



【年報】

2011 ANNUAL REPORT

碧桂園控股有限公司

COUNTRY GARDEN HOLDINGS COMPANY LIMITED

(於開曼群島註冊成立的有限公司)

(Incorporated in the Cayman Islands with limited liability)

股份代號 Stock Code: 2007



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Corporate Profile

Country Garden Holdings Company Limited (“Country Garden” or the “Company”) together with its subsidiaries, (collectively, the “Group”) (stock code: 2007.HK) is one of China’s leading integrated property developers. The Group runs a centralized and standardized business model that comprises construction, decoration, project development, property management, as well as hotel development and management. Country Garden offers a broad range of products to cater for diverse market demands. Its various products include large-scale residential projects such as townhouses, apartment buildings, as well as car-parks and retail shops. The Group also develops and manages hotels within some of its projects to enhance the potential for property value appreciation. It also develops hotels which are independent of property developments. The Group’s brand was named by the People’s Republic of China (the “PRC”) State Administration for Industry and Commerce in 2006 as “China’s Well-known Trademarks”.

Country Garden was listed on the Main Board of the Hong Kong Stock Exchange on 20 April 2007. The listing not only provided the Group with additional funding to sustain healthy growth in the future, but also assisted the Group to establish its foothold in the international capital market. Country Garden was well recognized by the market post listing. It was included in the MSCI Global Standard Index on 1 September 2007. It also became a constituent stock of the Hang Seng Composite Index, Hang Seng Mainland Composite Index and Hang Seng Mainland Freefloat Index on 10 September 2007. All these symbolized the capital market’s recognition of Country Garden as a major component of the Hong Kong stock market and also strengthened the Group’s benchmarking position in the international capital markets.

Since its inception, Country Garden has been benefiting from the flourishing economy of the PRC, particularly in Guangdong Province. As at 31 December 2011, Country Garden had operations in a number of strategically selected locations beyond Guangdong Province, including Hunan Province, Jiangsu Province, Hubei Province, Liaoning Province, Anhui Province, Inner Mongolia Autonomous Region, Heilongjiang Province, Hainan Province, Chongqing Municipality, Tianjin Municipality as well as Guangxi Zhuang Autonomous Region. The associated strategic acquisitions further reinforced the Group’s leading position in Guangdong Province and strengthened its developments in other provinces across the nation, demonstrating the excellent execution ability and the strong replication potential of the Group’s successful business model.

Looking ahead, Country Garden will continue to focus on developing high quality property projects in the suburban areas of first tier cities as well as second and third tier cities with promising economic growth potential. Leveraging on its unique competitive strengths, and under the direction and guidance of government’s macro policies, Country Garden will further replicate its successful business model into new high growth regions through strategic selection of project locations, a short project development schedule characterized by fast asset turnover and excellent execution ability, as well as innovative product offering closely in line with market demand, all with a view to developing the Group into a leading large-scale residential property developer with a national presence and a well recognized brand name.



Chairman's Statement

HIGHLIGHTS

- Total revenue for the year ended 31 December 2011 amounted to approximately RMB34.7 billion, representing an increase of approximately 34.7% compared with the year 2010; recognised GFA reached approximately 5.90 million sq.m., representing an increase of approximately 19.6% compared with the year 2010.
- Profit attributable to owners of the Company amounted to approximately RMB5.8 billion, representing an increase of approximately 35.5% compared with the year 2010.
- Earnings per share amounted to approximately RMB35.00 cents, increased by approximately 35.2% compared with the year 2010.
- Proposed final dividend per share is RMB12.96 cents, increased by approximately 34.9% compared with the year 2010.

Dear Shareholders,

I am pleased to present the annual results of Country Garden Holdings Company Limited ("Country Garden" or the "Company", together with its subsidiaries, the "Group") for the year ended 31 December 2011.

During the year, Country Garden, as always, in accordance with national policies, actively responded to the market changes, offered high-value-for-money products and achieved excellent performance. The Group's full year contracted sales of 2011 amounted to approximately RMB43.2 billion and contracted gross floor area ("GFA") totaled approximately 6.87 million sq.m., posting a year-on-year growth of about 31% and 15%, respectively, and exceeding the full year target of RMB43 billion. Recognised GFA for the year amounted to approximately 5.90 million sq.m., representing an increase of approximately 19.6% compared with 2010. The Group's total revenue and gross profit reached approximately RMB34,748.3 million and RMB11,995.7 million respectively, representing a year-on-year increase of approximately 34.7% and 43.6%, respectively. Profit attributable to owners of the Company rose to approximately RMB5,813.2 million, posting a year-on-year increase of approximately 35.5%. The Board recommends the payment of a final dividend of RMB12.96 cents for the year ended 31 December 2011.

The Group launched 16 new projects for pre-sales in 2011, among which 10 were in Guangdong Province. New projects were welcomed by the home purchasers when they were initially launched, and recorded an aggregate contracted sales of approximately RMB12.8 billion. Of which, the Group's second project in Huizhou City of Guangdong Province, Country Garden — Ten Miles Beach, which was launched on 30 July, had more than 70% of the 5,080 units of the initial launch being subscribed on the first day with transaction amount of over RMB3 billion; the Group's second project in Jiangsu Province, Country Garden — Phoenix City (Jurong), which was launched for pre-sales on 15 May, had over 70% of the approximately 2,500 units initially launched being subscribed in the first two days of launch with transaction amount of nearly RMB1.2 billion. These successful new projects have provided sustainable high-quality products to the Group.

Chairman's Statement

The Group continued to achieve strong results in Guangdong Province, its core market, which accounted for around 66% of the Group's total contracted sales. Moreover, with the new projects outside Guangdong Province gradually reaching the delivery phases, and the improvement in the surrounding environment and ancillary facilities of these new projects over the past two to three years, the Board believes that the recognition of Country Garden's brand name has been further enhanced outside Guangdong Province. This will not only boost the revenue growth of these new projects, but will also set a solid foundation for the long-term development of the Group. The ratio of the contracted sales of the projects outside Guangdong Province to that of the Group has increased from approximately 24% in 2008 to approximately 34% in 2011, which verifies that the Group's successful business model in Guangdong Province is replicable in places outside Guangdong Province.

As at 31 December 2011, the Group has 103 projects under different stages of development, including 62 in Guangdong Province. Attributable GFA with land use right certificates was approximately 54.85 million sq.m. (approximately 45.4% in Guangdong Province), among which attributable GFA with construction permits was around 15.31 million sq.m.. With the steady development in China, the Group is delighted to enter into an agreement on 23 December 2011 with Mayland Group, a well-known property development and investment group in Malaysia, to establish a joint venture company to acquire certain land use rights in Malaysia for developing into residential and ancillary commercial properties.

The encouraging and steadily growing contract sales during the year further validates the strong replicability and sustainability of Country Garden's business model, and proves that the strategy of offering high-value-for-money products has won extensive market recognition. It also demonstrates the Group's strong dedication, in accordance with the national policy, to develop high-quality housings that are affordable by the public.

Alongside the continuing expansion in property development and sales, the Group's hotel business has broadened its recurring income stream from non-residential developments, diversifying the Group's property income portfolio. Hotel revenue in 2011 amounted to approximately RMB801.7 million, representing a year-on-year growth of about 69.8%. As at 31 December 2011, the Group operated 5 five-star hotels, 21 five-star standard hotels, as well as 1 four-star hotel, with a total of 8,352 guest rooms. Most of the Group's hotels are located within the Group's property projects. The development of five-star standard hotels within these property projects assists in sales promotion and enhances the ancillary value of the projects. The Group has signed hotel management agreements with a few high calibre international hotel management firms, such as Hilton and Maritim, aiming at further unlocking the long-term value potential of the hotel business segment.

