 47, our vice president. Mr Li graduated from Henan Radio and Television University with major in auditing. He has over 14 years of experience in capital operation and management and is currently responsible for the fund raising and financing management for some of our regions.

Wei Keliang (魏克亮)

age 52, our vice president. Mr Wei has more than 22 years of experience in economic management and fund management, and is accredited as a senior economist. He is currently responsible for the fund raising and financing management for some of our regions. Mr Wei graduated from Zhengzhou University and obtained a master's degree in economics in 1996.

Shi Shouming (時守明)

age 36, our vice president and general manager of our investment center. Mr Shi has more than 12 years of experience in the management of project development and operation, and he is also a certified public accountant in China. He is currently responsible for the development of our property projects. He graduated from Sichuan University with a bachelor's degree in management engineering in 1997.

Peng Jianjun (彭建軍)

age 40, our vice president and general manager of our hotel management group, and is responsible for the management and operation of our hotel sector. Mr Peng obtained a PhD degree in management from Jinan University in 2005. He is accredited as a senior economist and has won numerous awards as a distinguished hotel manager.

Wang Chuan (王川)

age 44, our vice president. Ms Wang has over 21 years of research and development, design and management experience. She is solely responsible for the design, cost and quality control, landscape design and construction of our property projects. Ms Wang graduated from Chongqing City Construction Project Institute.

Wu Liqun (伍立群)

age 47, our vice president. Ms Wu has over 16 years of property development experience with sales and personnel management in particular. Ms Wu is currently responsible for the work related to external affairs outside Guangdong province. Ms Wu graduated from Hunan University in 1987.

Liu Yongzhuo (劉永灼)

age 30, our vice president. He is currently responsible for our administrative and information management, human resources management, football clubs and volleyball clubs. Mr Liu graduated from the faculty of business administration of Shanghai Eastern China Model Teacher University.

Yu Weiqiao (余偉橋)

age 54, our vice president and chairman for the Guangdong region. Mr Yu earned a master's degree in economics from the Guangdong Provincial Party School in 2000 and has 35 years of banking and asset management experience. He is currently in charge of the Group's fundraising and financial management work and is mainly responsible for daily management of our companies in the Guangdong region.

Hong Changlong (洪昌龍)

age 44, our vice president. Mr. Hong has over 20 years of construction development experience and is currently responsible for the supervision of the Group's construction development and product quality work. He graduated with a bachelor's degree in civil engineering from Kunming Institute of Technology in 1990.

CORPORATE SOCIAL RESPONSIBILITY REPORT

CORPORATE SOCIAL RESPONSIBILITY REPORT

In 2010, in keeping with its tradition of being a responsible corporate citizen, the Group paid even more attention to charities and public welfare undertakings encompassing various areas such as education, people's livelihood, sports and culture. The Group threw its weight behind a host of social events, including the 23rd Asian Table-Tennis Championships, soccer development in Guangzhou, reconstruction in the quake-stricken Yushu, development of basic education in northern Guangdong, fund-raising for the formation of New Home Association in Hong Kong, poverty relief in Guangdong and Guangzhou Asian Games. The Group donated more than RMB300 million in support of social, charitable and public welfare undertakings. For its contribution, the Group received high recognition and commendation by the state and all walks of life. The Group was granted the China Charity Award and is honorably addressed as an Excellent Corporate Citizen in China.

HELPING THE POOR AND THOSE IN PERIL

The Group was actively involved in wide-ranging activities aimed at helping and relieving the poor and those with living hardship. In doing so, the Group strived to improve social equality. While the economy of Guangdong is growing rapidly, the imbalance between regions and among urban and rural areas remains unabated. On 19 July 2010, the Group undertook to donate RMB120 million to the Guangdong Foundation for Poverty Alleviation (廣東省扶貧基金會) for supporting the activities of helping the poor in Guangdong. The Group also appealed to the business community for more active participation in charities.

At the inaugural ceremony of the New Home Association in Hong Kong, the Group made a generous donation of HKD10 million to facilitate the provision of one-stop professional help services much needed by those prospective and newly arrived immigrants from Mainland China or other countries in adapting to and integrating into the living environment of Hong Kong before they can be self-motivating to play an active role in further development of Hong Kong.

CARE FOR PEOPLE'S LIVELIHOOD

On 14 April when a disastrous earthquake sent enormous shock through Yushu County of the Zang Ethnic Group Autonomous Region in Qinghai Province, it caused massive injuries and losses to the lives and properties of the people in that county and its peripheries. The Group did whatever it could to lend its immediate support to the people in the disaster areas through every channel to which it could access. The Group offered RMB5 million in donation to the disaster areas through the Chinese Chamber of Philanthropy. At an evening fundraising event held in Hainan on 30 April, two art pieces were auctioned off to the Group for RMB1.2 million, which was donated to relieve the Yushu quake victims.

While exploring ways to support charitable causes, the Group also advocates support for charities in the business community. During the 2010 sessions of NPC and CPPCC, Group Chairman Professor Hui Ka Yan, being the sole national representative from the business community, delivered a speech titled Motivating Business Participation in Charitable Development at the Great Hall of the People, calling for more participation in charities from Corporate China.

SPORTS UNDERTAKINGS

The Group believes that in modern society, athletic sports do not only display the prowess and physical beauty of mankind in expressing oneself and pushing limits, but also breathe a lasting charisma as they increasingly transcend races and languages, dispel misunderstanding and disagreement and encourage cultural exchange and integration.

In this context, the Group invited world-renowned Lang Ping to be the chief coach of Evergrande Women Volleyball Team. In 2010, Lang succeeded in leading the team to proudly become part of Chinese Women Volleyball's A League after straight wins over their competition. Evergrande Women Volleyball Team later also defeated the visiting US team in the China-US Women Volleyball Challenge.

In early March 2010, carrying with itself a social mission to revive Guangzhou soccer and to promote the professional development of Chinese soccer, the Group started to fund and run the Guangzhou soccer team. In as brief as a season, the Guangzhou soccer team made a comeback to the Chinese Premier League.

The Group also sponsored the 23rd Asia Table-Tennis Championships and lent its support to the Guangzhou Asian Games and Asian Paralympic Games, in a drive to contribute its part to sports development.

CARE FOR EMPLOYEES

The Group pursues a people-oriented policy and operates a staff care system. On top of a comprehensive welfare and protection scheme, the Group also organizes recreational and cultural activities, such as soccer matches, dragon-boat races, outward bound programmes, leisure travel and hotel accommodation, to enable the employees of Evergrande to enjoy more of their life after their hard work. With a series of these personalized healthy pursuits, business morale and team spirit are boosted.

FUTURE PURSUITS

A company's awareness of its role as a citizen is a crystallization of its display of honouring its social responsibilities and pursuing its corporate values. In today's market marked by increasingly intense competition and more diversification of business rivals, the Group is determined to continue its corporate citizen pursuit and make contribution to social harmony and prosperity by taking on bigger social responsibilities and helping more people who are in need of help.

INVESTOR RELATIONSHIP REPORT

The Group strives to develop interactive relationships with investors. During the year, bond issue road shows and post results announcement road shows were conducted on several occasions, receiving a total of 213 institutions and 434 investors and covering Hong Kong, Singapore, Japan, Switzerland, London, Edinburg, New York, Boston, Los Angeles, San Francisco, Shanghai, Beijing and Shenzhen. The Group also attended investors meetings or seminars organized by investment banks and dealers, including HSBC, Euromoney, Credit Suisse, Bank of America Merrill Lynch, Citibank, Goldman Sachs, CLSA, Samsung Securities, Macquarie Securities and Standard Chartered.

The Group prides itself on transparency and effective information disclosure, as demonstrated by its insistence on monthly release of latest contracted sales results. Other information, such as updated development strategies, development progress, sales results and market outlook, is communicated to the public through monthly sales briefings, sales results press conferences, meetings with investors, the website of the Group and electronic mails. The Group also values direct dialogue with investors and analysts. Apart from telephone conferences and face-to-face meetings, which are held occasionally, senior management of the Group or regional management teams will be on hand to receive any general visits, interviews and project visits. During the year, a total of 511 investors and analysts from 213 institutions were received. Through these efforts, prospective investors and shareholders are assisted in familiarizing themselves with the operations of the Group from a higher ground.

The Group believes that transparent communication channels and positive interactive relationships with investors are conducive to its development of business strategies in the interest of shareholders and its constant efforts to increase shareholder value.

MAJOR INVESTOR RELATIONSHIP ACTIVITIES OF THE GROUP FOR 2010

Month	Venue	Activity
Jan	Hong Kong	Convening December 2009 and annual contracted sales results press conference and briefing for analysts
	Hong Kong	Attending activities on the Real Estate Day organized by HSBC
	Hong Kong	Attending bond issue road show in Hong Kong as organized by Bank of America Merrill Lynch, Goldman Sachs and BOC International
	Singapore	Attending bond issue road show in Singapore as organized by Bank of America Merrill Lynch, Goldman Sachs and BOC International
	Boston	Attending bond issue road show in Boston as organized by Bank of America Merrill Lynch and Goldman Sachs
	New York	Attending bond issue road show in New York as organized by Bank of America Merrill Lynch and Goldman Sachs
	Los Angeles	Attending bond issue road show in Los Angeles as organized by Bank of America Merrill Lynch and Goldman Sachs
	Shanghai	Attending bond issue road show in Shanghai as organized by BOC International
	Shenzhen	Attending bond issue road show in Shenzhen as organized by BOC International
Feb	Hong Kong	Attending Euromoney's annual high-yield bonds forum
Mar	Hong Kong	Attending Credit Suisse's Asian Investments Conference
Apr	Hong Kong	Convening 2009 annual results press conference and briefing for analysts
	Hong Kong	Attending 2009 annual results road show in Hong Kong as organized by Bank of America Merrill Lynch, Goldman Sachs and BOC International
	Singapore	Attending 2009 annual results road show in Singapore as organized by Bank of America Merrill Lynch, Goldman Sachs and BOC International
	Japan	Attending 2009 annual results road show in Japan as organized by Bank of America Merrill Lynch
	New York	Attending 2009 annual results road show in New York as organized by Goldman Sachs
	Boston	Attending 2009 annual results road show in Boston as organized by Bank of America Merrill Lynch
	San Francisco	Attending 2009 annual results road show in San Francisco as organized by Bank of America Merrill Lynch and Goldman Sachs
	Shanghai	Attending 2009 annual results road show in Shanghai as organized by BOC International
	Beijing	Attending 2009 annual results road show in Beijing as organized by BOC International
May	Hong Kong	Convening April 2010 contracted sales results press conference and briefing for analysts
Jun	Hong Kong	Convening May 2010 contracted sales results press conference and briefing for analysts Attending activities on Merrill Lynch's Real Estate Day
Jul	Hong Kong	Convening June 2010 contracted sales results press conference and briefing for analysts Attending activities on Citi's Small Property Day
Aug	Hong Kong	Convening July 2010 contracted sales results press conference and briefing for analysts
	Hong Kong	Convening 2010 interim results press conference and briefing for analysts

INVESTOR RELATIONSHIP REPORT (continued)

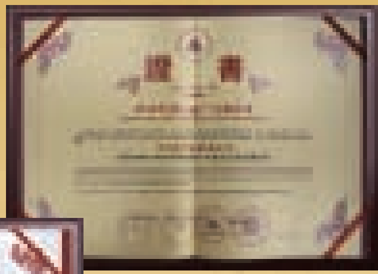
Month	Venue	Activity
Sep	Hong Kong	Attending 2010 interim results road show in Hong Kong as organized by Bank of America Merrill Lynch and Goldman Sachs
	Singapore	Attending 2010 interim results road show in Singapore as organized by Bank of America Merrill Lynch and Goldman Sachs
	Switzerland	Attending 2010 interim results road show in Switzerland as organized by Credit Suisse
	London	Attending 2010 interim results road show in London as organized by Bank of America Merrill Lynch and Goldman Sachs
	Edinburg	Attending 2010 interim results road show in Edinburg as organized by Bank of America Merrill Lynch and Goldman Sachs
	Boston	Attending 2010 interim results road show in Boston as organized by Bank of America Merrill Lynch and Goldman Sachs
	New York	Attending 2010 interim results road show in New York as organized by Bank of America Merrill Lynch and Goldman Sachs
	Los Angeles	Attending 2010 interim results road show in Los Angeles as organized by Bank of America Merrill Lynch, Goldman Sachs and Credit Suisse
Oct	Hong Kong	Convening September 2010 contracted sales results press conference and briefing for analysts
	Macau	Attending Citi's Greater China Investors Conference
Nov	Hong Kong	Convening October 2010 contracted sales results press conference and briefing for analysts
	Beijing	Attending Goldman Sachs' China Investment Scope Conference
	Beijing	Attending Bank of America Merrill Lynch's China Investment Conference
	Hong Kong	Attending CLSA's Real Estate Industry Conference
	Guangzhou	Attending Samsung Securities' Consumer Goods and Real Estate Industry Conference
	Hong Kong	Attending Macquarie Securities' Real Estate Industry Conference
Dec	Hong Kong	Convening November 2010 contract sales results press conference and briefing for analysts
	Hong Kong	Attending Standard Chartered's Real Estate Industry Conference in Hong Kong
	Singapore	Attending Standard Chartered's Real Estate Industry Conference in Singapore

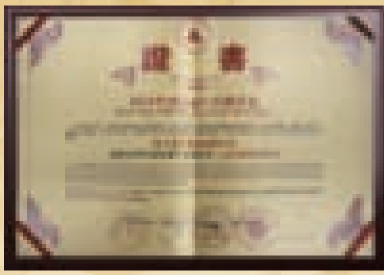
MAJOR INVESTOR RELATIONSHIP ACTIVITIES OF THE GROUP FOR 2010

Investor relations tool	Number of institutions involved	Percentage of total
Road shows	213	26.2%
Annual Meeting	178	21.9%
Sales Results Press Conferences	107	13.2%
Project Visits	213	26.2%
Face to face Meetings	79	9.7%
Telephone Conferences	22	2.8%
TOTAL	812	100.0%

2010 MAJOR AWARDS AND PRIZES

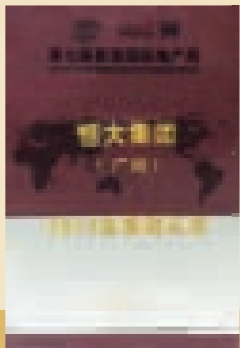
1	Top Ten Property Developers of China	March 2010
2	2010 Top Ten China Real Estate Enterprises with Sense of Social Responsibility — No. 1	March 2010
3	2010 Top Ten China Real Estate Enterprises with Operating Efficiency — No. 2	March 2010
4	2010 Blue-Chip Real Estate Enterprise	October 2010
5	2010 Most Valued China Real Estate Listed Companies —Top Ten Overall Most Valued Chinese Stocks in Hong Kong	November 2010
6	2010 China's Excellent Corporate Citizen	November 2010
7	2010 Most Investment worthy Innovative Brand	November 2010
8	2010 Golden Bauhinia Award	December 2010
9	2010 Real Estate Industry Rankings — Most Popular Real Estate Enterprises — Golden Award	December 2010
10	2010 China Real Estate Championships — Top Ten Reputable Brands	December 2010
11	2010 Most Competitive Enterprise	December 2010

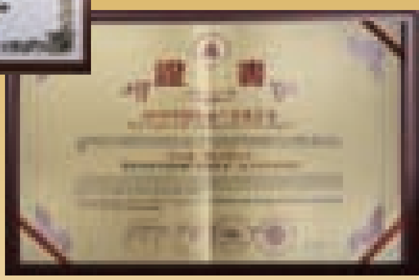


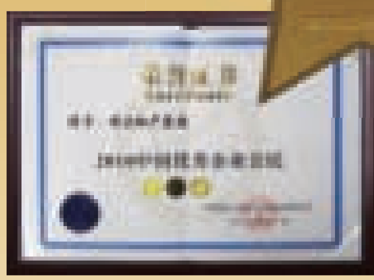


During the year, the Group was ranked among the "Top 10 Property Developers of China" as announced by China Real Estate Top 10 Research Group for the seventh consecutive year. Our brand value, amounting to RMB8.016 billion, was ranked the top in the "Brand Value Rankings of China's Real Estate Industry". Regarding the building of a sense of corporate citizenship, the Group topped "China's Top 10 Real Estate Enterprises with Sense of Social Responsibility" and was awarded "China's Excellent Corporate Citizen for 2010". As for the aspects of business operation and investment value, the Group was awarded "Top 10 Operational Efficiency" and "Blue-Chip Real Estate Enterprise for 2010" of the China Top Hundred Real Estate Enterprises as well as "Top 10 Hong Kong Listed Real Estate Companies in China" by combined value of the Brand Value Rankings of China's Listed Real Estate Companies for 2010. The above awards demonstrated that our achievement in social responsibility, internal control and brand building was highly recognized in the society.