In the aspect of internal management, during the year, the Group further strengthened the series of reforms carried out in 2010. By emphasizing planning at an early stage, encouraging design innovation and enhancing the product quality, Country Garden has provided high-value-for-money quality products to the customers in various markets. Meanwhile, through the continuous fine-tuning of organization structure and management processes, along with the establishment of the result-oriented performance appraisal system, the execution ability of the projects has been remarkably strengthened.

With regards to financial management, the Group actively explored various funding channels in the capital markets in addition to its strong bank financing capabilities with major commercial banks. In February 2011, the Group re-entered the international capital market, and successfully issued senior notes with a 7-year tenor of US\$900 million to consolidate the liquidity position and provide long-term capital for further development. The issuance is the largest single issuance among Asian property developers in 2011, and has received strong demand with significant oversubscription, which reflects investors' confidence in the Group's operation model and financial strength.

The Group appointed Ms. YANG Ziying as an executive director of the Company on 31 May 2011. Prior to joining the Group in 2008 as an assistant to Chairman, Ms. YANG worked in a renowned global investment bank. Ms. YANG is primarily responsible for overseeing finances of the Group, including offshore and onshore financing.

Chairman's Statement

With the nationwide development of Country Garden's projects, the Group has paid more attention to its brand image of "Country Garden". During the year, on top of the guiding motto, "Country Garden — Giving you a five-star home", the Group has further launched a theme of "Happy Country Garden", and continues to provide high-quality "happy homes" to our customers through high-value-for-money products, beautiful environment, convenient transportation, comprehensive facilities and attentive services, and to help our home owners, employees, business partners and investors to experience "happy enterprise" through continuously improving internal management and healthily growing performance.

2012 marks the 20th anniversary of Country Garden's establishment, as well as the 5th anniversary of the Company's listing. Looking forward, the Group will continue to strategically select and develop property projects that are in line with national development strategies and the macroeconomic environment, leveraging on the Group's fast track development and strong project execution capabilities to maintain quick asset turnover. We are committed to offering high-value-for-money property products, creating value for the society and generating satisfactory returns for our shareholders.



APPRECIATION

On behalf of the Board, I would like to extend my sincere gratitude as always to the entire management team and every staff member of Country Garden. The growth of Country Garden would not have been possible without your dedication and contribution. The Group would also like to thank the local governments for their continued support in making possible the smooth progress of our various projects. We would also like to express our appreciation to our shareholders, investors, customers and business partners for their strong support and confidence in the Group. The management and staff of Country Garden will continue to dedicate their professional knowledge with excellent team spirit to create lucrative returns for our shareholders.

YEUNG Kwok Keung

Chairman

Foshan, Guangdong Province, PRC
28 February 2012

Business Overview

PROPERTY DEVELOPMENT

As of 31 December 2011, the Group had 103 projects at various stages of development. 62 of the projects are located in Guangdong Province including 13 in Guangzhou city, 9 in Foshan city, 12 in Jiangmen city, 1 in Yangjiang city, 3 in Shaoguan city, 7 in Zhaoqing city, 2 in Huizhou city, 2 in Shanwei city, 1 in Maoming city, 4 in Qingyuan city, 1 in Yunfu city, 3 in Dongguan city, 1 in Heyuan city, 2 in Meizhou city and 1 in Zhongshan city. Another 41 projects are located in other provinces and regions including 4 in Changsha city and 1 in each of Yiyang city, Zhangjiajie city, Xiangtan city, Chenzhou city in Hunan Province, 1 in each of Suizhou city, Jingmen city, 2 in Wuhan city and 2 in Xianning city in Hubei Province, 1 in each of Taizhou city, Zhenjiang city, Wuxi city in Jiangsu Province, 2 in Hefei city, 2 in Chuzhou city, 1 in each of Anqing city, Chizhou city, Maanshan city, Huangshan city and Wuhu city in Anhui Province, 5 in Shenyang city and 1 in Anshan city in Liaoning Province, 1 in each of Hulunbeier city, Xing'anmeng and Tongliao city in Inner Mongolia, 1 in Suihua city in Heilongjiang Province, 1 in Chongqing Municipality, 2 in Tianjin Municipality, 1 in Yulin city in Guangxi Zhuang Autonomous Region and 1 in Wenchang city in Hainan Province.

As of 31 December 2011, the Group's 103 projects had an aggregate completed GFA of 29,114,291 sq.m., and aggregate GFA under development of 16,241,277 sq.m., and aggregate GFA of 36,772,364 sq.m. relating to properties held for future development.

PROPERTY MANAGEMENT

Through a wholly-owned property management subsidiary of the Company, Guangdong Country Garden Property Management Co., Ltd. ("Guangdong Management Co."), the Group provides post sales property management and services to the residents of each of the projects developed.

As of 31 December 2011 the Group had approximately 13,622 staff working for its 89 property management branches. The Group aims to continue to provide property management and services, including public security and assisting the management of public order, maintenance of public facilities, cleaning of public areas, domestic assistance, gardening and landscaping, intra-community shuttle bus operations and other customer services. The Group has established a market reputation for the quality of these services. For example, Guangdong Management Co. has been certified by the Ministry of Construction as a class-one property management company, the highest level a PRC property management company can achieve.



HOTEL OPERATION

The Group has developed and currently operated 5 five-star hotels and 1 four-star hotel, as well as 21 hotels which have been developed to the five-star rating standard under the “Star-Rating Standard for Tourist Hotels”. In addition, the Group has 19 hotels that are under construction in accordance with the five-star rating standard of the “Star-Rating Standard for Tourist Hotels”.

The development status of the Group’s hotel properties as at 31 December 2011 is as follow:

Name of Hotel	Location	Actual/ *Estimated Opening Date	Number of Rooms	Star-rating ⁽¹⁾
Shunde Country Garden Holiday Resort (順德碧桂園度假村)	Shunde Country Garden, Foshan, Guangdong Province	February 2000	152	Four-Star (in operation)
Guangzhou Country Garden Phoenix City Hotel (廣州碧桂園鳳凰城酒店)	Country Garden Phoenix City, Guangzhou, Guangdong Province	November 2003	573	Five-Star (in operation)
Qingyuan Country Garden Holiday Islands Hotel (清遠市碧桂園假日半島酒店)	Qingyuan Holiday Islands Country Garden, Qingyuan, Guangdong Province	December 2004	201	Five-Star (in operation)
Heshan Country Garden Phoenix Hotel (鶴山碧桂園鳳凰酒店)	Heshan Country Garden, Jiangmen, Guangdong Province	July 2005	280	Five-Star (in operation)
Yangjiang Country Garden Phoenix Hotel (陽江碧桂園鳳凰酒店)	Yangdong Country Garden, Yangjiang, Guangdong Province	May 2007	342	Five-Star (in operation)
Taishan Country Garden Phoenix Hotel (台山碧桂園鳳凰酒店)	Taishan Country Garden, Jiangmen, Guangdong Province	November 2007	337	Five-Star (in operation)
Wuyi Country Garden Phoenix Hotel (五邑碧桂園鳳凰酒店)	Wuyi Country Garden, Jiangmen, Guangdong Province	December 2005	95	According to five-star rating standard (in operation)
Changsha Venice Palace Hotel (長沙威尼斯酒店)	Changsha Country Garden, Changsha, Hunan Province	October 2007	343	According to five-star rating standard (in operation)
Zhaoqing Country Garden Phoenix Hotel (肇慶碧桂園鳳凰酒店)	Zhaoqing Country Garden, Zhaoqing, Guangdong Province	February 2009	285	According to five-star rating standard (in operation)
Xinhui Country Garden Phoenix Hotel (新會碧桂園鳳凰酒店)	Xinhui Country Garden, Jiangmen, Guangdong Province	March 2009	374	According to five-star rating standard (in operation)
Gaoming Country Garden Phoenix Hotel (高明碧桂園鳳凰酒店)	Gaoming Country Garden, Foshan, Guangdong Province	November 2009	337	According to five-star rating standard (in operation)
Country Garden Phoenix Hot Spring Hotel (碧桂園鳳凰溫泉酒店)	Country Garden – Hot Spring City, Xianning, Hubei Province	November 2009	335	According to five-star rating standard (in operation)