2010 MILESTONES

January

The Group succeeded in its USD750 million bond issue, the largest ever among debt issues of PRC property developers in Hong Kong

February

Hang Seng Indexes Company Limited announced the incorporation of the share of the Company in the Hang Seng Composite Index and Hang Seng Mainland 100 as one of the constituents, effective 8 March

The Group and China Poverty Relief Foundation jointly convened a press conference on the "Evergrande Ten Thousand Charity Walk" project. The RMB30 million fund established by the Group has helped as many as 13,278 of the disadvantaged, far more than the anticipated target

March

Group Chairman Hui Ka Yan attended the third plenary session of the 11th CPPCC as the sole delegate from the business community and delivered a speech titled Motivating Business Participation in Charitable Development, which raised wide concern locally and abroad

The Group was ranked among the "Top 10 Property Developers of China" for the seventh consecutive year and topped in "China's Top 10 Real Estate Enterprises with Sense of Social Responsibility" and was ranked second among "Top 10 Operational Efficiency"

April

The Group announced 2009 annual results. Revenue and profit attributable to shareholders for the year amounted to RMB5.72 billion and RMB1.05 billion respectively. The Board of Directors proposed to distribute a final dividend of RMB105,000,000 for 2009

The Group successfully issued USD600 million senior notes

May

The Group convened its first annual general meeting after listing

The Group invited over 300 famous suppliers to the 2010 Global Strategic Partnership Summit for the purpose of further consolidation of its premium strategic alliance

The Group granted certain directors and employees with share options representing approximately 4.75% of its issued share capital

2010 MILESTONES

June

The Group changed its principal place of business in Hong Kong to Suites 1501–1507, One Pacific Place, 88 Queensway, Hong Kong

July

The Group announced an upward adjustment of its 2010 sales target to RMB40 billion

The Group undertook to donate RMB120 million to the Guangdong Foundation for Poverty Alleviation for supporting the activities of helping the poor in Guangdong

August

The Group acquired the Guangzhou Kaisa Project through share transfer at an aggregate consideration of RMB1.9 billion. The Guangzhou Kaisa Project occupies an aggregate site area of approximately 7,106 sq.m. with an existing saleable area of approximately 92,783 sq.m. The Guangzhou Kaisa Project is planned to offer office space for the Group's head office and to be partly for lease

The Group announced 2010 interim results. Revenue and profit attributable to shareholders for the period amounted to RMB20.37 billion and RMB2.33 billion respectively

October

The Group's first tourist property project, the five-star Hengda Hotel in Chongqing, commenced business

The Group achieved its contracted sales target of RMB40 billion for 2010 earlier than expected

November

Shares of the Group became a constituent of MSCI China Index, with effect from end of November

The Group received the Excellent Corporate Citizen Award for 2010, granted by the organizer of the Annual Meeting of China Corporate Citizens, which was in its sixth year running

December

Sales of the Group for 2010 exceeded RMB50 billion, the highest ever in its operating history

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE REPORT

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

We have been conducting our business according to the principles of the Code on Corporate Governance Practices ("Corporate Governance Code") set out in Appendix 14 of the Listing Rules, and we have complied with all the code provisions of the Corporate Governance Code during the year ended 31 December 2010.

BOARD OF DIRECTORS

Composition of the Board of Directors

The Board of Directors of the Company comprises 8 executive directors and 3 independent non-executive directors. As of 31 December 2010, the directors of the Company are as follows:

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

Details of the resume of the members of the Board of Directors are as set out on page 30 to page 32 of this annual report.

Since the Listing Date and up to 31 December 2010, the Board of Directors has at all times met the requirements of rules 3.10(1) and (2) of the Listing Rules relating to the appointment of at least three independent non-executive Directors with at least one independent non-executive Director possessing appropriate professional qualifications, or accounting or related financial management expertise.

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

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

BOARD OF DIRECTORS *(CONTINUED)*

Roles and duties

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

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

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

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

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

7 meetings of the Board of Directors were convened by the Company during the period from 1 January 2010 to 31 December 2010. At least 14 days' notices were given for a regular board meeting to give all Directors an opportunity to attend. For all other board meetings, reasonable notice were given.

The attendance of individual Directors at the meetings of the Board of Directors is set out below:

Director	**Number of meetings attended/Number of meetings held Meeting of the Board of Directors**
Executive Director	
Hui Ka Yan	5/7
Xia Haijun	7/7
Li Gang	6/7
Tse Wai Wah	7/7
Xu Xiangwu	5/7
Xu Wen	5/7
Lai Lixin	7/7
He Miaoling	5/7
Independent Non-executive Director	
Yu Kam Kee, Lawrence	6/7
Chau Shing Yim, David	7/7
He Qi	6/7

BOARD OF DIRECTORS (CONTINUED)

Committees of the Board of Directors

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

AUDIT COMMITTEE

Audit Committee

The Audit Committee was set up on 14 October 2009 comprising 3 members, namely Mr Chau Shing Yim, David, Chairman of the Committee, Yu Kam Kee, Lawrence and He Qi, all independent non-executive Directors. The Audit Committee adopted the written terms of reference which were mostly the same as those set forth in the code provision C3.3 of the Corporate Governance Code . The Audit Committee is principally responsible for the following (inter alia) duties:

- to provide recommendations and opinion on the appointment, re-appointment and removal of external auditors, approve the remuneration and terms of engagement of the external auditors and handle any issues related to the resignation or dismissal of the auditors;
- to review and monitor whether the external auditors are independent and objective and whether the effectiveness of the audit procedures are in accordance with applicable standards;
- to formulate and implement policies for the engagement of external auditors for non-audit services;
- to monitor the integrity of the financial statements of the Company, the annual report and accounts, interim reports and quarterly reports of the Company, and review the material financial reportings judgements therein;
- to review the financial control, internal control and risk management systems of the Company;
- to discuss the internal control system with the management and to ensure that the management has discharged its duties of setting up an effective internal control system;
- to review the financial and accounting policies and practice of the Group; and
- to review the external auditors' management letter, any material queries that the auditors made to the management in respect of the accounting records, financial accounts or systems of control as well as the management's response .

Two meetings of the Audit Committee were held on 1 April 2010 and 26 August 2010, respectively, to review the Group's 2010 results and all the committee members attended the two meetings. The Audit Committee has recommended to the Board the re-appointment of PricewaterhouseCoopers as the Company's external auditor for the financial year ending 31 December 2010 at the forthcoming annual general meeting of the Company.

For the year ended 31 December 2010, the remuneration of external auditors amounted to RMB9,699,000. For the year ended 31 December 2010, the external auditors had not provided any non-audit service. The Audit Committee was of the opinion that the independence of the external auditors was not affected by their provision of the non-audit work to the Group.

AUDIT COMMITTEE *(CONTINUED)*

Audit Committee *(continued)*

Pursuant to the Articles, the tenure of the Auditors of the Company will expire upon the closing of the 2010 Annual General Meeting.

The Audit Committee proposed to the Board of Directors to nominate the re-appointment of PricewaterhouseCoopers as Auditor of the Company in the 2010 Annual General Meeting.

REMUNERATION COMMITTEE

The Remuneration Committee was set up on 14 October 2009, its terms of reference were basically the same as the scope in code provision B.1.3 of the Corporate Governance Code . The majority of the members of the Remuneration Committee were independent non-executive Directors. For the year ended 31 December 2010, the members of the Remuneration Committee included Hui Ka Yan , Chairman of the Committee, Yu Kam Kee, Lawrence and He Qi .

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

- to make recommendations and suggestions to the Board of Directors in respect of the remuneration policy and structure of the directors and senior management of the Company and the establishment of formal and transparent procedures for developing policy on such remuneration;

- to determine the specific remuneration packages of all executive directors and senior management;

- to review and approve performance-based remuneration by reference to corporate goals and objectives resolved by the Board of Directors from time to time;

- to review and approve payments to the executive Directors regarding compensation for their loss or termination of office or appointment, to ensure that such compensation is determined in accordance with the relevant terms of the contracts, and that the compensation is fair and not excessive for the Company;

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

- to ensure that no director or any of his associates is involved in deciding his own remuneration.

One meeting was convened by the Remuneration Committee on 13 October 2010 to review the remuneration for the directors and senior management of the Company, which all the committee members were present.

NOMINATION COMMITTEE

The Nomination Committee was set up on 14 October 2009, its terms of reference were basically the same as the scope in code provision A.4.5 of the Corporate Governance Code. The majority of the members of the Nomination Committee were independent non-executive Directors. For the year ended 31 December 2010, the members of the Nomination Committee included Hui Ka Yan , Chairman of the Committee, He Qi and Chau Shing Yim, David .

NOMINATION COMMITTEE *(CONTINUED)*

Nomination Committee is principally in charge of the following duties:

- to review the structure, size and composition (including skills, knowledge and experience) of the Board of Directors on a regular basis, and make recommendations and suggestions to the Board of Directors on any proposed changes;

- to identify individuals with suitable qualifications to serve as members of the Board of Directors, and select and nominate the relevant persons to serve as directors or make recommendation and suggestion to the Board of Directors in this regard;

- to appraise the independent status of the independent non-executive directors in accordance with the stipulations of the applicable laws, regulations and rules; and

- to make recommendations and suggestion to the Board of Directors regarding the appointment and re-appointment of directors by the Company and succession planning for directors (especially the chairman and chief executive director if any, of the Company).

During the year ended 31 December 2010, no meeting has been convened by the Nomination Committee because there has been no change in the membership of the Board of Directors. The Nomination Committee members may call any meeting at any time when necessary.

SECURITIES TRANSACTIONS CONDUCTED BY THE DIRECTORS

The Company has adopted the Model Code for Securities Transactions Conducted by Directors of Listed Issuers ("Model Code") set forth in Appendix 10 to the Listing Rules as the code of conduct for securities transactions conducted by the Directors. Specific enquiry has been made of all the directors and the directors have confirmed that they have complied with the Model Code throughout the year ended 31 December 2010.

DIRECTORS' RESPONSIBILITIES FOR FINANCIAL STATEMENTS

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

COMPLIANCE ADVISOR

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

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

The Company has received, from each of Guangzhou Hengda Industrial Group Company Limited, Xin Xin (BVI) Limited and Dr. Hui Ka Yan, an annual declaration on the compliance with the deed of non-competition (the "Deed") entered into by each of Guangzhou Hengda Industrial Group Company Limited, Xin Xin (BVI) Limited and Dr. Hui Ka Yan in favour of the Company pursuant to which each of Guangzhou Hengda Industrial Group Company Limited, Xin Xin (BVI) Limited and Dr. Hui Ka Yan have unconditionally undertaken to the Company that he/it will not directly or indirectly participate in, hold any right or interest, or otherwise be involved in, any business which may be in competition with the businesses of the Group. The independent non-executive Directors have reviewed and were satisfied that each of Guangzhou Hengda Industrial Group Company Limited, Xin Xin (BVI) Limited and Dr. Hui Ka Yan has complied with the Deed for the year ended 31 December 2010.

INVESTOR RELATIONSHIP

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

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

By telephone:	(852) 2287 9202/2287 9218/2287 9207
By post:	1501-1507 One Pacific Place, 88 Queensway, Hong Kong
By E-mail:	evergrandeir@evergrande.com

REPORT OF THE BOARD OF DIRECTORS

The Directors of the Company are pleased to present their report and the audited consolidated financial statements for the year ended 31 December 2010 of the Group.

MAJOR BUSINESS

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

FINANCIAL STATEMENTS

The results of the Group for the year are set out in the Consolidated Statement of Comprehensive Income. The financial position as of 31 December 2010 of the Group is set out in the Consolidated Balance Sheet. The cash flow position of the Group during the year is set out in the Consolidated Statement of Cash Flows.

CAPITAL

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

FINAL DIVIDEND

The Board of Directors has passed a resolution to propose the payment of a final dividend on or before 15 July 2011 (Friday) of RMB0.1268 per share (the "2010 Final dividend"), to shareholders of the Company whose names appear on the Company's Register of Members on 27 May 2011 (Friday). The 2010 Final Dividend is subject to the approval at the coming Annual General Meeting of the Company. There is no arrangement that a shareholder of the Company has waived or agreed to waive any dividends.

BOOK CLOSE PERIOD

The Company's Register of Members will be closed from 24 May 2011 (Tuesday) to 27 May 2011 (Friday) (both days inclusive), during which no transfer of shares will be registered. To ensure that shareholders are entitled to receive the distribution of final dividends to be approved at the Annual General Meeting, shareholders must deliver their duly stamped instruments of transfer, accompanied by the relevant share certificates, to Computershare Hong Kong Investor Services Limited, located at Shops 1712–1716, 17th Floor, Hopwell Centre, 183 Queen's Road East, Wanchai, Hong Kong by no later than 4:30 p.m. on 23 May 2011 (Monday) for registration of the relevant transfer.

RESERVE

Details of the changes in reserve of the Group during the year are set out in Note 15 to the Financial Statements. As of 31 December 2010-, the reserve available for distribution of the Company was RMB7.01 billion, of which the intended distribution of final dividend for the year was RMB1,902,000,000.

PROPERTY, PLANT AND EQUIPMENTS

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

MAJOR CUSTOMERS AND SUPPLIERS

During the year, the percentage of purchases attributable to the Group's five largest suppliers combined was less than 30% of the Group's total purchases. The percentage of turnover attributable to the Group's five largest customers combined was less than 30% of the Group's total turnover. The Company was aware that none of the directors nor his connected persons and none of the shareholders possessing over 5% of the interest in the capital of the Company possessed any interest in the above-mentioned suppliers and customers.

DONATION

During the year the charitable contributions and other donations made in Hong Kong and China totaled RMB53.6 million.

DIRECTORS

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

Executive Director

Dr Hui Ka Yan
Mr Xia Haijun
Mr Li Gang
Mr Tse Wai Wah
Mr Xu Xiangwu
Mr Xu Wen
Mr Lai Lixin
Ms He Miaoling

Independent Non-executive Director

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

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

Pursuant to Article 16.18 of the Articles and the Corporate Governance Code and the letters of appointments of all independent non-executive Directors, Mr. Hui Ka Yan, Mr. Xia Haijun, Ms He Miaoling and Mr Lai Lixin will retire in the coming annual general meeting, and they are qualified to be re-elected and re-appointed.