Business Overview

Name of Hotel	Location	Actual/ *Estimated Opening Date	Number of Rooms	Star-rating ⁽¹⁾
Chongqing Country Garden Phoenix Hotel (重慶碧桂園鳳凰酒店)	Changshou Country Garden, Changshou, Chongqing Municipality	September 2010	336	According to five-star rating standard (in operation)
Jingmen Country Garden Phoenix Hotel (荊門碧桂園鳳凰酒店)	Jingmen Country Garden, Jingmen, Hubei Province	October 2010	138	According to five-star rating standard (in operation)
Wuhu Country Garden Maritim Hotel (蕪湖碧桂園瑪麗蒂姆酒店)	Wuhu Country Garden, Wuhu, Anhui Province	December 2010	602	According to five-star rating standard (in operation)
Wuhan Country Garden Phoenix Hotel (武漢碧桂園鳳凰酒店)	Wuhan Country Garden, Wuhan, Hubei Province	January 2011	334	According to five-star rating standard (in operation)
Binhu City Phoenix Hotel (濱湖城鳳凰酒店)	Country Garden Lakeside City, Hefei, Anhui Province	January 2011	337	According to five-star rating standard (in operation)
Huangshan Country Garden Phoenix Hotel (黃山碧桂園鳳凰酒店)	Huangshan Country Garden, Huangshan, Anhui Province	March 2011	376	According to five-star rating standard (in operation)
Shenyang Country Garden Holiday Hotel (瀋陽碧桂園假日酒店)	Shenyang Country Garden, Shenyang, Liaoning Province	May 2011	50	According to five-star rating standard (in operation)
Shenyang Country Garden Maritim Hotel (瀋陽碧桂園瑪麗蒂姆酒店)	Country Garden — Galaxy Palace, Shenyang, Liaoning Province	July 2011	631	According to five-star rating standard (in operation)
Country Garden Phoenix Hotel, Tianjin (天津碧桂園鳳凰酒店)	Tianjin Country Garden, Balitai, Tianjin Municipality	August 2011	134	According to five-star rating standard (in operation)
Shaoguan Country Garden Phoenix Hotel (韶關碧桂園鳳凰酒店)	Shaoguan Country Garden, Shaoguan, Guangdong Province	August 2011	335	According to five-star rating standard (in operation)
Suizhou Country Garden Phoenix Hotel (隨州碧桂園鳳凰酒店)	Suizhou Country Garden, Suizhou, Hubei Province	October 2011	378	According to five-star rating standard (in operation)
Lechang Country Garden Phoenix Hotel (樂昌碧桂園鳳凰酒店)	Lechang Country Garden, Shaoguan, Guangdong Province	November 2011	129	According to five-star rating standard (in operation)
Ningxiang Country Garden Phoenix Hotel (寧鄉碧桂園鳳凰酒店)	Country Garden — Hill Lake Palace, Changsha, Hunan Province	December 2011	129	According to five-star rating standard (in operation)
Chuzhou Country Garden Phoenix Hotel (滁州碧桂園鳳凰酒店)	Country Garden — Europe City, Chuzhou, Anhui Province	December 2011	333	According to five-star rating standard (in operation)

Business Overview

Name of Hotel	Location	Actual/ *Estimated Opening Date	Number of Rooms	Star-rating ⁽¹⁾
Country Garden Phoenix Hotel, Rushan Lake (碧桂園如山湖鳳凰酒店)	Country Garden — Hill Lake City, Maanshan, Anhui Province	December 2011	456	According to five-star rating standard (in operation)
Anqing Country Garden Phoenix Hotel (安慶碧桂園鳳凰酒店) ⁽²⁾	Anqing Country Garden, Anqing, Anhui Province	2012*	334	According to five-star rating standard (trial operation)
Chizhou Country Garden Phoenix Hotel (池州市碧桂園鳳凰酒店) ⁽³⁾	Chizhou Country Garden, Chizhou, Anhui Province	2012*	338	According to five-star rating standard (trial operation)
Taizhou Country Garden Phoenix Hotel (泰州碧桂園鳳凰酒店) ⁽⁴⁾	Taizhou Country Garden, Taizhou, Jiangsu Province	2012*	330	According to five-star rating standard (trial operation)
Chaohu Phoenix Hotel (巢湖鳳凰酒店)	Chaohu Country Garden, Hefei, Anhui Province	2012*	336	According to five-star rating standard (under construction)
Yunfu Phoenix Hotel (雲浮鳳凰酒店)	Yunfu Country Garden, Yunfu, Guangdong Province	2012*	133	According to five-star rating standard (under construction)
Tongliao Country Garden Phoenix Hotel (通遼碧桂園鳳凰酒店)	Tongliao Country Garden, Tongliao, Inner Mongolia	2012*	134	According to five-star rating standard (under construction)
Tianjin Phoenix Hotel (天津鳳凰酒店)	Independent Hotel, Tanggu, Tianjin Municipality	2013*	1,229	According to five-star rating standard (under construction)



Business Overview

Name of Hotel	Location	Actual/ *Estimated Opening Date	Number of Rooms	Star-rating ⁽¹⁾
Beiliu Country Garden Phoenix Hotel (北流碧桂園鳳凰酒店)	Beiliu Country Garden, Yulin, Guangxi Zhuang Autonomous Region	2013*	207	According to five-star rating standard (under construction)
Country Garden Phoenix Hotel, Xing'anmeng (興安盟碧桂園鳳凰酒店)	Xing'anmeng Country Garden, Xing'anmeng, Inner Mongolia	2013*	136	According to five-star rating standard (under construction)
Phoenix Hotel, Yangshan (陽山鳳凰酒店)	Yangshan Country Garden, Qingyuan, Guangdong Province	2013*	137	According to five-star rating standard (under construction)
Fogang Hot Spring Hotel (佛岡溫泉酒店)	Country Garden — Spring City, Qingyuan, Guangdong Province	2012*	11	According to five-star rating standard (under construction)
Huiyang Phoenix Hotel (惠陽鳳凰酒店)	Huiyang Country Garden, Huizhou, Guangdong Province	2012*	133	According to five-star rating standard (under construction)
Foshan Country Garden Hilton Hotel (佛山碧桂園希爾頓酒店)	Country Garden City Garden, Foshan, Guangdong Province	2012*	664	According to five-star rating standard (under construction)
Zhangjiajie Phoenix International Resort Hotel (張家界鳳凰國際度假酒店)	Zhangjiajie Country Garden, Zhangjiajie, Hunan Province	2012*	1,121	According to five-star rating standard (under construction)
Hilton Wuhan Optics Valley Hotel (武漢光谷希爾頓酒店)	Country Garden — Eco City, Wuhan, Hubei Province	2013*	510	According to five-star rating standard (under construction)
Country Garden Phoenix City Hotel, Nanjing (碧桂園南京鳳凰城酒店)	Country Garden — Phoenix City, Zhenjiang, Jiangsu Province	2012*	334	According to five-star rating standard (under construction)
Country Garden Silver Beach Hotel (碧桂園十里銀灘酒店)	Country Garden — Ten Miles Beach, Huizhou, Guangdong Province	2012*	384	According to five-star rating standard (under construction)
Country Garden Resort Hotel, Meizhou (梅州碧桂園假日酒店)	Country Garden — Grand Palace, Meizhou, Guangdong Province	2013*	50	According to five-star rating standard (under construction)
Country Garden Phoenix Hotel, Kaiping (開平碧桂園鳳凰酒店)	Country Garden — Jade Bay, Jiangmen, Guangdong Province	2013*	289	According to five-star rating standard (under construction)

Notes:

- (1) Hotels are only allowed to apply for star hotel certification after one year of operation.
- (2) Anqing Country Garden Phoenix Hotel commenced partial trial operation on 29 October 2009.
- (3) Chizhou Country Garden Phoenix Hotel commenced partial trial operation on 28 January 2011.
- (4) Taizhou Country Garden Phoenix Hotel commenced partial trial operation on 28 December 2011.