SERVICE CONTRACTS OF DIRECTORS

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

DIRECTORS' INTERESTS IN CONTRACTS

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

DIRECTORS' INTERESTS IN COMPETITIVE BUSINESS

None of the Directors and their respective associates has an interest in any business which competes or may compete with the business of the Group. Xin Xin (BVI) Limited, is owned by our Chairman, Dr Hui Ka Yan, and he is the controlling shareholder of the Company. The controlling shareholders provided annual confirmation of their compliance to the deed of non-competition undertaken by them. The independent non-executive Directors reviewed whether the controlling shareholders abided by the non-competition undertaking. The independent non-executive Directors confirmed that they had determined no controlling shareholder violated the non-competition undertaking that the latter had made.

SHARE OPTION SCHEME

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

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

SHARE OPTION SCHEME *(CONTINUED)*

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

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

Each grantee shall pay a consideration of HKD1.00 at the time the option is granted The Share Option Scheme shall take effect from the date it is adopted and shall remain effective within a period of 10 years from that date. Other details of the Share Option Scheme are provided in the Prospectus.

On 18 May 2010, the Company granted an aggregate of 713,000,000 Options to 137 participants to subscribe for an aggregate of 713,000,000 shares in the Company, which is equivalent to approximately 4.75% of the Shares (the "Shares")issued by the Company as at the date of granted. The details of the Options granted are as follows:

Grantees	Date of grant of share options	Exercise period of share options	Exercise price HK$	Number of share options held as at 1 January 2010	Number of share options granted during the period	Number of share options exercised during the period	Number of share options cancelled during the period	Number of share options lapsed during the period	Number of share options held as at 31 December 2010
7 Directors	18 May 2010	Note 1	2.40	—	179,000,000	—	—	—	179,000,000
130 Other employees	18 May 2010	Note 1	2.40	—	534,000,000	—	7,000,000	2,000,000	525,000,000
Total					713,000,000	—	7,000,000	2,000,000	704,000,000

Notes:

1. The Options with respect to a Participant will be exercisable in 5 tranches in the following manners:

   (i) the first tranche of 20% of the Shares that are the subject to the Options granted (rounded down to the nearest whole number) will be exercisable at any time during the period commencing from 31 December 2010 and ending on 31 December 2015;

   (ii) the second tranche of 20% of the Shares that are the subject to the Options granted (rounded down to the nearest whole number) will be exercisable at any time during the period commencing from 31 December 2011 and ending on 31 December 2016;

   (iii) the third tranche of 20% of the Shares that are the subject to the Options granted (rounded down to the nearest whole number) will be exercisable at any time during the period commencing from 31 December 2012 and ending on 31 December 2017;

   (iv) the fourth tranche of 20% of the Shares that are the subject to the Options granted (rounded down to the nearest whole number) will be exercisable at any time during the period commencing from 31 December 2013 and ending on 31 December 2018;

   (v) the fifth tranche comprising the remaining number of Shares that are subject to the Options granted will be exercisable at any time during the period commencing from 31 December 2014 and ending on 13 October 2019.

SHARE OPTION SCHEME *(CONTINUED)*

Notes: (continued)

2. The closing price of the Shares on the date of grant of the Options was HK$2.27 per Share.

3. 13 October 2019 is the last date of the Share Option Scheme being not more than 10 years pursuant to 17.03(11) of the Listing Rules .

4. Valuation of the options granted

   The valuation of options granted for the year ended 31 December 2010 was conducted based on the Binomial Model with the following assumptions:

Date of grant	18 May 2010
Closing share price at the date of grant	HK$2.27
Exercise price per share	HK$2.40
Annual risk free rate	2.88% per year
Expected volatility	42% per year
Life of the option	6.4 years
Expected dividend yield	1.80% per year

   The fair value per share of option:

Vesting period	Directors	Other employees
7 months after the grant date	HK$0.351511	HK$0.294435
19 months after the grant date	HK$0.376185	HK$0.325711
31 months after the grant date	HK$0.398259	HK$0.355246
43 months after the grant date	HK$0.417160	HK$0.380112
55 months after the grant date	HK$0.430320	HK$0.398881

PRE-IPO SHARE OPTION SCHEME

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

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

(b) As at 31 December 2010, the total number of Shares involved in the Pre-IPO Share Option Scheme was 200,000,000 shares, which is equivalent to approximately 1.33% of the Shares in issue of the Company after the Global Offering is completed; and

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

PRE-IPO SHARE OPTION SCHEME *(CONTINUED)*

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

Grantee	Date of grant of options	Number of options granted	Number of options exercised/ cancelled/lapsed during the period	Number of options not yet exercised on 31 December 2010
Directors	14 October 2009	70,000,000	—	70,000,000
Other employees	14 October 2009	138,000,000	(8,000,000)	130,000,000
Total		208,000,000	(8,000,000)	200,000,000

DEBENTURE

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

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

As at 31 December 2010, the interest and short positions of the Directors and officers of the Company in the shares, underlying shares or debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) required to be recorded in the register mentioned under Section 352 of the Securities and Futures Ordinance or as otherwise notifiable to the Company and the Stock Exchange pursuant to the Model Code are as follows:

(i) Interest in the shares of the Company

Name of director	Nature of interest	Number of securities	Approximate percentage of shareholding
Hui Ka Yan *(Note 1)*	Interest of controlled company	10,144,219,735(L)	67.63%

Note:

1. Of the 10,144,219,735 Shares held, 9,352,971,497 Shares were held by Xin Xin (BVI) Limited, a company wholly owned by Dr Hui Ka Yan, and 791,248,238 Shares were held by Even Honour Holdings Limited, a company wholly owned by Mrs Hui. The interest of Even Honour Holdings Limited in the Company is also deemed to be held by Dr Hui pursuant to the Securities and Futures Ordinance.

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

(ii) Interest in the underlying shares of the Company

Name of director	Nature of interest	Number of shares involved in the options granted under the Pre-IPO Share Option Scheme and Share Option Scheme	Approximate percentage of shareholding of those options granted and exercised under the Pre-IPO Share Option Scheme and Share Option Scheme
Xia Haijun	beneficiary owner	100,000,000	0.67%
Li Gang	beneficiary owner	70,000,000	0.47%
Tse Wai Wah	beneficiary owner	15,000,000	0.10%
Xu Xiangwu	beneficiary owner	15,000,000	0.10%
Xu Wen	beneficiary owner	17,000,000	0.11%
Lai Lixin	beneficiary owner	15,000,000	0.10%
He Miaoling	beneficiary owner	17,000,000	0.10%

(iii) Interest in the associated corporation of the Company

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

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

Save as disclosed above, as at 31 December 2010, none of the Directors, officers of the Company or any associated corporation had any other interest and short positions in any shares, underlying shares or debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance) required to be recorded in the register mentioned under Section 352 of the Securities and Futures Ordinance or as otherwise notifiable to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS

As far as the Directors or officers of the Company are aware that as at 31 December 2010, other than the Directors or officers of the Company as disclosed above, the following persons had interest or short positions in the shares or underlying shares which are required to be notified to the Company under the provisions of Division 2 and 3 of Part XV of the Securities and Futures Ordinance or which will have to be recorded in the register to be kept or to be notified to the Company and the Stock Exchange pursuant to Section 336 of the Securities and Futures Ordinance:

Name of shareholder	Status of interest held	Interest in the shares *(Note 4)*	Approximate percentage of shareholding
Mrs. Hui	Interest of controlled company	10,144,219,735(L) *(Note 1)*	67.63%
Xin Xin (BVI) Limited	Beneficiary owner	9,352,971,497(L) *(Note 2)*	62.35%
Even Honour Holdings Limited	Beneficiary owner	791,248,238(L) *(Note 3)*	5.27%

Notes:

1. Of the 10,144,219,735 Shares held, 791,248,238 Shares were held by a company wholly owned by Mrs Hui, and 9,352,971,497 Shares were held by Xin Xin (BVI) Limited, a company wholly owned by Mrs Hui's spouse, Dr Hui Ka Yan. The interest of Xin Xin (BVI) Limited in the Company is also deemed to be held by Mrs Hui pursuant to the SFO.

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

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

4. L stands for long position.

SUBSIDIARIES

Details of the major subsidiaries of the Company as of 31 December 2010 are set out in Note 35 to the Financial Statements.

MANAGEMENT CONTRACTS

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

CONNECTED TRANSACTIONS

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

	Actual amount in RMB'000	Note
Rental income		
— Guangzhou Jinbi Dashijie Catering and Entertainment Company Limited ("Jinbi Dashijie")	9,717	(1)

Note:

(1) Rental income

Hengda Real Estate Group Company Limited and Jinbi Dashijie entered into a property lease agreement on 1 June 2009 in their respective ordinary course of business, pursuant to which Jinbi Dashijie agreed to lease from Hengda Real Estate Group Company Limited the premises of a maximum of 14,902 square meters in GFA situated at 701 Industrial South Road, Haizhu District, Guangzhou for use as a catering and recreational service outlet for a term of three years from 1 January 2009 to 31 December 2011 at an annual rental (exclusive of rates and utilities charges) of not exceeding RMB16.8 million, RMB17.4 million and RMB18.1 million for the three years ended 31 December 2009, 2010 and 2011, respectively. The rental fee under the lease agreement was determined with reference to the actual leased area and prevailing market rate.

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

We submitted an application to the Stock Exchange and obtained an one-off exemption from strict compliance with Rule 14A.47 of the Listing Rules regarding the announcement requirement on the lease.

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

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

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

3. in accordance with the agreement related to the above continuing connected transaction, the terms of which are fair and reasonable and in the interest of the shareholders of the Company as a whole.

4. have not exceeded the maximum aggregate annual value disclosed in the prospectus dated 22 October 2009.

The auditor of the Company was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor of the Company has issued his unqualified letter containing his findings and conclusions in respect of the aforesaid continuing connected transactions in accordance with Main Board Listing Rule 14A.38. A copy of the auditor's letter has been provided by the Company to The Stock Exchange of Hong Kong Limited.

EMPLOYEE AND REMUNERATION POLICIES

As of 31 December 2010 the Group had an aggregate of 19,351 employees. The Group recruited and promoted individual persons according to their strength and development potential. The Group determined the remuneration packages of all employees (including the directors) with reference to individual performance and current market salary scale.

CONFIRMATION OF INDEPENDENT STATUS

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

CORPORATE GOVERNANCE

The Company strived to maintain a high corporate governance standard and complied with the Code on Corporate Governance Practices set out in Appendix 14 of the Listing Rules. Further information of the corporate governance practice of the Company is set out from page 52 to page 59 of the Corporate Governance Report.

EXCHANGE RISKS

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

PURCHASE, SALE AND RE-PURCHASE OF SHARES

There was no purchase, sale and re-purchase of any listed securities of the Company by the Company or any of its subsidiaries for the year ended 31 December 2010.

DISCLOSURE UNDER RULE 13.20 OF THE LISTING RULES

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

POST-BALANCE SHEET ITEMS

On 13 January 2011, the Company issued 7.5%, 3 year senior notes with an aggregated principal amount of RMB5,550,000,000 and 9.25%, 5 year senior notes with an aggregated principal amount of RMB3,700,000,000 at 100% of the face value. The senior notes are jointly guaranteed by certain subsidiaries and are secured by pledges of the shares of the subsidiaries.

FIVE YEARS FINANCIAL SUMMARY

The summary of the results, assets and liabilities of the Group in the past five years is set out on page 139 to page 140.

PRE-EMPTIVE RIGHTS

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

ADEQUATE PUBLIC FLOAT

The Company maintained adequate public float throughout the year.

AUDITOR

The Company appointed PricewaterhouseCoopers as the Auditor of the Company for the year ended 31 December 2010. The audit reporting responsibilities of our Company's auditor on the financial statements of the Group are set out in the "Independent Auditor's Report" in this annual report. The Company will submit a resolution in the coming annual general meeting to re-appoint PricewaterhouseCoopers as Auditor of the Company.

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

Hong Kong, 29 March 2011

PRICEWATERHOUSECOOPERS

羅兵咸永道會計師事務所

PricewaterhouseCoopers
22nd Floor, Prince's Building
Central, Hong Kong

To the shareholders of Evergrande Real Estate Group Limited
(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Evergrande Real Estate Group Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 71 to 138, which comprise the consolidated and company balance sheets as at 31 December 2010, 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 information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view 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 consolidated financial statements.

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

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2010 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 29 March 2011

CONSOLIDATED BALANCE SHEET

	Note	31 December 2010 RMB'000	31 December 2009 Restated RMB'000	1 January 2009 Restated RMB'000
ASSETS				
Non-current assets				
Property and equipment	6	**1,277,297**	395,775	450,141
Land use rights	7	**306,058**	26,768	35,105
Investment properties	8	**10,116,643**	3,130,800	1,741,390
Properties under development	9	**454,870**	252,730	215,763
Other receivables		**324,168**	302,964	281,849
Intangible assets		**37,218**	—	—
Deferred income tax assets	17	**340,225**	522,166	324,364
		12,856,479	4,631,203	3,048,612
Current assets				
Properties under development	9	**49,133,585**	35,439,543	17,159,558
Completed properties held for sale	10	**6,213,078**	3,045,660	2,774,592
Trade and other receivables and prepayments	11	**16,092,054**	5,318,893	3,590,360
Income tax recoverable		**205,309**	257,909	31,816
Restricted cash	12	**7,595,696**	7,044,824	1,167,942
Cash and cash equivalents	13	**12,356,263**	7,333,232	749,718
		91,595,985	58,440,061	25,473,986
Total assets		**104,452,464**	63,071,264	28,522,598
EQUITY				
Capital and reserves attributable to shareholders of the Company				
Share capital	14	**1,044,079**	1,044,079	209,332
Share premium	14	**7,853,022**	7,958,022	6,000,560
Reserves	15	**1,544,576**	1,219,385	389,837
Retained earnings		**10,193,349**	2,640,351	1,662,139
		20,635,026	12,861,837	8,261,868
Non-controlling interests		**731,199**	295,309	321,263
Total equity		**21,366,225**	13,157,146	8,583,131

	Note	31 December 2010 RMB'000	31 December 2009 Restated RMB'000	1 January 2009 Restated RMB'000
LIABILITIES				
Non-current liabilities				
Borrowings	16	24,160,024	7,816,044	4,226,413
Deferred income tax liabilities	17	1,496,310	600,497	451,527
		25,656,334	8,416,541	4,677,940
Current liabilities				
Borrowings	16	7,000,110	6,359,745	6,213,843
Trade and other payables	18	21,780,836	9,799,761	4,469,168
Receipt in advance from customers		24,081,431	24,306,136	3,503,265
Financial guarantee liabilities		—	—	197,403
Current income tax liabilities	19	4,567,528	1,031,935	877,848
		57,429,905	41,497,577	15,261,527
Total liabilities		83,086,239	49,914,118	19,939,467
Total equity and liabilities		104,452,464	63,071,264	28,522,598
Net current assets		34,166,080	16,942,484	10,212,459
Total assets less current liabilities		47,022,559	21,573,687	13,261,071

The notes on pages 77 to 138 are an integral part of these consolidated financial statements.

Hui Ka Yan
Director

Tse Wai Wah
Director

BALANCE SHEET

	Note	31 December 2010 RMB'000	31 December 2009 RMB'000
ASSETS			
Non-current assets			
Investments in subsidiaries	35	15,568,626	14,196
Property and equipment	6	9,279	1,494
		15,577,905	15,690
Current assets			
Amounts due from subsidiaries and other receivables	11	1,923,399	9,419,426
Cash and cash equivalents	13	23,462	6,710
		1,946,861	9,426,136
Total assets		17,524,766	9,441,826
EQUITY			
Capital and reserves attributable to shareholders of the Company			
Share capital	14	1,044,079	1,044,079
Share premium	14	7,853,022	7,958,022
Reserves	15	1,318,133	1,028,730
Accumulated losses	26	(2,163,967)	(709,770)
Total equity		8,051,267	9,321,061
LIABILITIES			
Non-current liabilities			
Borrowings	16	8,750,254	—
		8,750,254	—
Current liabilities			
Trade and other payables	18	723,245	120,765
		723,245	120,765
Total liabilities		9,473,499	120,765
Total equity and liabilities		17,524,766	9,441,826
Net current assets		1,223,616	9,305,371
Total assets less current liabilities		16,801,521	9,321,061

The notes on pages 77 to 138 are an integral part of these consolidated financial statements.

Hui Ka Yan
Director

Tse Wai Wah
Director

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Year ended 31 December 2010 RMB'000	2009 RMB'000
Revenue	5	45,801,401	5,722,657
Cost of sales	21	(32,432,232)	(3,776,308)
Gross profit		13,369,169	1,946,349
Fair value gains on investment properties	8	3,350,857	842,570
Other gains	20	184,369	347,554
Selling and marketing costs	21	(1,574,262)	(1,075,142)
Administrative expenses	21	(1,384,263)	(744,960)
Other operating expenses	21	(124,957)	(63,890)
Operating profit		13,820,913	1,252,481
Reversals of financial guarantees		—	197,403
Finance income/(costs), net	24	271,798	(3,709)
Profit before income tax		14,092,711	1,446,175
Income tax expenses	25	(6,068,035)	(329,371)
Profit for the year		8,024,676	1,116,804
Other comprehensive income		—	—
Total comprehensive income for the year		8,024,676	1,116,804
Attributable to:			
Shareholders of the Company		7,588,786	1,046,428
Non-controlling interests		435,890	70,376
		8,024,676	1,116,804
Earnings per share for profit attributable to shareholders of the Company for the year (expressed in RMB per share)			
Basic earnings per share (RMB)	27	0.506	0.074
Diluted earnings per share (RMB)	27	0.503	0.074
Dividends	28	1,902,000	105,000

The notes on pages 77 to 138 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to shareholders of the Company						
	Share capital RMB'000	Share premium RMB'000	Reserves RMB'000	Retained earnings RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total RMB'000
Balance as at 1 January 2009	209,332	6,000,560	389,837	1,662,139	8,261,868	321,263	8,583,131
Comprehensive income							
Profit for the year	—	—	—	1,046,428	1,046,428	70,376	1,116,804
Other Comprehensive income	—	—	—	—	—	—	—
Transactions with owners							
Deemed contribution by the shareholder of the Company	—	—	747,138	—	747,138	—	747,138
Transfer to statutory reserves	—	—	68,216	(68,216)	—	—	—
Capitalisation issue (note 14(a))	766,129	(766,129)	—	—	—	—	—
Issuance of ordinary shares in connection with the listing (note 14(b))	68,618	3,082,024	—	—	3,150,642	—	3,150,642
Share issuance costs	—	(358,433)	—	—	(358,433)	—	(358,433)
Employee share option schemes (note 15(c))	—	—	14,194	—	14,194	—	14,194
Contribution from non-controlling interests	—	—	—	—	—	2,470	2,470
Additional gain from partial disposal of a subsidiary	—	—	—	—	—	(98,800)	(98,800)
Total transactions with owners	834,747	1,957,462	829,548	(68,216)	3,553,541	(96,330)	3,457,211
Balance as at 31 December 2009	1,044,079	7,958,022	1,219,385	2,640,351	12,861,837	295,309	13,157,146
Balance as at 1 January 2010	1,044,079	7,958,022	1,219,385	2,640,351	12,861,837	295,309	13,157,146
Comprehensive income							
Profit for the year	—	—	—	7,588,786	7,588,786	435,890	8,024,676
Other Comprehensive income	—	—	—	—	—	—	—
Transactions with owners							
Transfer to statutory reserves	—	—	35,788	(35,788)	—	—	—
Employee share option schemes (note 15(c))	—	—	289,403	—	289,403	—	289,403
Dividends (note 28)	—	(105,000)	—	—	(105,000)	—	(105,000)
Total transactions with owners	—	(105,000)	325,191	(35,788)	184,403	—	184,403
Balance as at 31 December 2010	1,044,079	7,853,022	1,544,576	10,193,349	20,635,026	731,199	21,366,225

The notes on pages 77 to 138 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Year ended 31 December 2010 RMB'000	2009 RMB'000
Cash flows of operating activities			
Cash (used in)/generated from operations	29	(8,850,438)	3,294,700
PRC corporate income tax paid		(603,606)	(233,080)
PRC land appreciation tax paid		(798,482)	(217,129)
Interest paid		(1,471,230)	(686,318)
Net cash (used in)/generated from operating activities		(11,723,756)	2,158,173
Cash flows of investing activities			
Purchase of property and equipment		(857,532)	(92,118)
Purchase of intangible assets		(42,934)	—
Interest received		52,249	36,093
Consent fee received		73,575	—
Cash advances made to related parties		—	(628)
Repayments of amounts due from related parties		719	877
Net cash used in investing activities		(773,923)	(55,776)
Cash flows of financing activities			
Proceeds from senior notes		8,987,036	—
Proceeds from bank borrowings		19,771,885	10,176,054
Repayments of borrowings		(11,537,794)	(5,969,753)
Issue of shares		—	3,150,642
Share issuance costs		—	(358,433)
Restricted cash pledged for bank borrowings		441,663	(2,518,045)
Contribution from non-controlling interests		—	2,470
Dividends paid		(105,000)	—
Repayments of amounts due to related parties		—	(850)
Net cash generated from financing activities		17,557,790	4,482,085
Net increase in cash and cash equivalents		5,060,111	6,584,482
Cash and cash equivalents at beginning of year		7,333,232	749,718
Exchange losses on cash and cash equivalents		(37,080)	(968)
Cash and cash equivalents at end of year		12,356,263	7,333,232

The notes on pages 77 to 138 are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

Evergrande Real Estate Group Limited (the "Company") was incorporated in the Cayman Islands on 26 June 2006 as an exempted company with limited liability under the Companies Law, Cap. 22 (2009 Revision as consolidated and revised from time to time) of the Cayman Islands and is engaged in investment holding. The Company and its subsidiaries (the "Group") are principally engaged in the property development, property investment, property management, property construction and other property development related services in the People's Republic of China (the "PRC"). The address of its registered office is P.O.Box 309, Upland House, Grand Cayman, KY1-1104, Cayman Islands.

The Company has its primary listing on the Main Board of The Stock Exchange of Hong Kong Limited ("Stock Exchange") on 5 November 2009.

These consolidated financial statements are presented in Renminbi Yuan ("RMB") thousands, unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors of the Company on 29 March 2011.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards (the "HKFRS"). The consolidated financial statements have been prepared under the historical cost convention, as modified by the investment properties which are carried at fair value.

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

(i) Change in accounting policy for land use rights relating to properties developed for sale

- Land use rights relating to properties developed for sale meet the definition of both leasehold land under HKAS 17 "Leases" and inventories under HKAS 2 "Inventories". During the year, the Group changed its accounting policy for land use rights relating to properties developed for sale.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(a) Basis of preparation *(continued)*

(i) *Change in accounting policy for land use rights relating to properties developed for sale (continued)*

In previous years, upfront payments to obtain land use rights on which properties will be developed for sale were regarded as upfront operating lease payments and were initially recognised as a separate current or non–current asset item on the balance sheet. They were subsequently amortised on a straight line basis over the lease period in accordance with HKAS 17. The amortisation during the period of construction of the properties was capitalised as the cost of properties under development. The amortisation during the period before the commencement and after the completion of the construction of the properties was recognised as profit or loss. The unamortised upfront payments were recognised as cost of sales when the relevant properties are sold upon completion of the relevant properties.

Subsequent to the change in accounting policy in 2010, land use rights relating to properties developed for sale are regarded as part of the inventories and are no longer amortised. They are included in properties under development or completed properties held for sale, which are measured at the lower of cost and net realisable value, depending on the development status in accordance with HKAS 2. Management believes that the new classification of land use rights relating to properties developed for sale results in a more relevant presentation of the financial position of the Group, and of its performance for the year, reflecting the management's intention on the use of the asset. The new accounting policy also results in a presentation consistent with the industry practices.

The change in accounting policy has no material impact to the profit of the Group in current year or in the prior years. Accordingly, no retrospective adjustment has been made to the consolidated statement of comprehensive income of the Group for prior years. The only retrospective adjustments made were to include the land use rights relating to properties developed for sale into the respective balances of properties under development and completed properties held for sale. The reclassification made to the consolidated balance sheet of the Group as at 1 January 2009 and 31 December 2009 are as follows:

As at 1 January 2009

	As previously reported RMB'000	**Reclassification** RMB'000	**Restated** RMB'000
Non-current assets			
Land use rights	250,868	(215,763)	35,105
Properties under development	—	215,763	215,763
Current assets			
Land use rights under development	8,644,245	(8,644,245)	—
Properties under development	9,049,192	8,110,366	17,159,558
Completed properties held for sale	2,240,713	533,879	2,774,592

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(a) Basis of preparation *(continued)*

(i) Change in accounting policy for land use rights relating to properties developed for sale (continued)

As at 31 December 2009

	As previously reported RMB'000	**Reclassification** RMB'000	**Restated** RMB'000
Non-current assets			
Land use rights	279,498	(252,730)	26,768
Properties under development	—	252,730	252,730
Current assets			
Land use rights under development	15,923,120	(15,923,120)	—
Properties under development	20,557,151	14,882,392	35,439,543
Completed properties held for sale	2,004,932	1,040,728	3,045,660

(ii) New and amended standards and interpretations adopted by the Group

The following new standards and amendments and interpretations to standards are mandatory for the first time for the financial year beginning 1 January 2010.

- HKFRS 3 (revised), "Business combinations", and consequential amendments to HKAS 27, "Consolidated and separate financial statements", HKAS 28, "Investments in associates", and HKAS 31, "Interests in joint ventures", are effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009.

  The revised standard continues to apply the acquisition method to business combinations but with some significant changes compared with HKFRS 3. For example, all payments to purchase a business are recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the statement of comprehensive income. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs are expensed. There is no material impact on the Group's consolidated financial statements as there is no business combination incurred by the Group during the year ended 31 December 2010.

  HKAS 27 (revised) requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in profit or loss. HKAS 27 (revised) has had no impact on the current period, as none of the non-controlling interests have a deficit balance; there have been no transactions whereby an interest in an entity is retained after the loss of control of that entity, and there have been no transactions with non-controlling interests.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(a) Basis of preparation *(continued)*

(ii) New and amended standards and interpretations adopted by the Group (continued)

- HKAS 17 (amendment), "Leases", deletes specific guidance regarding classification of leases of land, so as to eliminate inconsistency with the general guidance on lease classification. As a result, leases of land should be classified as either finance or operating lease using the general principles of HKAS 17, i.e. whether the lease transfers substantially all the risks and rewards incidental to ownership of an asset to the lessee. Prior to the amendment, land interest which title is not expected to pass to the Group by the end of the lease term was classified as operating lease under "Land use rights", and amortised over the lease term.

  HKAS 17 (amendment) has been applied retrospectively for annual periods beginning 1 January 2010 in accordance with the effective date and transitional provisions of the amendment. The Group has reassessed the classification of unexpired land use rights as at 1 January 2010 on the basis of information existing at the inception of those leases, and considered the leasehold land in the PRC should be continued be reclassified as operating lease. As a result of the reassessment, the Group has not reclassified any leasehold land from operating lease to finance lease.

- HK Int-5 — The Hong Kong Institute of Certified Public Accounts (the "HKICPA") issued on 29 November 2010 HK Interpretation 5 "Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause". This Interpretation, as a clarification of an existing standard, is effective immediately. According to the Interpretation, the classification of a term loan in accordance with paragraph 69(d) of HKAS 1 shall depend on whether or not the borrower has an unconditional right to defer payment for at least twelve months after the reporting period. Consequently, amounts repayable under a loan agreement which includes a clause that gives the lender the unconditional right to call the loan at any time shall be classified by the borrower as current in its balance sheet. This Interpretation did not have a material impact on the Group's consolidated financial statements.

(iii) New and amended standards and interpretations mandatory for the first time for the financial year beginning 1 January 2010 but not currently relevant to the Group (although they may affect the accounting for future transactions events)

- HK (IFRIC) 17, "Distribution of non-cash assets to owners" (effective on or after 1 July 2009). The interpretation was published in November 2008. This interpretation provides guidance on accounting for arrangements whereby an entity distributes non-cash assets to shareholders either as a distribution of reserves or as dividends. HKFRS 5 has also been amended to require that assets are classified as held for distribution only when they are available for distribution in their present condition and the distribution is highly probable.

- HK (IFRIC) 18, "Transfers of assets from customers", effective for transfer of assets received on or after 1 July 2009. This interpretation clarifies the requirements of IFRSs for agreements in which an entity receives from a customer an item of property, plant and equipment that the entity must then use either to connect the customer to a network or to provide the customer with ongoing access to a supply of goods or services (such as a supply of electricity, gas or water). In some cases, the entity receives cash from a customer that must be used only to acquire or construct the item of property, plant, and equipment in order to connect the customer to a network or provide the customer with ongoing access to a supply of goods or services (or to do both).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(a) Basis of preparation *(continued)*

(iii) New and amended standards, and interpretations mandatory for the first time for the financial year beginning 1 January 2010 but not currently relevant to the Group (although they may affect the accounting for future transactions and events) (continued)

- HK (IFRIC) 9, "Reassessment of embedded derivatives and HKAS 39, Financial instruments: Recognition and measurement", effective 1 July 2009. This amendment to HK(IFRIC) 9 requires an entity to assess whether an embedded derivative should be separated from a host contract when the entity reclassifies a hybrid financial asset out of the "fair value through profit or loss" category. This assessment is to be made based on circumstances that existed on the later of the date the entity first became a party to the contract and the date of any contract amendments that significantly change the cash flows of the contract. If the entity is unable to make this assessment, the hybrid instrument must remains classified as at fair value through profit or loss in its entirety.

- HK (IFRIC) 16, "Hedges of a net investment in a foreign operation" effective 1 July 2009. This amendment states that, in a hedge of a net investment in a foreign operation, qualifying hedging instruments may be held by any entity or entities within the Group, including the foreign operation itself, as long as the designation, documentation and effectiveness requirements of HKAS 39 that relate to a net investment hedge are satisfied. In particular, the Group should clearly document its hedging strategy because of the possibility of different designations at different levels of the Group.

- HKAS 38 (amendment), "Intangible assets", effective 1 January 2010. The amendment clarifies guidance in measuring the fair value of an intangible asset acquired in a business combination and permits the grouping of intangible assets as a single asset if each asset has similar useful economic lives.

- HKAS 1 (amendment), "Presentation of financial statements" effective 1 January 2009. The amendment clarifies that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or non-current. By amending the definition of current liability, the amendment permits a liability to be classified as non-current (provided that the entity has an unconditional right to defer settlement by transfer of cash or other assets for at least 12 months after the accounting period) notwithstanding the fact that the entity could be required by the counterparty to settle in shares at any time.