Business Overview

The following map shows the location of the cities where the 103 projects of the Group are located:



Guangdong

1. Country Garden East Court
2. Shawan Country Garden
3. Huanan Country Garden — Phases One to Five and Phase Seven
4. Huanan Country Garden — Phase Six
5. Licheng Country Garden
6. Country Garden Phoenix City
7. Nansha Country Garden
8. Holiday Islands — Huadu
9. Shunde Country Garden — including Country Garden West Court
10. Jun'an Country Garden
11. Peninsula Country Garden
12. Gaoming Country Garden
13. Nanhai Country Garden
14. Heshan Country Garden
15. Wuyi Country Garden
16. Xinhui Country Garden
17. Taishan Country Garden
18. Yangdong Country Garden
19. Zhaoqing Lanling Residence
20. Zhaoqing Country Garden
21. Shaoguan Country Garden
22. Huiyang Country Garden
23. Lechang Country Garden
24. Enping Country Garden
25. Shanwei Country Garden
26. Shaoguan Country Garden — Sun Palace
27. Sihui Country Garden
28. Maoming Country Garden
29. Yangshan Country Garden
30. Country Garden — Lychee Park
31. Zhaoqing Country Garden — Hill Lake Palace
32. Country Garden — Park Prime
33. Country Garden — Grand Garden
34. Country Garden — Sunshine Coast
35. Holiday Islands — Qingyuan
36. Country Garden Wonderland
37. Dalang Country Garden
38. Country Garden Grand Palace
39. Huaiji Country Garden
40. Country Garden City Garden
41. Country Garden Grand Palace

42. Deqing Country Garden
43. Yunfu Country Garden
44. Jianghai Country Garden
45. Xinhui Country Garden — Phase Four
46. Country Garden — Ten Miles Beach
47. Country Garden — Spring City
48. Country Garden Grand Lake
49. Fengkai Country Garden
50. Haifeng Country Garden
51. Country Garden — Hill Lake Grand Palace
52. Ronggui Country Garden
53. Country Garden — Dongjiang Phoenix City
54. Meijiang Country Garden
55. Country Garden Grand Garden
56. Shilou Country Garden
57. Country Garden — Jade Bay
58. Country Garden — Forest Hill Garden
59. Country Garden — Grand Palace
60. Country Garden Shine Hill Lake City
61. Country Garden — Hill Bay
62. Country Garden — Hill Lake Bay

Guangxi

63. Beiliu Country Garden

Hunan

64. Changsha Country Garden
65. Country Garden — Hill Lake Palace
66. Yiyang Country Garden
67. Liuyang Country Garden
68. Xiangtan Country Garden
69. Zhangjiajie Country Garden
70. Country Garden Wonderland
71. Country Garden — Jade Hill

Chongqing

72. Changshou Country Garden

Hubei

73. Wuhan Country Garden
74. Xianning Country Garden
75. Suizhou Country Garden

76. Country Garden — Hot Spring City
77. Jingmen Country Garden
78. Country Garden — Eco City

Jiangsu

79. Taizhou Country Garden
80. Country Garden — Phoenix City
81. Country Garden — Triumph Palace

Anhui

82. Country Garden Lakeside City
83. Chizhou Country Garden
84. Huangshan Country Garden
85. Wuhu Country Garden
86. Country Garden — Hill Lake City
87. Chaohu Country Garden
88. Anqing Country Garden
89. Country Garden — Europe City
90. Country Garden — City Garden

Tianjin

91. Tianjin Country Garden
92. Country Garden — Deyu Office Building

Liaoning

93. Shenyang Country Garden
94. Country Garden — Phoenix City
95. Country Garden — Sun Palace
96. Country Garden — Galaxy Palace
97. Haicheng Country Garden
98. Country Garden Grand Garden