- HKAS 36 (amendment), "Impairment of assets", effective 1 January 2010. The amendment clarifies that the largest cash-generating unit (or group of units) to which goodwill should be allocated for the purposes of impairment testing is an operating segment, as defined by paragraph 5 of HKFRS 8, "Operating segments" (that is, before the aggregation of segments with similar economic characteristics).

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

- HKFRS 5 (amendment), "Non-current assets held for sale and discontinued operations". The amendment clarifies that HKFRS 5 specifies the disclosures required in respect of non-current assets (or disposal groups) classified as held for sale or discontinued operations. It also clarifies that the general requirement of HKAS 1 still apply, in particular paragraph 15 (to achieve a fair presentation) and paragraph 125 (sources of estimation uncertainty) of HKAS 1.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(a) Basis of preparation *(continued)*

(iv) New and amended standards and interpretations have been issued but are not effective for the financial year beginning 1 January 2010 and have not early adopted by the Group

- HKFRS 9, "Financial instruments", issued in November 2009. This standard is the first step in the process to replace HKAS 39, "Financial instruments: recognition and measurement". HKFRS 9 introduces new requirements for classifying and measuring financial assets and is likely to affect the Group's accounting for its financial assets. The standard is not applicable until 1 January 2013 but is available for early adoption. This new standard is not expected to have a material impact on the Group's financial statements.

- Revised HKAS 24 (revised), "Related party disclosures", issued in November 2009. It supersedes HKAS 24, "Related party disclosures", issued in 2003. HKAS 24 (revised) is mandatory for periods beginning on or after 1 January 2011. Earlier application, in whole or in part, is permitted.

  The revised standard clarifies and simplifies the definition of a related party and removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities. The Group will apply the revised standard from 1 January 2011 and the adoption of this revised standard is not expected to have a material impact on the Group's financial statements.

- Classification of rights issues' (amendment to HKAS 32), issued in October 2009. The amendment applies to annual periods beginning on or after 1 February 2010. Earlier application is permitted. The amendment addresses the accounting for rights issues that are denominated in a currency other than the functional currency of the issuer. Provided certain conditions are met, such rights issues are now classified as equity regardless of the currency in which the exercise price is denominated. Previously, these issues had to be accounted for as derivative liabilities. The amendment applies retrospectively in accordance with HKAS 8 "Accounting policies, changes in accounting estimates and errors". The Group will apply the revised standard from 1 January 2011 and this amendment is not expected to have a material impact on the Group's financial statements.

  Third improvements to HKFRSs (2010) were issued in May 2010 by the HKICPA. All improvements are effective in the financial year of 2011. The Group is currently in the process of assessing the impact of these improvements on the Group's financial statements.

- HK (IFRIC)-Int 19, "Extinguishing financial liabilities with equity instruments", effective 1 July 2010. The interpretation clarifies the accounting by an entity when the terms of a financial liability are renegotiated and result in the entity issuing equity instruments to a creditor of the entity to extinguish all or part of the financial liability (debt for equity swap). It requires a gain or loss to be recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued. If the fair value of the equity instruments issued cannot be reliably measured, the equity instruments should be measured to reflect the fair value of the financial liability extinguished. The Group will apply the interpretation from 1 January 2011 and this interpretation is not expected to have a material impact on the Group's financial statements.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(a) Basis of preparation *(continued)*

(iv) New and amended standards, and interpretations have been issued but are not effective for the financial year beginning 1 January 2010 and have not early adopted by the Group (continued)

- Prepayments of a minimum funding requirement' (amendments to HK (IFRIC)-Int 14). The amendments correct an unintended consequence of HK (IFRIC)-Int 14, "HKAS 19—The limit on a defined benefit asset, minimum funding requirements and their interaction". Without the amendments, entities are not permitted to recognise as an asset some voluntary prepayments for minimum funding contributions. This was not intended when HK (IFRIC)-Int 14 was issued, and the amendments correct this. The amendments are effective for annual periods beginning 1 January 2011. Earlier application is permitted. The amendments should be applied retrospectively to the earliest comparative period presented. These amendments are not expected to have a material impact on the Group's financial statements.

- Since October 2010, the HKICPA has published Amendments to HKFRS 7, "Financial instruments: Disclosures on derecognition, Additions to HKFRS 9", "Financial instruments — Classification and measurement" for financial liability accounting and Amendments to HKAS 12, "Income taxes" on Deferred tax: Recovery of underlying assets. Management is in the process of making an assessment of their impact and is not yet in a position to determine whether any substantial changes to the Group's significant accounting policies and presentation of the financial information will be resulted.

(b) Consolidation

(i) Subsidiaries

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

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

Investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment. The results of subsidiaries are accounted for by the company on the basis of dividend and receivable.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(b) Consolidation *(continued)*

(i) Subsidiaries (continued)

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the profit or loss.

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

(ii) Transaction with non-controlling interests

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When the Group ceases to have control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

(c) Segment reporting

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

(d) Foreign currency translation

(i) Functional and presentation currency

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(d) Foreign currency translation *(continued)*

(ii) Transactions and balances

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

Foreign exchange gain and losses that relate to borrowings denominated in foreign currencies are presented in the consolidated statement of comprehensive income within "finance income/(costs), net". All other foreign exchange gain and losses are presented in the consolidated statement of comprehensive income within "Other gains/(losses), net".

(iii) Group entities

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

- assets and liabilities for each balance sheet of the group entities are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement of the group entities are translated at average exchange rates; and
- all resulting exchange differences are recognised as a separate component of equity.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(e) Property and equipment

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

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

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

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

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

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(f) Investment properties

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

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

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

Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are recognised in profit or loss during the financial period in which they are incurred.

Changes in fair values of investment property are recognised in profit or loss.

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Intangible asset

The Group operates certain sport clubs. The costs of acquiring sport players' registrations or extending their contracts, including agents' fees, are capitalised and amortised, on the straight line basis, over the period of the respective contracts.

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

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

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

(i) Financial assets

Classification

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

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date which are classified as non-current assets. Loans and receivables are classified as "trade and other receivables" and "cash and cash equivalents" in the balance sheet.

Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade-date — the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(j) Impairment of financial assets

(i) Assets carried at amortised cost

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

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

- Significant financial difficulty of the issuer or obligor;
- A breach of contract, such as a default or delinquency in interest or principal payments;
- The group, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
- It becomes probable that the borrower will enter bankruptcy or other financial reorganisation;
- The disappearance of an active market for that financial asset because of financial difficulties; or
- Observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:

  (i) adverse changes in the payment status of borrowers in the portfolio; or

  (ii) national or local economic conditions that correlate with defaults on the assets in the portfolio.

The Group first assesses whether objective evidence of impairment exists.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated income statement. If a loan or held- to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the group may measure impairment on the basis of an instrument's fair value using an observable market price.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(k) Properties under development

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

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

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

(l) Completed properties held for sale

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

Cost comprises development costs attributable to the unsold properties.

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

(m) Trade and other receivables

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

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

(n) Cash and cash equivalents

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

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

(o) Share capital

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(p) Trade and other payables

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

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

(q) Borrowings

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

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

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

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

(r) Current and deferred income tax

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(r) Current and deferred income tax *(continued)*

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

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

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(s) Employee benefits

(i) Employee leave entitlements

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

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

(ii) Retirement benefits

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

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

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

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

(iii) Termination benefits

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(t) Share-based payments

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

(i) including any market performance conditions;

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

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

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

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

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

(u) Provisions and contingent liabilities

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

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(v) Revenue recognition

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

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

(i) Sales of properties

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

(ii) Property management

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

(iii) Construction and decoration services

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

(iv) Interest income

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

(v) Rental income

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

(w) Leases

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

(i) The Group is the lessee

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

(ii) The Group is the lessor

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

(x) Dividend distribution

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

(y) Financial guarantee liabilities

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

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

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

3 FINANCIAL RISK MANAGEMENT

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

(a) Financial risk factor

(i) Foreign exchange risk

The Group's businesses are principally conducted in RMB, except that certain receipts of sales proceeds and borrowings are denominated in other foreign currencies. As at 31 December 2010, the non-RMB assets and liabilities of the Group are mainly cash proceeds from borrowings deposited in US$ bank accounts and borrowings from a financial institute denominated in US$. The Group has not entered into any significant forward exchange contract to hedge its exposure to foreign exchange risk.

As at 31 December 2010 and 2009, if RMB had strengthened/weakened by 5% against US$, with all other variables held constant, post-tax profit for the years ended 31 December 2010 and 2009 would have been approximately RMB420 million and RMB86 million higher/lower.

3 FINANCIAL RISK MANAGEMENT *(CONTINUED)*

(a) Financial risk factor *(continued)*

(ii) Interest rate risk

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

As at 31 December 2010 and 2009, if interest rate on borrowing had been 100 basis point higher/lower with all variables held constant, post-tax profit for the years ended 31 December 2010 and 2009 would have been approximately RMB38 million and RMB7 million lower/higher, respectively, mainly as a result of more/less interest expense on borrowings at variable rates.

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

(iii) Credit risk

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

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

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

(iv) Liquidity risk

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

3 FINANCIAL RISK MANAGEMENT *(CONTINUED)*

(a) Financial risk factor *(continued)*

(iv) Liquidity risk (continued)

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

	Less than 1 year RMB'000	**Between 1 and 2 years** RMB'000	**Between 2 and 5 years** RMB'000	**Over 5 years** RMB'000	**Total** RMB'000
At 31 December 2010					
Borrowings	8,303,627	5,502,277	24,926,676	—	38,732,580
Trade and other payables*	20,917,152	—	—	—	20,917,152
Total	29,220,779	5,502,277	24,926,676	—	59,649,732
At 31 December 2009					
Borrowings	7,155,768	3,749,534	5,498,944	—	16,404,246
Trade and other payables*	9,799,761	—	—	—	9,799,761
Total	16,955,529	3,749,534	5,498,944	—	26,204,007

* Excluding other taxes payable and salaries payable

(b) Capital risk management

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

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

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as total borrowings divided by total assets, as shown in the consolidated balance sheets.

3 FINANCIAL RISK MANAGEMENT *(CONTINUED)*

(b) Capital risk management *(continued)*

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

	31 December	
	2010 **RMB'000**	2009 RMB'000
Total borrowings	**31,160,134**	14,175,789
Total assets	**104,452,464**	63,071,264
Gearing ratio	**30%**	22%

(c) Fair value estimation

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

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

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

(a) PRC corporate income taxes and deferred taxation

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

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

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(CONTINUED)*

(b) PRC land appreciation taxes

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

(c) Estimated fair value of investment properties

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

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

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

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

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

5 SEGMENT INFORMATION

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

Revenue for the year ended 31 December 2010 consists of sales of properties, rental income of investment properties, property management services and income from other businesses, which are set out below:

	Year ended 31 December 2010 RMB'000	 2009 RMB'000
Sales of properties	**45,339,989**	5,042,876
Rental income of investment properties	**51,174**	37,595
Property management services	**132,221**	79,507
Other businesses	**278,017**	562,679
	45,801,401	5,722,657

The segment results and other segment items included in the consolidated statement of comprehensive income for the year ended 31 December 2010 are as follows:

	Property development RMB'000	Property investment RMB'000	Property management services RMB'000	Other businesses RMB'000	Elimination RMB'000	Group RMB'000
Gross segment revenue	45,339,989	59,494	132,221	1,749,175		47,280,879
Inter-segment revenue	—	(8,320)	—	(1,471,158)		(1,479,478)
Revenue	45,339,989	51,174	132,221	278,017		45,801,401
Segment results	10,322,682	3,407,376	(147,026)	563,679	(325,798)	13,820,913
Finance income, net						271,798
Profit before income tax						14,092,711
Income tax expenses						(6,068,035)
Profit for the year						8,024,676
Depreciation	72,228	—	3,978	29,808		106,014
Fair value gains on investment properties	—	3,350,857	—	—		3,350,857

5 SEGMENT INFORMATION (CONTINUED)

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

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

Segment assets and liabilities as at 31 December 2010 are as follows:

	Property development RMB'000	Property investment RMB'000	Property management services RMB'000	Other businesses RMB'000	Elimination RMB'000	Group RMB'000
Segment assets	94,160,717	10,116,643	846,081	6,537,084	(7,753,595)	103,906,930
Unallocated						545,534
Total assets						104,452,464
Segment liabilities	49,088,868	—	403,059	3,222,116	(6,851,776)	45,862,267
Unallocated						37,223,972
Total liabilities						83,086,239
Capital expenditure	226,243	—	4,677	627,175	—	858,095

5 SEGMENT INFORMATION *(CONTINUED)*

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

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

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

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

Segment liabilities consist of operating liabilities.

Capital expenditure comprises additions to property and equipment.

5 SEGMENT INFORMATION *(CONTINUED)*

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

	31 December 2010 RMB'000	31 December 2009 RMB'000
Segment assets	**103,906,930**	62,291,189
Unallocated:		
Income tax recoverable	**205,309**	257,909
Deferred income tax assets	**340,225**	522,166
Total assets per balance sheets	**104,452,464**	63,071,264

Reportable segments liabilities are reconciled to total liabilities as follows:

	31 December 2010 RMB'000	31 December 2009 RMB'000
Segment liabilities	**45,862,267**	34,105,897
Unallocated:		
Current income tax liabilities	**4,567,528**	1,031,935
Deferred income tax liabilities	**1,496,310**	600,497
Borrowings	**31,160,134**	14,175,789
Total liabilities per balance sheets	**83,086,239**	49,914,118

6 PROPERTY AND EQUIPMENT

Group

	Buildings RMB'000	Machinery RMB'000	Transportation equipment RMB'000	Furniture, fitting and equipment RMB'000	Construction in progress RMB'000	Total RMB'000
At 1 January 2009						
Cost	338,644	29,455	95,237	58,825	1,126	523,287
Accumulated depreciation	(5,729)	(8,299)	(42,357)	(16,761)	—	(73,146)
Net book amount	332,915	21,156	52,880	42,064	1,126	450,141
Year ended 31 December 2009						
Opening net book amount	332,915	21,156	52,880	42,064	1,126	450,141
Additions	—	8,456	11,240	72,422	—	92,118
Disposals	—	(6,147)	(1,090)	(11,361)	—	(18,598)
Transfer to investment properties	(64,601)	—	—	—	(1,126)	(65,727)
Depreciation	(10,374)	(4,643)	(23,676)	(23,466)	—	(62,159)
Closing net book amount	257,940	18,822	39,354	79,659	—	395,775
At 31 December 2009						
Cost	274,043	30,445	104,319	116,646	—	525,453
Accumulated depreciation	(16,103)	(11,623)	(64,965)	(36,987)	—	(129,678)
Net book amount	257,940	18,822	39,354	79,659	—	395,775
Year ended 31 December 2010						
Opening net book amount	257,940	18,822	39,354	79,659	—	395,775
Additions	76,529	5,570	386,934	68,881	325,420	863,334
Disposals	—	(3,300)	(3,335)	(4,111)	—	(10,746)
Transfer from investment properties	134,948	—	—	—	—	134,948
Depreciation	(17,484)	(3,561)	(49,308)	(35,661)	—	(106,014)
Closing net book amount	451,933	17,531	373,645	108,768	325,420	1,277,297
At 31 December 2010						
Cost	485,520	32,582	484,610	178,406	325,420	1,506,538
Accumulated depreciation	(33,587)	(15,051)	(110,965)	(69,638)	—	(229,241)
Net book amount	451,933	17,531	373,645	108,768	325,420	1,277,297

6 PROPERTY AND EQUIPMENT *(CONTINUED)*

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

	Year ended 31 December	
	2010 RMB'000	2009 RMB'000
Cost of sales	**24,613**	23,782
Selling and marketing costs	**23,646**	6,641
Administrative expenses	**57,755**	31,736
	106,014	62,159

Interests of RMB5,801,932 were capitalised in assets under construction for the year ended 31 December 2010 (2009: Nil).

As at 31 December 2010, property and equipment of RMB174,880,000 were pledged as collateral for the Group's bank borrowings (2009: RMB141,089,000) (note16).

Company

	Transportation equipment RMB'000	**Furniture, fitting and equipment** RMB'000	**Total** RMB'000
At 1 January 2009			
Cost	1,336	439	1,775
Accumulated depreciation	(534)	(135)	(669)
Net book amount	802	304	1,106
Year ended 31 December 2009:			
Opening net book amount	802	304	1,106
Additions	714	32	746
Depreciation	(267)	(91)	(358)
Closing net book amount	1,249	245	1,494
At 31 December 2009			
Cost	2,050	471	2,521
Accumulated depreciation	(801)	(226)	(1,027)
Net book amount	1,249	245	1,494
Year ended 31 December 2010:			
Opening net book amount	1,249	245	1,494
Additions	7,009	2,478	9,487
Disposals	—	(102)	(102)
Depreciation	(1,331)	(269)	(1,600)
Closing net book amount	6,927	2,352	9,279
At 31 December 2010			
Cost	9,059	2,725	11,784
Accumulated depreciation	(2,132)	(373)	(2,505)
Net book amount	6,927	2,352	9,279

7 LAND USE RIGHTS — GROUP

Land use rights relating to property, plant and equipment outside Hong Kong, held on leases of over 50 years:

	Year ended 31 December	
	2010 RMB'000	2009 RMB'000
Opening net book amount	16,202,618	8,895,113
Effect of change in accounting policy (note 2(a)(i))	(16,175,850)	(8,860,008)
Opening net book amount, as restated	26,768	35,105
Additions	9,803	—
Transfer from investment properties	274,052	—
Amortisation	(4,565)	(511)
Transfer to investment properties	—	(7,826)
Closing net book amount	306,058	26,768

Land use rights comprise cost of acquiring rights to use certain land, which are located in various areas of the PRC other than Hong Kong, for property development for use over fixed periods.

8 INVESTMENT PROPERTIES — GROUP

	Year ended 31 December	
	2010 RMB'000	2009 RMB'000
Opening net book amount	3,130,800	1,741,390
Additions	4,069,417	500,123
Transfer from property and equipment	—	65,727
Transfer to property and equipment and land use rights	(409,000)	—
Disposals	(25,431)	(19,010)
Fair value gains on investment properties	3,350,857	842,570
Closing net book amount	10,116,643	3,130,800

8 INVESTMENT PROPERTIES — GROUP *(CONTINUED)*

The fair values of the Group's completed investment properties as at 31 December 2010 were assessed by CB Richard Ellis Limited, an independent qualified valuer. Valuations were based on either: i) capitalisation of net rental income derived from the existing tenancies with allowance for the reversionary income potential of the properties, using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows; or ii) on direct comparison approach assuming sale of each of these properties in its existing state with the benefit of vacant possession by making reference to comparable sales transactions as available in the relevant market; or (iii) residual method of valuation which is common in valuing development sites by establishing the market value of the properties on an "as-if" completed basis with appropriate deduction on construction costs, professional fees and interest payments to be incurred as well as developer's profits. The resultant figures are adjusted back to present values to reflect the existing state of the properties on balance sheet date.

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

	Year ended 31 December	
	2010	2009
	RMB'000	RMB'000
Rental income	**51,174**	37,595
Direct operating expenses arising from investment properties that generate rental income	**(2,920)**	(5,943)
Direct operating expenses that did not generate rental income	**(4,125)**	(2,216)

As at 31 December 2010, investment properties of RMB881,517,000 were pledged as collateral for the Group's bank borrowings (2009: RMB427,383,000) (note 16).

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

	31 December	
	2010	2009
	RMB'000	RMB'000
Not later than one year	**30,337**	38,651
Later than one year and not later than five years	**85,898**	83,979
Later than five years	**41,545**	18,278
	157,780	140,908

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

9 PROPERTIES UNDER DEVELOPMENT — GROUP

	Year ended 31 December	
	2010 RMB'000	2009 RMB'000
Properties under development expected to be completed:		
— Within the one operating cycle included under current assets	49,133,585	35,439,543
— Beyond one operating cycle included under non-current assets	454,870	252,730
	49,588,455	35,692,273
Properties under development comprise:		
— Construction costs and capitalised expenditures	20,285,057	18,414,187
— Interests capitalised	2,395,684	2,142,964
— Land use rights	26,907,714	15,135,122
	49,588,455	35,692,273

The properties under development include costs of acquiring rights to use certain lands, which are located in various areas of the PRC other than Hong Kong, for property development over fixed periods. Land use rights are held on leases of between 50 to 70 years.

As at 31 December 2010, properties under development of approximately RMB10,487,356,000 were pledged as collateral for the Group's bank borrowings (2009: RMB8,405,398,000) (note 16).

As at 31 December 2010, land use rights included in properties under development of RMB194,471,000 were pledged as collateral for third parties' bank borrowings (2009: RMB1,026,851,000), which will be released upon the Group's settlement of the remaining considerations for acquisition of the related land use rights amounting to RMB49,093,000.

As at 31 December 2010, with respect to land use rights included in properties under development of RMB454,870,000, the Group needs to obtain further governmental approvals and pay additional land premium before sale of the properties on the land (2009: RMB279,498,000).

The capitalisation rate of borrowings for the year ended 31 December 2010 is 8.26% (2009: 9.58%).

10 COMPLETED PROPERTIES HELD FOR SALE — GROUP

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

As at 31 December 2010, completed properties held for sale of approximately RMB473,458,000 were pledged as collateral for the Group's bank borrowings (2009: RMB289,415,000) (note 16).

11 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	Group		Company	
	31 December		31 December	
	2010	2009	**2010**	2009
	RMB'000	RMB'000	**RMB'000**	RMB'000
Trade receivables (note (a)):	**949,589**	58,469	**—**	—
— related parties (note 33 (d))	**—**	5,332	**—**	—
— third parties	**949,589**	53,137	**—**	—
Other receivables due from:	**1,178,233**	921,865	**1,923,399**	9,418,494
— a shareholder (note 33 (d))	**—**	719	**—**	719
— subsidiaries	**—**	—	**1,920,784**	9,415,103
— third parties	**1,178,233**	921,146	**2,615**	2,672
Prepaid business taxes and other taxes	**762,638**	1,045,920	**—**	—
Prepayments and advances to third parties	**13,201,594**	3,292,639	**—**	932
— for acquisition of land use rights	**12,795,644**	2,433,244	**—**	—
— others	**405,950**	859,395	**—**	932
	16,092,054	5,318,893	**1,923,399**	9,419,426

As at 31 December 2010 and 2009, the fair value of trade and other receivables approximated their carrying amounts.

11 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS *(CONTINUED)*

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

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

	31 December	
	2010	2009
	RMB'000	RMB'000
Within 90 days	**927,134**	50,188
Over 90 days and within 180 days	**7,250**	1,524
Over 180 days and within 365 days	**15,205**	6,757
	949,589	58,469

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

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

12 RESTRICTED CASH — GROUP

	31 December	
	2010	2009
	RMB'000	RMB'000
Guarantee deposit for construction of projects (note (a))	**4,998,641**	4,058,489
Guarantee deposit for bank acceptance notes and loans (note (b))	**2,543,983**	2,985,646
Others	**53,072**	689
	7,595,696	7,044,824

12 RESTRICTED CASH — GROUP *(CONTINUED)*

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

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

Restricted cash as at 31 December 2010 and 2009 are denominated in RMB. The conversion of RMB denominated balances into foreign currencies and the remittance of such foreign currencies denominated bank balances and cash out of the PRC are subject to relevant rules and regulation of foreign exchange control promulgated by the PRC government.

Restricted cash earns interest at floating daily bank deposit rates.

13 CASH AND CASH EQUIVALENTS

	Group		**Company**	
	31 December		**31 December**	
	2010 RMB'000	2009 RMB'000	**2010 RMB'000**	2009 RMB'000
Cash at bank and in hand:				
— Denominated in RMB	**11,155,419**	7,082,137	**—**	—
— Denominated in other currencies	**1,200,844**	251,095	**23,462**	6,710
	12,356,263	7,333,232	**23,462**	6,710

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

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

14 SHARE CAPITAL AND PREMIUM

	Note	Number of ordinary shares	Nominal value of ordinary shares US$
Authorised:			
As at 1 January 2009, 31 December 2009 and 2010		100,000,000,000	1,000,000,000

	Note	Number of ordinary shares	Nominal value of ordinary shares US$	Equivalent nominal value of ordinary share RMB'000	Share premium RMB'000
Issued and fully paid:					
As at 1 January 2009		2,774,104,266	27,741,043	209,332	6,000,560
Capitalisation issue	(a)	11,220,895,734	112,208,957	766,129	(766,129)
Issuance of ordinary shares in connection with the listing	(b)	1,005,000,000	10,050,000	68,618	3,082,024
Share issuance costs		—	—	—	(358,433)
As at 31 December 2009		15,000,000,000	150,000,000	1,044,079	7,958,022
Dividends (note 28)		—	—	—	(105,000)
As at 31 December 2010		15,000,000,000	150,000,000	1,044,079	7,853,022

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

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

15 RESERVES

Group	Merger reserve RMB'000 (note (a))	Other reserves RMB'000	Statutory reserves RMB'000 (note (b))	Employee share option reserve RMB'000 (note (c))	Total RMB'000
Balance at 1 January 2009	(986,474)	1,161,776	214,535	—	389,837
Retained earnings appropriated to statutory reserve	—	—	68,216	—	68,216
Deemed contribution by the shareholder of the Company	—	747,138	—	—	747,138
Employee share option schemes (note (c))	—	—	—	14,194	14,194
Balance at 31 December 2009	(986,474)	1,908,914	282,751	14,194	1,219,385
Retained earnings appropriated to statutory reserve	—	—	35,788	—	35,788
Employee share option schemes (note (c))	—	—	—	289,403	289,403
Balance at 31 December 2010	(986,474)	1,908,914	318,539	303,597	1,544,576

(a) Merger reserve

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

(b) Statutory reserves

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

The subsidiaries which are foreign investment enterprises are required to appropriate 10% of the profit for the year after setting off the accumulated losses brought forward (based on the figures reported in the statutory financial statements) to the statutory reserve fund.

The statutory surplus reserve and statutory reserve fund can only be used to make good of losses of previous years or to increase the capital of respective companies upon the approval of relevant authority.

15 RESERVES *(CONTINUED)*

(c) Employee share option reserve

Share options are granted to directors and other selected employees. Options are conditional on the employee completing certain time's service (the vesting period). The Group has no legal or constructive obligation to repurchase or settle the options in cash.

On 14 October 2009, 208,000,000 share options (the "Pre-IPO Options) were granted to directors and employees with an exercise price of HK$3.5 per share. All the options granted will be exercisable within 3 years after vesting.

On 18 May 2010, 713,000,000 share options (the "2010 Options") were granted to directors and employees with an exercise price of HK$2.4 per share. All the options granted will be exercisable within 5 years after vesting.

Movements of share options are as follows:

	Number of share options
Year ended 31 December 2009	
Balance at 1 January 2009	—
Granted on 14 October 2009	208,000,000
	208,000,000
Year ended 31 December 2010	
Balance at 1 January 2010	208,000,000
Granted on 18 May 2010	713,000,000
Cancelled during the year	(2,000,000)
Lapsed during the year	(15,000,000)
Balance at 31 December 2010	904,000,000

15 RESERVES *(CONTINUED)*

(c) Employee share option reserve *(continued)*

Particulars of share options as at 31 December 2010 and 2009 are as follows:

Date of grant	Vesting period	Exercise period	Exercise price	Number of outstanding shares as at 31 December 2010	2009
Pre-IPO Options:					
14 October 2009	1 year	5 November 2010– 5 November 2013	HK$3.5	59,600,000	62,000,000
14 October 2009	2 years	5 November 2011 – 5 November 2014	HK$3.5	59,600,000	62,000,000
14 October 2009	3 years	5 November 2012 – 5 November 2015	HK$3.5	80,800,000	84,000,000
2010 Options:					
18 May 2010	7 Months	31 December 2010– 31 December 2015	HK$2.4	140,800,000	—
18 May 2010	19 Months	31 December 2011– 31 December 2016	HK$2.4	140,800,000	—
18 May 2010	31 Months	31 December 2012– 31 December 2017	HK$2.4	140,800,000	—
18 May 2010	43 Months	31 December 2013– 31 December 2018	HK$2.4	140,800,000	—
18 May 2010	55 Months	31 December 2014 – 13 October 2019	HK$2.4	140,800,000	—
				904,000,000	208,000,000

The weighted average fair value of both options granted was determined by reference to valuation prepared by an independent valuer, Real Actuarial Consulting Limited, using the Binomial Model. The significant inputs into the model were share price at the date of grant, annual risk free rate, expected volatility, life of the option and expected dividend yield, which are based on the best estimate of the Company's directors. The value of an option varies with different variables of certain subjective assumption.

15 RESERVES (CONTINUED)

Company

	Other reserve RMB'000	Share option reserve RMB'000	Total RMB'000
Balance at 1 January 2009	1,014,536	—	1,014,536
Employee share option schemes	—	14,194	14,194
Balance at 31 December 2009	1,014,536	14,194	1,028,730
Employee share option schemes	—	289,403	289,403
Balance at 31 December 2010	1,014,536	303,597	1,318,133

16 BORROWINGS

	Group 31 December		Company 31 December	
	2010 RMB'000	2009 RMB'000	**2010 RMB'000**	2009 RMB'000
Borrowings included in non-current liabilities:				
Bank borrowings — secured	**21,181,480**	12,027,329	**—**	—
Senior notes (note (a))	**8,750,254**	—	**8,750,254**	—
	29,931,734	12,027,329	**8,750,254**	—
Less: current portion of non-current borrowings	**(5,771,710)**	(4,211,285)	**—**	—
	24,160,024	7,816,044	**8,750,254**	—
Borrowings included in current liabilities:				
Bank borrowings — secured	**1,228,400**	2,148,460	**—**	—
Current portion of non-current borrowings	**5,771,710**	4,211,285	**—**	—
	7,000,110	6,359,745	**—**	—
Total borrowings	**31,160,134**	14,175,789	**8,750,254**	—
The total borrowings are denominated in the following currencies:				
RMB	**22,409,880**	12,465,923	**—**	—
US dollar	**8,750,254**	1,709,866	**8,750,254**	—
	31,160,134	14,175,789	**8,750,254**	—

16 BORROWINGS *(CONTINUED)*

(a) On 27 January 2010, the Company issued 13%, five-year senior notes with an aggregated principal amount of US$750,000,000 (equivalent to approximately RMB5,120,400,000) at 100% of the face value. On 13 April 2010, the Company further issued additional senior notes with an aggregated principal amount of US$600,000,000 (equivalent to approximately RMB4,095,600,000) at 100% of the face value. The senior notes are jointly guaranteed by certain subsidiaries and secured by pledges of the shares of the subsidiaries. The net assets of these subsidiaries as at 31 December 2010 were approximately RMB1,173,408,000.