Inner Mongolia

99. Manzhouli Country Garden
100. Xing'anmeng Country Garden
101. Tongliao Country Garden

Heilongjiang

102. Suihua Country Garden

Hainan

103. Country Garden — Palm City

Business Overview

Completed property developments

Project	City (District)	Aggregate GFA for entire project sq.m.	Interest attributable to the Company (%)	Completed GFA ⁽¹⁾ sq.m.	Total completed saleable GFA ⁽¹⁾ sq.m.	Total saleable GFA sold and delivered ⁽¹⁾ sq.m.	Total saleable GFA pre-sold pending delivery ⁽¹⁾ sq.m.	Completion date
Country Garden East Court (碧桂園東苑)	Guangzhou (Panyu)	269,222	100%	240,550	238,860	235,251	0	29/Jun/02
Shawan Country Garden (沙灣碧桂園)	Guangzhou (Panyu)	278,834	100%	278,834	273,702	273,702	0	31/Dec/09
Huanan Country Garden – Phases One to Five and Phase Seven (華南碧桂園一—至五期及七期)	Guangzhou (Panyu)	1,075,096	100%	1,075,096	960,457	957,140	500	19/Dec/11
Huanan Country Garden – Phase Six (華南碧桂園一六期)	Guangzhou (Panyu)	423,467	50%	408,391	407,612	407,552	0	20/Dec/07
Licheng Country Garden (荔城碧桂園)	Guangzhou (Zengcheng)	568,729	100%	568,729	550,765	543,377	0	30/Jun/10
Country Garden Phoenix City (碧桂園鳳凰城)	Guangzhou (Zengcheng)	4,621,359	100%	3,668,918	3,494,744	3,213,630	136,702	30/Dec/11
Nansha Country Garden (南沙碧桂園)	Guangzhou (Nansha)	515,889	100%	515,889	491,002	489,750	0	28/Jun/10
Holiday Islands – Huadu (假日半島—花都)	Guangzhou (Huadu)	444,403	100%	391,317	389,016	273,864	20,479	29/Dec/11
Shunde Country Garden – including Country Garden West Court (順德碧桂園(含碧桂園西苑))	Foshan (Shunde)	2,414,529	100%	2,210,154	2,033,402	1,965,036	1,478	30/Dec/11
Jun'an Country Garden (均安碧桂園)	Foshan (Shunde)	254,510	90%	224,458	214,110	213,246	0	20/Jun/11
Peninsula Country Garden (半島碧桂園)	Foshan (Shunde)	294,330	100%	294,330	287,043	286,021	1,022	16/Apr/08
Gaoming Country Garden (高明碧桂園)	Foshan (Gaoming)	985,944	100%	877,723	867,690	815,410	14,833	31/Dec/11
Nanhai Country Garden (南海碧桂園)	Foshan (Nanhai)	553,574	100%	553,574	542,780	540,783	0	30/Mar/11
Heshan Country Garden (鶴山碧桂園)	Jiangmen (Heshan)	2,002,027	100%	1,557,613	1,486,132	1,349,969	45,878	28/Nov/11
Wuyi Country Garden (五邑碧桂園)	Jiangmen (Pengjiang)	955,078	100%	772,778	732,267	723,176	310	23/Dec/11
Xinhui Country Garden (新會碧桂園)	Jiangmen (Xinhui)	585,792	100%	525,293	521,594	454,109	56,489	19/Nov/11
Taishan Country Garden (台山碧桂園)	Jiangmen (Taishan)	2,628,194	100%	649,716	628,875	483,517	13,382	17/Oct/11
Yangdong Country Garden (陽東碧桂園)	Yangjiang (Yangdong)	390,847	100%	390,847	370,202	366,116	569	21/Dec/10
Changsha Country Garden (長沙碧桂園)	Changsha (Changsha)	1,003,033	100%	704,771	658,956	597,384	9,753	24/May/11
Zhaoqing Lanling Residence (肇慶藍領公寓)	Zhaoqing (Gaoxin)	185,721	100%	185,721	105,861	4,955	0	26/Jun/09
Zhaoqing Country Garden (肇慶碧桂園)	Zhaoqing (Gaoyao)	465,784	51%	333,029	317,001	315,729	600	01/Apr/11
Shaoguan Country Garden (韶關碧桂園)	Shaoguan (Zhenjiang)	1,906,512	100%	1,159,345	1,129,684	1,056,127	16,797	23/Dec/11
Taizhou Country Garden (泰州碧桂園)	Taizhou (Hailing)	731,382	100%	549,048	526,667	380,325	1,924	28/Dec/11
Huiyang Country Garden (惠陽碧桂園)	Huizhou (Huiyang)	1,021,774	90%	348,204	342,783	249,416	31,773	21/Oct/11
Manzhouli Country Garden (滿洲里碧桂園)	Hulunbeier (Manzhouli)	1,589,139	100%	83,864	83,569	63,898	775	30/Nov/09
Lechang Country Garden (樂昌碧桂園)	Shaoguan (Lechang)	618,922	100%	173,807	168,929	124,396	17,915	14/Dec/11
Country Garden – Sun Palace (碧桂園•太陽城)	Shenyang (Daoyi)	1,060,254	100%	217,773	214,784	209,262	0	26/Oct/10
Shenyang Country Garden (瀋陽碧桂園)	Shenyang (Huashan)	1,457,428	100%	322,069	319,134	173,786	4,917	26/Oct/11
Country Garden – Galaxy Palace (碧桂園•銀河城)	Shenyang (Yuhong)	1,876,712	100%	649,226	632,321	488,011	22,799	28/Oct/11
Country Garden – Phoenix City (碧桂園•鳳凰城)	Shenyang (Suijiatun)	1,657,194	100%	310,199	307,091	259,672	3,878	28/Oct/11
Enping Country Garden (恩平碧桂園)	Jiangmen (Enping)	329,149	100%	221,799	215,190	201,663	2,393	17/Jun/11
Country Garden – Hill Lake Palace (碧桂園•山湖城)	Changsha (Ningxiang)	720,933	100%	256,405	229,117	145,364	1,235	14/Jan/11
Country Garden Lakeside City (碧桂園濱湖城)	Hefei (Chaohu)	1,146,840	100%	605,313	597,226	440,066	47,391	27/Dec/11
Shanwei Country Garden (汕尾碧桂園)	Shanwei (Shanwei)	457,304	100%	233,626	227,595	226,109	907	30/Jul/11
Wuhan Country Garden (武漢碧桂園)	Wuhan (Hannan)	1,019,580	100%	332,458	313,618	186,716	40,201	15/Dec/11
Shaoguan Country Garden – Sun Palace (韶關碧桂園•太陽城)	Shaoguan (Xilian)	3,521,027	100%	283,923	279,129	269,380	2,093	29/Dec/11
Haicheng Country Garden (海城碧桂園)	Anshan (Haicheng)	601,610	100%	60,327	58,203	45,197	727	30/Sep/11
Xing'anmeng Country Garden (興安盟碧桂園)	Xing'anmeng (Keyouqianqi)	940,853	100%	169,088	161,941	117,578	26,302	27/Oct/11
Chizhou Country Garden (池州碧桂園)	Chizhou (Zhanqian)	392,670	100%	232,288	228,437	173,809	1,799	26/Dec/11
Country Garden – Hill Lake City (碧桂園•如山湖城)	Maanshan (Hexian)	902,225	100%	649,923	625,407	158,290	2,979	21/Oct/11
Sihui Country Garden (四會碧桂園)	Zhaoqing (Sihui)	47,102	100%	47,102	45,492	44,225	0	30/Jun/10
Xianning Country Garden (咸寧碧桂園)	Xianning (Xian'an)	577,654	100%	247,204	229,960	153,950	13,097	25/Nov/11

Business Overview

Project	City (District)	Aggregate GFA for entire project sq.m.	Interest attributable to the Company (%)	Completed GFA ⁽¹⁾ sq.m.	Total completed saleable GFA ⁽¹⁾ sq.m.	Total saleable GFA sold and delivered ⁽¹⁾ sq.m.	Total saleable GFA pre-sold pending delivery ⁽¹⁾ sq.m.	Completion date
Country Garden – Hot Spring City (碧桂園•溫泉城)	Xianning (Xian'an)	1,061,891	100%	191,230	190,596	170,817	6,660	30/Jul/11
Suizhou Country Garden (隨州碧桂園)	Suizhou (Chengnan)	1,422,115	100%	290,812	286,415	247,614	3,337	30/Aug/11
Changshou Country Garden (長壽碧桂園)	Chongqing (Changshou)	421,583	100%	387,110	366,541	339,917	214	22/Oct/10
Tongliao Country Garden (通遼碧桂園)	Tongliao (Keerqin)	1,675,890	100%	182,879	182,184	146,081	1,768	29/Oct/11
Huangshan Country Garden (黃山碧桂園)	Huangshan (Tunxi)	331,284	100%	289,876	268,959	218,553	10,629	30/Nov/11
Anqing Country Garden (安慶碧桂園)	Anqing (Yingjiang)	1,842,818	100%	392,337	366,880	316,993	2,374	29/Dec/11
Wuhu Country Garden (蕪湖碧桂園)	Wuhu (Sanshanqu)	2,086,964	100%	592,645	584,396	398,983	422	29/Sep/11
Yiyang Country Garden (益陽碧桂園)	Yiyang (Yiyang)	640,019	100%	130,662	128,262	113,685	2,171	23/Mar/11
Chaohu Country Garden (巢湖碧桂園)	Hefei (Chaohu)	881,023	100%	285,052	255,790	220,144	955	30/Nov/11
Liujiang Country Garden (瀏陽碧桂園)	Changsha (Liujiang)	865,254	100%	155,670	151,065	117,292	9,351	08/Sep/11
Maoming Country Garden (茂名碧桂園)	Maoming (Maonan)	492,145	100%	227,070	215,469	155,619	23,767	30/Nov/11
Yangshan Country Garden (陽山碧桂園)	Qingyuan (Yangshan)	1,148,250	100%	106,405	104,013	100,177	129	26/Sep/11
Suihua Country Garden (綏化碧桂園)	Suihua (Beilin)	266,247	100%	121,559	121,136	85,195	17,369	21/Oct/11
Tianjin Country Garden (天津碧桂園)	Tianjin (Balitai)	1,009,090	100%	80,107	80,107	58,877	20,461	20/Oct/11
Jingmen Country Garden (荊門碧桂園)	Jingmen (Duodao)	810,519	100%	199,872	198,974	195,674	0	28/Jul/11
Country Garden – Lychee Park (碧桂園•荔園)	Guangzhou (Zengcheng)	88,837	100%	88,837	87,590	85,523	0	26/May/10
Zhaoqing Country Garden – Hill Lake Palace (肇慶碧桂園•山湖城)	Zhaoqing (Gaoyao)	261,130	51%	156,606	154,481	127,931	15,665	30/Nov/11
Country Garden – Park Prime (碧桂園•公園1號)	Jiangmen (Heshan)	233,210	100%	58,216	56,486	55,490	41	30/Dec/10
Country Garden – Grand Garden (碧桂園•豪園)	Guangzhou (Zengcheng)	1,056,045	100%	398,239	386,711	331,552	553	20/Dec/11
Country Garden – Sunshine Coast (碧桂園•陽光水岸)	Jiangmen (Kaiping)	48,718	100%	48,718	48,446	44,595	0	15/Dec/10
Holiday Islands – Qingyuan (假日半島—清遠)	Qingyuan (Qingcheng)	435,667	100%	273,756	272,702	264,329	293	29/Mar/11
Country Garden Wonderland (碧桂園山水桃園)	Foshan (Nanhai)	144,178	100%	108,549	108,337	52,466	0	29/Nov/11
Dalang Country Garden (大朗碧桂園)	Dongguan (Dalang)	377,817	100%	120,200	119,798	109,890	4,465	23/Dec/11
Huaiji Country Garden (懷集碧桂園)	Zhaoqing (Huajii)	126,656	100%	126,656	125,514	124,051	0	24/Aug/11
Country Garden City Garden (碧桂園城市花園)	Foshan (Chancheng)	437,354	90%	83,144	80,064	0	67,043	26/Dec/11
Country Garden Grand Palace (碧桂園豪庭)	Foshan (Shunde)	369,213	100%	115,638	114,097	75,210	572	23/Nov/11
Deqing Country Garden (德慶碧桂園)	Zhaoqing (Deqing)	195,743	100%	98,597	95,919	70,335	4,974	25/Oct/11
Yunfu Country Garden (雲浮碧桂園)	Yunfu (Jinshan)	394,873	100%	59,837	59,558	0	55,458	20/Sep/11
Beiliu Country Garden (北流碧桂園)	Yulin (Beiliu)	348,711	100%	59,696	53,868	48,074	1,895	27/May/11
Jianghai Country Garden (江海碧桂園)	Jiangmen (Jianghai)	472,265	100%	79,909	77,555	40,069	26,709	30/Nov/11
Zhangjiajie Country Garden (張家界碧桂園)	Zhangjiajie (Yongding)	407,007	100%	23,685	0	0	0	28/Sep/10
Total:		63,845,142		29,114,291	27,850,261	23,992,093	819,172	