Movements of the senior notes recognised are analysed as follows:

	Year ended 31 December 2010 RMB'000
Issuance of senior notes of US$750 million on 27 January 2010, net of issuance costs	5,000,475
Issuance of senior notes of US$600 million on 13 April 2010, net of issuance costs	3,986,561
Amortisation of issuance costs	32,224
Exchange gain	(269,006)
Carrying amount as at 31 December 2010	8,750,254

As at 31 December 2010, the Group's bank borrowings of RMB22,409,880,000 (2009: RMB14,175,789,000) were secured by its investment properties, properties under development, completed properties held for sale and cash in bank.

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

	6 months or less RMB'000	**6–12 months** RMB'000	**1–5 years** RMB'000	**Total** RMB'000
Group				
At 31 December 2010	12,577,280	8,040,510	1,792,090	22,409,880
At 31 December 2009	8,619,699	5,556,090	—	14,175,789

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

	31 December	
	2010 RMB'000	2009 RMB'000
Group		
Bank borrowings and senior notes:		
1–2 years	**4,847,520**	2,487,870
2–5 years	**19,312,504**	5,328,174
Company		
Senior notes:		
2–5 years	**8,750,254**	—

16 BORROWINGS *(CONTINUED)*

The effective interest rates were as follows:

	2010		2009	
	RMB'000	Effective interest rate	RMB'000	Effective interest rate
Group				
Bank borrowings	22,409,880	5.89%	14,175,789	6.44%
Senior notes	8,750,254	13.7%	—	—
Company				
Senior notes	8,750,254	13.7%	—	—

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

	2010		2009	
	Carrying amount RMB'000	Fair value RMB'000	Carrying amount RMB'000	Fair value RMB'000
Group				
Bank borrowings	15,409,770	15,409,770	7,816,044	7,816,044
Senior notes	8,750,254	9,734,574	—	—

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

The fair values of senior notes are determined directly by references to the price quotations published by the Singapore Exchange Limited on 31 December 2010, the last dealing date of 2010.

17 DEFERRED INCOME TAX — GROUP

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

	31 December	
	2010	2009
	RMB'000	RMB'000
Deferred income tax assets to be recovered within 12 months	**(249,176)**	(324,635)
Deferred income tax assets to be recovered after more than 12 months	**(91,049)**	(197,531)
Deferred income tax assets	**(340,225)**	(522,166)
Deferred income tax liabilities to be settled after more than 12 months.	**1,496,310**	600,497
	1,156,085	78,331

The net movements on the deferred taxation are as follows:

	Year ended 31 December	
	2010	2009
	RMB'000	RMB'000
Beginning of the year	**78,331**	127,163
Recognised in income tax expenses (note 25)	**1,077,754**	(48,832)
End of the year	**1,156,085**	78,331

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

Deferred income tax assets

	Temporary difference on unrealised profit of inter-company transactions	**Tax losses**	**Total**
	RMB'000	RMB'000	RMB'000
As at 1 January 2009	(85,136)	(246,728)	(331,864)
Credited to the income tax expenses	(41,783)	(156,019)	(197,802)
As at 31 December 2009	(126,919)	(402,747)	(529,666)
(Credited)/charged to the income tax expenses	(59,448)	240,639	181,191
As at 31 December 2010	(186,367)	(162,108)	(348,475)

17 DEFERRED INCOME TAX — GROUP *(CONTINUED)*

Deferred income tax assets are recognised for tax losses carry-forwards to the extent that the realisation of the related benefit through future taxable profits is probable. The Group did not recognise deferred tax assets of RMB136,796,250 (2009: RMB 71,003,000) in respect of tax losses amounting to RMB547,185,000 (2009: RMB284,013,000) in certain subsidiaries, which will expire in the following years:

	RMB'000
Year	
2012	35,045
2013	49,664
2014	199,304
2015	263,172
	547,185

Deferred income tax liabilities

	Excess of carrying amount of land use right over the tax bases RMB'000	**Temporary difference on recognition of fair value gain of investment properties** RMB'000	**Withholding tax on profit to be distributed in future** RMB'000	**Total** RMB'000
As at 1 January 2009	119,958	339,069	—	459,027
(Credited)/charged to the income tax expenses	(61,672)	210,642	—	148,970
As at 31 December 2009	58,286	549,711	—	607,997
(Credited)/charged to the income tax expenses	(17,297)	837,714	76,146	896,563
As at 31 December 2010	40,989	1,387,425	76,146	1,504,560

18 TRADE AND OTHER PAYABLES

	Group		Company	
	31 December		31 December	
	2010	2009	**2010**	2009
	RMB'000	RMB'000	**RMB'000**	RMB'000
Trade payables				
— third parties	**13,459,413**	5,841,260	**—**	—
Other payables:	**6,911,183**	3,685,280	**723,245**	120,765
— subsidiaries	**—**	—	**95,280**	120,765
— third parties	**2,220,332**	745,917	**627,965**	—
— payables for acquisition of land useghtsi	**4,690,851**	2,939,363	**—**	—
Accrued expenses	**925,603**	119,425	**—**	—
Other taxes payable	**484,637**	153,796	**—**	—
	21,780,836	9,799,761	**723,245**	120,765

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

	31 December	
	2010	2009
	RMB'000	RMB'000
Within 90 days	**12,677,883**	5,678,940
Over 90 days and within 180 days	**511,020**	54,046
Over 180 days and within 365 days	**137,750**	44,818
Over 365 days	**132,760**	63,456
	13,459,413	5,841,260

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

19 CURRENT INCOME TAX LIABILITIES — GROUP

The current income tax liabilities are analysed as follows:

	31 December 2010 RMB'000	31 December 2009 RMB'000
Income tax payables		
— PRC corporate income tax	**1,988,901**	310,023
— PRC land appreciation tax	**2,578,627**	721,912
	4,567,528	1,031,935

20 OTHER GAINS

	Year ended 31 December 2010 RMB'000	Year ended 31 December 2009 RMB'000
Interest income from bank deposits	**52,249**	36,093
Forfeited customer deposits	**22,472**	10,601
Gain on partial disposal of a subsidiary	**—**	98,800
Interest income from non-current receivables	**21,204**	21,115
Gain from repurchase of a structured secured loan (note (a))	**—**	172,475
Consent fee income (note (b))	**73,575**	—
Others	**14,869**	8,470
	184,369	347,554

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

(b) Amount represented the consent fee received from the non-controlling shareholder of a subsidiary in relation to the waiver on an event of change in control pursuant to the related shareholders' agreement.

21 EXPENSES BY NATURE

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

	Year ended 31 December	
	2010	2009
	RMB'000	RMB'000
Cost of properties sold	**29,036,722**	**3,213,016**
Business tax and other levies (note (a))	**2,543,238**	336,525
Staff costs — including directors' emoluments (note 22)	**1,775,893**	478,773
Advertising costs	**888,301**	574,769
Sales commissions	**347,373**	99,919
Consultancy fee (note (b))	**47,232**	127,174
Depreciation	**106,014**	62,159
Amortisation of land use rights	**4,565**	10,757
Auditors' remuneration	**9,699**	6,985
Donations to governmental charity (included in other operating expenses)	**53,610**	35,895

(a) Business tax

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

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

(b) Consultancy fee

The consultancy fee for the years ended 31 December 2010 and 2009 are mainly related to market promotion, planning and other consultancy services provided by a real estate consulting firm.

22 STAFF COSTS — INCLUDING DIRECTORS' EMOLUMENTS

	Year ended 31 December	
	2010	2009
	RMB'000	RMB'000
Wages and salaries	1,382,810	402,026
Pension costs — statutory pension (note 30)	29,551	15,824
Staff welfare	28,712	15,740
Medical benefits	14,131	7,953
Employee share option schemes	289,403	14,194
Other allowances and benefits	31,286	23,036
	1,775,893	478,773

23 EMOLUMENTS FOR DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS

(a) Directors' emoluments

The remuneration of directors of the Company for the year ended 31 December 2010 is set out below:

	Fees	Salary	Contribution to pension scheme	Employees share option scheme	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Dr. Hui	240	—	—	—	240
Mr. Xia Haijun	240	15,505	10	32,192	47,947
Mr. Li Gang	240	13,965	10	22,534	36,749
Mr. Tse Wai Wah	240	4,726	10	4,829	9,805
Mr. Xu Xiangwu	240	3,824	22	4,829	8,915
Mr. Xu Wen	240	4,535	20	5,473	10,268
Ms. He Miaoling	240	4,283	22	5,473	10,018
Mr. Lai Lixin	240	3,715	10	4,829	8,794
Mr. Yu Kam Kee Lawrence	300	—	—	—	300
Mr. Chau Shing Yim David	300	—	—	—	300
Mr. He Qi	300	—	—	—	300
	2,820	50,553	104	80,159	133,636

23 EMOLUMENTS FOR DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS *(CONTINUED)*

(a) Directors' emoluments *(continued)*

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

	Fees RMB'000	Salary RMB'000	Contribution to pension scheme RMB'000	Employees share option scheme RMB'000	Total RMB'000
Dr. Hui	40	—	—	—	40
Mr. Xia Haijun	40	13,650	3	1,419	15,112
Mr. Li Gang	40	11,115	25	1,419	12,599
Mr. Tse Wai Wah	40	4,337	81	426	4,884
Mr. Xu Xiangwu	40	3,571	18	426	4,055
Mr. Xu Wen	40	3,231	30	426	3,727
Ms. He Miaoling	40	3,868	22	426	4,356
Mr. Lai Lixin	40	3,273	24	426	3,763
Mr. Yu Kam Kee Lawrence	50	—	—	—	50
Mr. Chau Shing Yim David	50	—	—	—	50
Mr. He Qi	50	—	—	—	50
Mr. Huang Xiangui (note (i))	—	720	13	—	733
	470	43,765	216	4,968	49,419

(i) Mr. Huang Xiangui resigned in the year ended 31 December 2009.

(b) Five highest paid individuals

During the year ended 31 December 2010, the five highest paid individuals include 2 directors (2009: 4). The aggregate amounts of emoluments of the five highest paid individuals for the year ended 31 December 2010 are set out below:

	Year ended 31 December 2010 RMB'000	2009 RMB'000
Salaries and other benefits	144,201	36,828
Retirement scheme contributions	73	153
	144,274	36,981

23 EMOLUMENTS FOR DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS *(CONTINUED)*

(b) Five highest paid individuals *(continued)*

The emoluments fell within the following bands:

	Year ended 31 December	
	2010	2009
RMB2,000,000 to RMB4,000,000	—	2
RMB4,000,000 to RMB6,000,000	—	1
RMB10,000,000 to RMB12,000,000	—	1
RMB12,000,000 to RMB14,000,000	—	1
RMB16,000,000 to RMB18,000,000	1	—
RMB18,000,000 to RMB20,000,000	1	—
RMB22,000,000 to RMB24,000,000	1	—
RMB36,000,000 to RMB38,000,000	1	—
RMB46,000,000 to RMB48,000,000	1	—

(c) During the year ended 31 December 2010, no emolument was paid by the group entities to any of the above directors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office (2009: nil).

24 FINANCE INCOME/(COSTS), NET

	Year ended 31 December	
	2010 RMB'000	2009 RMB'000
Exchange gain	271,798	4,395
Interest expenses from bank borrowings	(2,107,309)	(1,207,117)
Less: interest capitalised	2,107,309	1,199,013
	—	(8,104)
	271,798	(3,709)

25 INCOME TAX EXPENSES

	Year ended 31 December	
	2010	2009
	RMB'000	RMB'000
Current income tax		
— Hong Kong profits tax	**—**	—
— PRC corporate income tax	**2,329,223**	186,349
— PRC land appreciation tax	**2,661,058**	191,854
Deferred income tax		
— PRC corporate income tax (note 17)	**1,077,754**	(48,832)
	6,068,035	329,371

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

	Year ended 31 December	
	2010	2009
	RMB'000	RMB'000
Profit before income tax	**14,092,711**	1,446,175
Calculated at PRC corporate income tax rate	**3,598,453**	290,781
PRC land appreciation tax deductible for PRC corporate income tax purposes	**(665,265)**	(47,964)
Income not subject to tax (note (a))	**(92,551)**	(116,490)
Reversal of provision of deferred tax liabilities of land use right	**—**	(67,807)
Expenses not deductible for tax purposes (note (b))	**346,242**	29,171
Tax losses for which no deferred income tax asset was recognised	**143,952**	49,826
PRC corporate income tax	**3,330,831**	137,517
Withholding tax on profit to be distributed from PRC subsidiaries	**76,146**	—
PRC land appreciation tax	**2,661,058**	191,854
	6,068,035	329,371

(a) Income not subject to tax for the year ended 31 December 2010 mainly comprised the exchange gain recognised for the senior notes in the Company (note 24) and consent fee (note 20).

(b) Expenses not deductible for tax purpose for the year ended 31 December 2010 mainly comprised the cost of land premium without official invoices and interests incurred by offshore group companies.

The weighted average applicable tax rate for the year ended 31 December 2010 is 25% (2009: 20%).

25 INCOME TAX EXPENSES *(CONTINUED)*

Overseas income tax

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law, Cap. 22 (2010 Revision as consolidated and revised from time to time) of the Cayman Islands and accordingly, is exempted from Cayman Islands income tax. The group companies in the British Virgin Islands were incorporated under the International Business Companies Act of the British Virgin Islands and, accordingly, exempted from British Virgin Islands income tax.

Hong Kong profits tax

No Hong Kong profits tax has been provided for as there is no business operation that are subject to Hong Kong profits tax during the year ended 31 December 2010 (2009: nil).

PRC corporate income tax

The income tax provision of the Group in respect of operations in Mainland China has been calculated at the applicable tax rate of 25% (2009: 25%) on the estimated assessable profits for the year, based on the existing legislation, interpretations and practices in respect thereof.

PRC withholding income tax

According to the new Enterprise Income Tax Law of the PRC, starting from 1 January 2008, a withholding tax of 10% will be levied on the immediate holding companies outside the PRC when their PRC subsidiaries declare dividend out of profits earned after 1 January 2008. A lower 5% withholding tax rate may be applied when the immediate holding companies of the PRC subsidiaries are established in Hong Kong according to the tax treaty arrangements between the PRC and Hong Kong.

PRC land appreciation tax

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

26 ACCUMULATED LOSSES — COMPANY

	Year ended 31 December	
	2010 RMB'000	2009 RMB'000
At 1 January	**(709,770)**	(1,083,267)
(Loss)/profit for the year	**(1,454,197)**	373,497
At 31 December	**(2,163,967)**	(709,770)

27 EARNINGS PER SHARE

(a) Basic

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

	Year ended 31 December	
	2010	2009
	RMB'000	RMB'000
Profit attributable to shareholders of the Company	**7,588,786**	1,046,428
Weighted average number of ordinary shares in issue (thousands)	**15,000,000**	14,149,192
Basic earnings per share (RMB)	**0.506**	0.074

(b) Diluted

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

	Year ended 31 December	
	2010	2009
	RMB'000	RMB'000
Profit attributable to equity holders of the Company	**7,588,786**	1,046,428
Weighted average number of ordinary shares in issue (thousands)	**15,000,000**	14,149,192
Adjustments for share options (thousands)	**100,311**	7,556
Weighted average number of ordinary shares for diluted earnings per share (thousands)	**15,100,311**	14,156,748
Diluted earnings per share (RMB)	**0.503**	0.074

28 DIVIDENDS

	Year ended 31 December	
	2010 **RMB'000**	2009 RMB'000
Proposed final dividend of RMB0.1268 (2009: RMB0.7 cents) per ordinary share	**1,902,000**	105,000

The Company did not distribute an interim dividend in the current year (2009: nil).

A final dividend in respect of 2009 of RMB0.7 cents per share totalling RMB105,000,000 was paid on 3 June 2010.

A final dividend in respect of 2010 of RMB0.1268 per share totalling RMB1,902,000,000 is to be approved by the shareholders at the Annual General Meeting on 27 May 2011. These financial statements do not reflect this dividend payable.

29 CASH (USED IN)/GENERATED FROM OPERATING ACTIVITIES

	Year ended 31 December	
	2010 **RMB'000**	2009 RMB'000
Profit for the year	**8,024,676**	1,116,804
Adjustments for:		
Income tax expense	**6,068,035**	329,371
Interest income from bank deposits (note 20)	**(52,249)**	(36,093)
Interest expense (note 24)	**—**	8,104
Interest income from non-current receivables (note 20)	**(21,204)**	(21,115)
Exchange gain (note 24)	**(271,798)**	(4,395)
Gain on partial disposal of a subsidiary	**—**	(98,800)
Gain from repurchase of a structured secured loan (note 20)	**—**	(172,475)
Depreciation (note 6)	**106,014**	62,159
Amortisation of intangible assets	**5,716**	—
Employee share option schemes	**289,403**	14,194
Fair value gain on investment properties	**(3,350,857)**	(842,570)
Loss on disposal of property and equipment (note (a))	**10,746**	18,598
Consent fee income (note 20)	**(73,575)**	—
Reversals of financial guarantees	**—**	(197,403)
Changes in working capital:		
Properties under development and completed properties held for sale	**(19,001,513)**	(17,880,793)
Restricted cash as guarantee for construction of projects and other operating activities	**(992,535)**	(3,358,837)
Trade and other receivables and prepayments	**(10,773,880)**	(1,728,782)
Trade and other payables and receipt in advance from customers	**11,182,583**	26,086,733
Cash (used in)/generated from operations	**(8,850,438)**	3,294,700

29 CASH (USED IN)/GENERATED FROM OPERATING ACTIVITIES *(CONTINUED)*

(a) Loss on disposal of property and equipment during the year ended 31 December 2010 and 2009 represented the net book value of the property and equipment being disposed of.

30 PENSIONS — DEFINED CONTRIBUTION PLANS

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

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

	Year ended 31 December	
	2010 **RMB'000**	2009 RMB'000
Gross scheme contributions	**29,551**	15,824

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

31 FINANCIAL GUARANTEES

	31 December	
	2010 **RMB'000**	2009 RMB'000
Guarantees in respect of mortgage facilities for certain purchasers of the Group's property units	**25,451,605**	12,531,513

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

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

32 COMMITMENTS

(a) Operating leases commitments

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

	31 December 2010 RMB'000	2009 RMB'000
Property and equipment:		
Not later than one year	**61,817**	46,503
Later than one year and not later than five years	**92,067**	77,026
Later than five years	**1,891**	5,870
	155,775	129,399

(b) Commitments for property development expenditure

	31 December 2010 RMB'000	2009 RMB'000
Contracted but not provided for	**24,932,607**	15,223,065

(c) Commitments for land expenditure

	31 December 2010 RMB'000	2009 RMB'000
Contracted but not provided for	**21,873,587**	12,315,356

33 RELATED PARTY TRANSACTIONS

(a) Name and relationship with related parties

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

(i) The Group acquired 100% interests of this company with a consideration of RMB753,000 in September 2010. Thereafter, this company is no longer a related party of the Group.

(b) Transactions with related parties

During the year ended 31 December 2010, the Group had the following significant transactions with related parties:

	Year ended 31 December	
	2010 RMB'000	2009 RMB'000
Rental income (note (i)):		
Guangzhou Jinbi Dashijie Catering and Entertainment Company Limited	9,717	3,062

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

(c) Key management compensation

	Year ended 31 December	
	2010 RMB'000	2009 RMB'000
Salaries and other employee benefits	223,484	73,583
Retirement scheme contributions	394	507
	223,878	74,090

33 RELATED PARTY TRANSACTIONS *(CONTINUED)*

(d) Balances with related parties

As at 31 December 2010, the Group had the following significant trade and non-trade balances with related parties:

	31 December	
	2010	2009
	RMB'000	RMB'000
Amounts due from related parties		
Included in other receivables:		
Guangzhou Jinbi Dashijie Catering and Entertainment Company Limited	—	5,332
Included in other receivables:		
Xin Xin (BVI) Limited	—	719
	—	6,051

34 SUBSEQUENT EVENTS

On 13 January 2011, the Company issued 7.50%, 4 year senior notes with an aggregated principal amount of RMB5,550,000,000 and 9.25%, 5 year senior notes with an aggregated principal amount of RMB3,700,000,000 at 100% of the face value. The senior notes are jointly guaranteed by certain subsidiaries and are secured by pledges of the shares of the subsidiaries.

35 INVESTMENTS IN SUBSIDIARIES — COMPANY

	31 December	
	2010	2009
	RMB'000	RMB'000
Investment in subsidiaries — unlisted shares	**2**	2
Employee share option schemes (note 15 (c))	**303,597**	14,194
Amounts due from subsidiaries (note (i))	**15,265,027**	—
	15,568,626	14,196

(i) The amounts due from subsidiaries are interest-free, unsecured and are intended to provide the subsidiaries with long term sources of additional capital.

35 INVESTMENTS IN SUBSIDIARIES — COMPANY *(CONTINUED)*

Particulars of principal subsidiaries are set out below:

Name	Date of incorporation/ Establishment	Nominal value of issued and fully paid share capital/ paid-in capital	Percentage of attributable equity interest Directly	Percentage of attributable equity interest Indirectly	Principal activities
Incorporated in the BVI with limited liability and operating in the People's Republic of China (the "PRC")					
ANJI (BVI) Limited	26 June 2006	US$100	100%	—	Investment holding
ShengJian (BVI) Limited	29 January 2007	US$100	—	100%	Investment holding
Ever Grace Group Limited	18 September 2008	US$100	—	100%	Investment holding
Incorporated in Hong Kong with limited liability and operating in the PRC					
Success Will Group Limited	5 July 2007	HK$1,000	—	60%	Investment holding
Shui Wah Investment Limited	18 June 1992	HK$4	—	100%	Property development
Wisdom Gain Group Limited	13 June 2003	US$10,000	—	100%	Property development
Full Hill Limited	3 January 2002	US$1	—	100%	Investment holding
Incorporated in the PRC with limited liability and operating in the PRC					
恒大地產集團有限公司 Hengda Real Estate Group Company Limited	24 June 1996	RMB2,500,000,000	—	100%	Property development
廣州市俊匯房地產開發有限公司 Guangzhou Junhui Real Estate Development Company Limited	23 February 1994	RMB34,000,000	—	100%	Property development
廣州通瑞達房地產實業有限公司 Guangzhou Tongruida Real Estate Industrial Company Limited	31 December 1996	RMB475,950,000	—	100%	Property development
佛山市南海新中建房地產發展有限公司 Foshan Nanhai Xinzhongjian Real Estate Development Company Limited	11 September 2001	RMB677,000,000	—	60%	Property development

35 INVESTMENTS IN SUBSIDIARIES — COMPANY (CONTINUED)

Name	Date of incorporation/ Establishment	Nominal value of issued and fully paid share capital/ paid-in capital	Percentage of attributable equity interest Directly	Percentage of attributable equity interest Indirectly	Principal activities
Incorporated in the PRC with limited liability and operating in the PRC *(continued)*					
廣州市俊鴻房地產開發有限公司 Guangzhou Junhong Real Estate Development Company Limited	12 April 1993	RMB362,550,000	–	100%	Property development
廣州恒大(增城)房地產開發有限公司 Guangzhou Hengda (Zengcheng) Real Estate Development Company Limited	18 July 2005	RMB68,560,000	–	100%	Property Development
恒大地產集團重慶有限公司 Hengda Real Estate Group (Chongqing) Company Limited	17 July 2006	RMB841,000,000	–	100%	Property development
恒大鑫源(昆明)置業有限公司 Hengda Xinyuan (Kunming) Property Company Limited	26 April 2007	RMB1,014,816,300	–	100%	Property development
恒大地產集團天津薊縣有限公司 Hengda (Tianjin) Jixian Real Estate Group Company Limited	22 August 2006	RMB437,000,000	–	100%	Property development
恒大地產集團江津有限公司 Hengda (Jiangjin) Real Estate Group Company Limited	27 July 2006	RMB260,000,000	–	100%	Property development
鄂州恒大房地產開發有限公司 E'zhou Hengda Real Estate Development Company Limited	25 July 2006	RMB390,000,000	–	100%	Property development
成都恒大銀河新城置業有限公司 Chengdu Hengda Galaxy New City Property Company Limited	30 November 2006	RMB296,000,000	–	100%	Property development

35 INVESTMENTS IN SUBSIDIARIES — COMPANY *(CONTINUED)*

Name	Date of incorporation/ Establishment	Nominal value of issued and fully paid share capital/ paid-in capital	Percentage of attributable equity interest Directly	Indirectly	Principal activities
Incorporated in the PRC with limited liability and operating in the PRC *(continued)*					
武漢東湖恒大房地產開發有限公司 Wuhan Donghu Hengda Real Estate Development Company Limited	22 December 2006	RMB1,064,000,000	—	100%	Property development
恒大鑫隆(瀋陽)置業有限公司 Hengda Xinlong (Shengyang) Real Estate Company Limited	28 December 2006	US$5,000,000	—	100%	Property development
恒大長基(瀋陽)置業有限公司 Hengda Changji (Shengyang) Property Company Limited	1 December 2006	US$86,900,000	—	100%	Property development
恒大鑫源(瀋陽)置業有限公司 Hengda Xinyuan (Shengyang) Property Company Limited	1 December 2006	RMB1,345,116,000	—	100%	Property development
成都市溫江區鑫金康置業有限責任公司 Chengdu Wenjiang Xinjinkang Property Company Limited	1 August 2006	RMB495,500,000	—	100%	Property development
恒大鑫豐(彭山)置業有限公司 Hengda Xinfeng (Pengshan) Property Company Limited	13 March 2007	RMB821,520,000	—	100%	Property development
恒大盛宇(清新)置業有限公司 Hengda Shengyu (Qingxin) Company Limited	25 March 2007	US$139,000,000	—	100%	Property development
武漢市金碧綠洲房地產開發有限公司 Wuhan Evergrande Oasis Real Estate Development Company Limited	21 March 2007	US$64,900,000	—	100%	Property development
重慶恒大基宇置業有限公司 Hengda Chongqing Jiyu Property Company Limited	14 May 2007	US$178,900,000	—	100%	Property development
湖北怡清雅築房地產開發有限公司 Hubei Yiqingyazhu Real Estate Development Company Limited	20 March 2007	RMB320,000,000	—	100%	Property development

35 INVESTMENTS IN SUBSIDIARIES — COMPANY *(CONTINUED)*

Name	Date of incorporation/ Establishment	Nominal value of issued and fully paid share capital/ paid-in capital	Percentage of attributable equity interest Directly	Percentage of attributable equity interest Indirectly	Principal activities
Incorporated in the PRC with limited liability and operating in the PRC *(continued)*					
金碧物業有限公司 Jinbi Property Management Company Limited	10 September 1997	RMB177,600,000	—	60%	Property management and related consulting services
恒大地產集團太原有限公司 Hengda (Taiyuan) Real Estate Group Company Limited	11 September 2007	RMB891,000,000	—	100%	Property development
西安曲江投資建設有限公司 Xi'an Qujiang Investment Construction Company Limited	9 September 2002	RMB453,462,000	—	65%	Property development
西安祺雲置業有限公司 Xi'an Qiyun Land Company Limited	28 August 2007	RMB315,000,000	—	100%	Property development
合肥祺嘉置業有限公司 Hefei Qijia Property Company Limited	6 November 2007	US$126,000,000	—	100%	Property development
恒大地產集團貴陽置業有限公司 Hengda Real Estate Group Guiyang Property Company Limited	13 November 2007	RMB437,100,000	—	100%	Property development
南京漢典房地產開發有限公司 Nanjing Handian Property Development Company Limited	10 July 2002	RMB371,000,000	—	100%	Property development
廣州市越秀住宅建設有限公司 Guangzhou Yuexiu Property Construction Company Limited	20 May 2005	RMB53,280,000	—	100%	Construction
湖南盛基置業有限公司 Hunan Shengji Property Company Limited	26 March 2008	US$20,000,000	—	100%	Property development

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

FIVE YEARS FINANCIAL SUMMARY

CONSOLIDATED ASSETS, EQUITY AND LIABILITIES

(as at 31 December)

	2006 RMB'000	2007 RMB'000	2008 RMB'000	2009 RMB'000	2010 RMB'000
			(Restated)	(Restated)	
ASSETS					
Non-current assets	1,292,847	2,384,170	3,048,612	4,631,203	**12,856,479**
Current assets	6,501,130	19,000,215	25,473,986	58,440,061	**91,595,985**
Total assets	7,793,977	21,384,385	28,522,598	63,071,264	**104,452,464**
EQUITY					
Total equity	(508,334)	851,273	8,583,131	13,157,146	**21,366,225**
LIABILITIES					
Non-current liabilities	4,973,037	13,368,017	4,677,940	8,416,541	**25,656,334**
Current liabilities	3,329,274	7,165,095	15,261,527	41,497,577	**57,429,905**
Total liabilities	8,302,311	20,533,112	19,939,467	49,914,118	**83,086,239**
Total equity and liabilities	7,793,977	21,384,385	28,522,598	63,071,264	**104,452,464**

* In 2010, the group changed its accounting policy for land use right relating to properties developed for sale (Note 2(a)(i)).

FIVE YEARS FINANCIAL SUMMARY (continued)

	2006 RMB'000	2007 RMB'000	2008 RMB'000	2009 RMB'000	**2010** **RMB'000**
Revenue	1,983,304	3,166,692	3,606,791	5,722,657	**45,801,401**
Cost of sales	(1,426,278)	(1,945,261)	(2,124,420)	(3,776,308)	**(32,432,232)**
Gross profit	557,026	1,221,431	1,482,371	1,946,349	**13,369,169**
Fair value gains on investment properties	300,103	657,067	77,415	842,570	**3,350,857**
Other gains	25,904	796,877	531,090	347,554	**184,369**
Selling and marketing costs	(63,640)	(220,651)	(665,299)	(1,075,142)	**(1,574,262)**
Administrative expenses	(150,964)	(470,579)	(545,273)	(744,960)	**(1,384,263)**
Other operating expenses	(19,572)	(23,356)	(34,439)	(63,890)	**(124,957)**
Operating profit	648,857	1,960,789	845,865	1,252,481	**13,820,913**
Fair value change on embedded financial derivatives	(2,515)	(562,684)	—	197,403	**—**
(Provisions)/reversals of financial guarantees	—	—	(65,997)	—	**—**
Finance (costs)/income,net	(55,809)	118,765	186,520	(3,709)	**271,798**
Profit before income tax	590,533	1,516,870	966,388	1,446,175	**14,092,711**
Income tax expenses	(265,074)	(437,766)	(333,958)	(329,371)	**(6,068,035)**
Profit for the year	325,459	1,079,104	632,430	1,116,804	**8,024,676**
Other comprehensive income	—	—	—	—	**—**
Total comprehensive income for the year	325,459	1,079,104	632,430	1,116,804	**8,024,676**
Attributable to:					
Shareholders of the Company	325,459	1,081,533	524,760	1,046,428	**7,588,786**
Non-controlling interests	—	(2,429)	107,670	70,376	**435,890**

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