Note:

(1) Those are based on the surveying reports relevant government departments.

Business Overview

Properties under development

Project	City (District)	Aggregate GFA for entire project sq.m.	Interest attributable to the Company (%)	GFA under development ⁽¹⁾ sq.m.	Total saleable GFA under development ⁽²⁾ sq.m.	Actual commencement date	Total saleable GFA pre-sold ⁽³⁾ sq.m.	Actual/Estimated pre-sale commencement date	Estimated completion date
Huanan Country Garden – Phase Six (華南碧桂園一六期)	Guangzhou (Panyu)	423,467	50%	1,076	0	15/Oct/04	0	–	1st Quarter, 2012
Country Garden Phoenix City (碧桂園鳳凰城)	Guangzhou (Zengcheng)	4,621,359	100%	773,789	721,543	29/Apr/07	438,410	30/Apr/08	2nd Quarter, 2013
Holiday Islands – Huadu (假日半島—花都)	Guangzhou (Huadu)	444,403	100%	32,125	14,643	11/May/06	0	1st Quarter, 2012	2nd Quarter, 2012
Shunde Country Garden – including Country Garden West Court (順德碧桂園含碧桂園西苑)	Foshan (Shunde)	2,414,529	100%	198,248	99,432	6/Jun/08	72,383	16/Sep/10	2nd Quarter, 2012
Gaoming Country Garden (高明碧桂園)	Foshan (Gaoming)	985,944	100%	95,221	93,886	31/May/06	21,545	30/Jun/11	3rd Quarter, 2012
Heshan Country Garden (鶴山碧桂園)	Jiangmen (Heshan)	2,002,027	100%	310,827	309,397	15/May/10	195,960	9/Sep/11	4th Quarter, 2012
Wuyi Country Garden (五邑碧桂園)	Jiangmen (Pengjiang)	955,078	100%	179,180	178,158	28/May/10	146,567	11/Oct/10	2nd Quarter, 2013
Xinhui Country Garden (新會碧桂園)	Jiangmen (Xinhui)	585,792	100%	60,499	54,037	16/Apr/10	54,037	17/Dec/10	1st Quarter, 2012
Taishan Country Garden (台山碧桂園)	Jiangmen (Taishan)	2,628,194	100%	307,578	298,892	29/Feb/08	145,373	29/Apr/10	1st Quarter, 2013
Changsha Country Garden (長沙碧桂園)	Changsha (Changsha)	1,003,033	100%	157,262	156,726	31/Dec/09	124,130	25/Sep/10	2nd Quarter, 2012
Zhaoqing Country Garden (肇慶碧桂園)	Zhaoqing (Gaoyao)	465,784	51%	63,651	63,651	15/Aug/11	20,751	1/Dec/11	4th Quarter, 2012
Shaoguan Country Garden (韶關碧桂園)	Shaoguan (Zhenjiang)	1,906,512	100%	229,976	228,428	17/Jan/07	77,102	6/May/11	4th Quarter, 2012
Taizhou Country Garden (泰州碧桂園)	Taizhou (Hailing)	731,382	100%	163,068	123,151	27/Jun/07	38,055	12/Jan/11	2nd Quarter, 2012
Huiyang Country Garden (惠陽碧桂園)	Huizhou (Huiyang)	1,021,774	90%	276,340	261,652	30/Jun/09	28,491	23/Dec/11	2nd Quarter, 2013
Manzhouli Country Garden (滿洲里碧桂園)	Hulunbeier (Manzhouli)	1,589,139	100%	292,055	287,298	23/Jul/07	34,611	20/Sep/11	2nd Quarter, 2014
Lechang Country Garden (樂昌碧桂園)	Shaoguan (Lechang)	618,922	100%	135,388	135,388	11/Apr/08	36,320	6/Sep/11	3rd Quarter, 2012
Country Garden – Sun Palace (碧桂園•太陽城)	Shenyang (Daoyi)	1,060,254	100%	227,960	221,169	6/Nov/07	174,492	11/Sep/09	4th Quarter, 2013
Shenyang Country Garden (瀋陽碧桂園)	Shenyang (Huashan)	1,457,428	100%	82,526	82,160	8/Sep/07	14,442	5/Sep/08	4th Quarter, 2012
Country Garden – Galaxy Palace (碧桂園•銀河城)	Shenyang (Yuhong)	1,876,712	100%	269,483	265,861	6/Aug/08	182,263	19/May/10	4th Quarter, 2012
Country Garden – Phoenix City (碧桂園•鳳凰城)	Shenyang (Suijiatun)	1,657,194	100%	848,088	836,272	26/Jun/08	316,822	4/Nov/08	2nd Quarter, 2013
Enping Country Garden (恩平碧桂園)	Jiangmen (Enping)	329,149	100%	55,773	55,681	13/Dec/07	15,471	30/Sep/11	2nd Quarter, 2012
Country Garden – Hill Lake Palace (碧桂園•山湖城)	Changsha (Ningxiang)	720,933	100%	71,154	70,955	16/Oct/08	0	1st Quarter, 2012	4th Quarter, 2012
Country Garden Lakeside City (碧桂園濱湖城)	Hefei (Chaohu)	1,146,840	100%	177,248	172,539	13/Dec/07	39,400	13/Oct/11	2nd Quarter, 2013
Shanwei Country Garden (汕尾碧桂園)	Shanwei (Shanwei)	457,304	100%	157,087	149,302	30/Jul/10	143,238	9/Oct/10	3rd Quarter, 2012
Wuhan Country Garden (武漢碧桂園)	Wuhan (Hannan)	1,019,580	100%	334,978	318,023	30/Jan/08	93,927	13/Jan/11	4th Quarter, 2013
Shaoguan Country Garden – Sun Palace (韶關碧桂園•太陽城)	Shaoguan (Xilian)	3,521,027	100%	156,300	155,924	28/Dec/09	38,208	17/Jun/11	1st Quarter, 2013
Haicheng Country Garden (海城碧桂園)	Anshan (Haicheng)	601,610	100%	58,219	58,219	20/Oct/11	40,857	3/Nov/11	4th Quarter, 2012

Business Overview

Project	City (District)	Aggregate GFA for entire project sq.m.	Interest attributable to the Company (%)	GFA under development ⁽¹⁾ sq.m.	Total saleable GFA under development ⁽²⁾ sq.m.	Actual commencement date	Total saleable GFA pre-sold ⁽³⁾ sq.m.	Actual/ Estimated pre-sale commencement date	Estimated completion date
Xing'anmeng Country Garden (興安盟碧桂園)	Xing'anmeng (Keyouqianqi)	940,853	100%	139,159	134,142	7/Nov/07	70,423	11/Aug/10	4th Quarter, 2012
Chizhou Country Garden (池州碧桂園)	Chizhou (Zhanqian)	392,670	100%	90,178	89,783	30/Jan/11	89,783	25/Jan/11	3rd Quarter, 2012
Xianning Country Garden (咸寧碧桂園)	Xianning (Xian'an)	577,654	100%	77,935	77,935	29/Nov/11	40,114	5/Dec/11	4th Quarter, 2012
Country Garden – Hot Spring City (碧桂園•溫泉城)	Xianning (Xian'an)	1,061,891	100%	138,937	138,250	27/Apr/10	106,729	29/Apr/11	2nd Quarter, 2012
Suizhou Country Garden (隨州碧桂園)	Suizhou (Chengnan)	1,422,115	100%	231,003	230,450	21/May/08	76,131	1/Mar/11	4th Quarter, 2012
Changshou Country Garden (長壽碧桂園)	Chongqing (Changshou)	421,583	100%	29,134	28,742	3/Nov/11	28,742	16/Nov/11	2nd Quarter, 2012
Tongliao Country Garden (通遼碧桂園)	Tongliao (Keerqin)	1,675,890	100%	243,041	228,357	3/Nov/07	222,029	30/May/11	4th Quarter, 2013
Huangshan Country Garden (黃山碧桂園)	Huangshan (Tunxi)	331,284	100%	41,408	40,179	28/Sep/11	39,873	20/Oct/11	4th Quarter, 2012
Anqing Country Garden (安慶碧桂園)	Anqing (Yingjiang)	1,842,818	100%	412,961	370,255	19/Jun/08	201,495	21/Jan/11	2nd Quarter, 2013
Wuhu Country Garden (蕪湖碧桂園)	Wuhu (Sanshanqu)	2,086,964	100%	251,785	180,153	27/Jun/08	171,637	21/Jul/10	2nd Quarter, 2012
Yiyang Country Garden (益陽碧桂園)	Yiyang (Yiyang)	640,019	100%	64,501	64,149	28/Jan/11	54,370	28/Feb/11	2nd Quarter, 2012
Chaohu Country Garden (巢湖碧桂園)	Hefei (Chaohu)	881,023	100%	154,831	154,536	11/Aug/08	60,680	29/Dec/10	4th Quarter, 2012
Liyang Country Garden (瀏陽碧桂園)	Changsha (Liyang)	865,254	100%	21,990	21,990	10/Mar/11	21,990	20/Jul/11	2nd Quarter, 2012
Maoming Country Garden (茂名碧桂園)	Maoming (Maonan)	492,145	100%	122,202	118,012	14/May/10	54,274	26/Jan/11	4th Quarter, 2012
Yangshan Country Garden (陽山碧桂園)	Qingyuan (Yangshan)	1,148,250	100%	71,365	71,123	10/Mar/11	47,944	29/Jul/11	4th Quarter, 2012
Suihua Country Garden (綏化碧桂園)	Suihua (Beilin)	266,247	100%	27,988	27,988	25/Sep/08	27,988	26/Apr/11	3rd Quarter, 2012
Tianjin Country Garden (天津碧桂園)	Tianjin (Balitai)	1,009,090	100%	580,437	533,918	14/Jul/10	270,379	9/Oct/10	2nd Quarter, 2014
Jingmen Country Garden (荊門碧桂園)	Jingmen (Duodao)	810,519	100%	41,647	41,376	12/May/11	16,980	7/Jul/11	2nd Quarter, 2013
Zhaoqing Country Garden – Hill Lake Palace (肇慶碧桂園•山湖城)	Zhaoqing (Gaoyao)	261,130	51%	101,377	101,010	1/Jun/09	47,593	21/Jan/11	1st Quarter, 2013
Country Garden – Park Prime (碧桂園•公園1號)	Jiangmen (Heshan)	233,210	100%	100,396	99,461	22/Apr/10	99,461	29/Apr/11	2nd Quarter, 2012
Country Garden – Grand Garden (碧桂園•豪園)	Guangzhou (Zengcheng)	1,056,045	100%	104,406	65,079	19/Apr/10	45,614	9/Dec/11	1st Quarter, 2012
Holiday Islands – Qingyuan (假日半島—清遠)	Qingyuan (Qingcheng)	435,667	100%	161,911	161,226	18/May/10	161,226	28/Sep/10	4th Quarter, 2012
Country Garden Wonderland (碧桂園山水桃園)	Foshan (Nanhai)	144,178	100%	35,629	34,747	2/Apr/10	34,747	28/Jan/11	1st Quarter, 2012
Dalang Country Garden (大朗碧桂園)	Dongguan (Dalang)	377,817	100%	257,617	248,871	27/Apr/10	248,612	20/Nov/10	4th Quarter, 2012
Country Garden Grand Palace (碧桂園豪庭)	Guangzhou (Nansha)	165,528	100%	165,528	154,471	22/Apr/10	154,471	8/Oct/10	4th Quarter, 2012
Country Garden City Garden (碧桂園城市花園)	Foshan (Chancheng)	437,354	90%	354,210	344,629	30/Jul/10	215,641	12/Jan/11	2nd Quarter, 2013
Country Garden Grand Palace (碧桂園豪庭)	Foshan (Shunde)	369,213	100%	253,575	251,173	29/Apr/10	173,516	17/Dec/10	4th Quarter, 2012
Deqing Country Garden (德慶碧桂園)	Zhaoqing (Deqing)	195,743	100%	97,146	96,795	6/Apr/11	63,382	9/May/11	3rd Quarter, 2012

Business Overview

Project	City (District)	Aggregate GFA for entire project sq.m.	Interest attributable to the Company (%)	GFA under development ⁽¹⁾ sq.m.	Total saleable GFA under development ⁽²⁾ sq.m.	Actual commencement date	Total saleable GFA pre-sold ⁽²⁾ sq.m.	Actual/ Estimated pre-sale commencement date	Estimated completion date
Yunfu Country Garden (雲浮碧桂園)	Yunfu (Jinshan)	394,873	100%	179,015	178,852	24/Feb/11	54,572	20/Oct/11	1st Quarter, 2013
Beiliu Country Garden (北流碧桂園)	Yulin (Beiliu)	348,711	100%	163,614	162,374	25/Sep/10	66,798	30/Dec/10	3rd Quarter, 2013
Jianghai Country Garden (江海碧桂園)	Jiangmen (Jianghai)	472,265	100%	183,349	175,692	18/Jan/11	9,084	30/Aug/11	4th Quarter, 2013
Xinhui Country Garden – Phase Four (新會碧桂園 – 四期)	Jiangmen (Xinhui)	406,546	100%	402,647	401,167	24/Mar/10	132,942	21/Sep/10	4th Quarter, 2013
Country Garden – Ten Miles Beach (碧桂園 • 十里銀灘)	Huizhou (Huidong)	3,169,377	100%	676,701	643,172	14/Jun/11	604,399	27/Jun/11	4th Quarter, 2012
Country Garden – Spring City (碧桂園 • 清泉城)	Qingyuan (Fogang)	512,470	100%	149,909	149,909	2/Apr/10	149,909	13/Jan/11	4th Quarter, 2012
Country Garden Grand Lake (碧桂園秀麗湖)	Zhongshan (Wuguishan)	79,981	100%	79,981	74,573	29/Sep/10	74,573	2/Aug/11	2nd Quarter, 2012
Country Garden – Phoenix City (碧桂園 • 鳳凰城)	Zhenjiang (Jurong)	3,396,683	100%	963,339	931,124	11/Jan/11	622,018	29/Apr/11	2nd Quarter, 2012
Country Garden – Europe City (碧桂園 • 歐洲城)	Chuzhou (Nanqiao)	1,457,628	100%	444,172	438,780	12/Oct/10	251,067	24/Jul/11	4th Quarter, 2012
Fengkai Country Garden (封開碧桂園)	Zhaoqing (Fengkai)	185,395	100%	185,395	180,221	14/Oct/10	98,295	8/Apr/11	2nd Quarter, 2013
Country Garden Grand Garden (碧桂園)	Shenyang (Qipanshan)	123,768	100%	73,622	73,622	12/Apr/11	73,622	8/Jul/11	4th Quarter, 2012
Haifeng Country Garden (海豐碧桂園)	Shanwei (Haifeng)	363,783	100%	322,198	315,769	11/Mar/11	151,021	21/Nov/11	1st Quarter, 2013
Country Garden – Triumph Palace (碧桂園凱旋華庭)	Wuxi (Xishan)	176,455	100%	176,455	170,362	6/Jul/11	100,413	27/Oct/11	2nd Quarter, 2013
Country Garden – Hill Lake Grand Palace (碧桂園 • 山水豪園)	Jiangmen (Heshan)	760,693	80%	169,979	163,551	18/Feb/11	90,458	27/Sep/11	1st Quarter, 2013
Xiangtan Country Garden (湘潭碧桂園)	Xiangtan (Xiangtan)	358,976	100%	160,476	145,453	31/May/11	111,879	30/Sep/11	4th Quarter, 2012
Ronggui Country Garden (容桂碧桂園)	Foshan (Shunde)	310,541	100%	310,541	308,039	22/Jun/11	0	2nd Quarter, 2012	4th Quarter, 2013
Country Garden – City Garden (碧桂園 • 城市花園)	Chuzhou (Laiian)	813,645	100%	332,646	324,943	23/Jun/11	324,943	30/Sep/11	2nd Quarter, 2013
Country Garden – Dongjiang Phoenix City (碧桂園 • 東江鳳凰城)	Heyuan (Yuancheng)	943,695	100%	373,397	366,908	9/May/11	130,344	2/Sep/11	4th Quarter, 2013
Meijiang Country Garden (梅江碧桂園)	Meizhou (Meijiang)	310,707	100%	310,707	305,652	2011-07-05	174,141	14/Dec/11	3rd Quarter, 2013
Shilou Country Garden (石樓碧桂園)	Guangzhou (Panyu)	183,570	100%	70,730	64,355	29/Dec/11	0	2nd Quarter, 2012	2nd Quarter, 2013
Country Garden – Jade Bay (碧桂園 • 翡翠灣)	Jiangmen (Kaiping)	740,688	100%	213,742	213,058	15/Jul/11	92,613	25/Dec/11	2nd Quarter, 2013
Country Garden Wonderland (碧桂園 • 山水桃園)	Changsha (Ningxiang)	134,181	100%	94,094	91,484	30/Sep/10	51,868	6/Sep/11	2nd Quarter, 2013
Country Garden – Grand Palace (碧桂園 • 豪庭)	Meizhou (Meixian)	207,158	100%	44,122	43,899	15/Nov/11	0	2nd Quarter, 2012	2nd Quarter, 2013
Country Garden Shine Hill Lake City (碧桂園新亞山湖城)	Qingyuan (Qingcheng)	1,377,296	51%	73,050	73,050	24/Nov/11	0	2nd Quarter, 2012	4th Quarter, 2013
Total:		74,016,609		16,241,277	15,517,196		8,703,635		

Note:

- (1) "GFA under development" is based on the actual measurements by the housing management department of the Group.
- (2) "Total saleable GFA under development" and "Total saleable GFA pre-sold" for properties under development are derived from the Commodity Properties Pre-sale Permit.

Business Overview

Properties for future development — with land use right certificates

Project	City (District)	Aggregate GFA for entire project sq.m.	Interest attributable to the Company (%)	GFA for future development ⁽¹⁾ sq.m.	Estimated commencement date	Estimated pre-sale commencement date	Estimated completion date
Country Garden East Court (碧桂園東苑)	Guangzhou (Panyu)	269,222	100%	28,672	1st Quarter, 2012	3rd Quarter, 2012	2nd Quarter, 2013
Huanan Country Garden — Phase Six (華南碧桂園一六期)	Guangzhou (Panyu)	423,467	50%	14,000	1st Quarter, 2012	—	1st Quarter, 2013
Country Garden Phoenix City (碧桂園鳳凰城)	Guangzhou (Zengcheng)	4,621,359	100%	178,652	2nd Quarter, 2012	1st Quarter, 2013	4th Quarter, 2014
Holiday Islands — Huadu (假日半島一花都)	Guangzhou (Huadu)	444,403	100%	20,961	2nd Quarter, 2012	4th Quarter, 2012	2nd Quarter, 2013
Shunde Country Garden — including Country Garden West Court (順德碧桂園(含碧桂園西苑))	Foshan (Shunde)	2,414,529	100%	6,127	1st Quarter, 2013	—	4th Quarter, 2014
Jun'an Country Garden (均安碧桂園)	Foshan (Shunde)	254,510	90%	30,052	1st Quarter, 2012	3rd Quarter, 2012	4th Quarter, 2012
Gaoming Country Garden (高明碧桂園)	Foshan (Gaoming)	985,944	100%	13,000	1st Quarter, 2012	—	4th Quarter, 2012
Heshan Country Garden (鶴山碧桂園)	Jiangmen (Heshan)	2,002,027	100%	133,587	1st Quarter, 2012	2nd Quarter, 2012	4th Quarter, 2013
Wuyi Country Garden (五邑碧桂園)	Jiangmen (Pengjiang)	955,078	100%	3,120	1st Quarter, 2012	—	2nd Quarter, 2013
Taishan Country Garden (台山碧桂園)	Jiangmen (Taishan)	2,628,194	100%	1,670,900	1st Quarter, 2012	3rd Quarter, 2012	1st Quarter, 2015
Changsha Country Garden (長沙碧桂園)	Changsha (Changsha)	1,003,033	100%	141,000	1st Quarter, 2012	4th Quarter, 2012	3rd Quarter, 2013
Zhaoqing Country Garden (肇慶碧桂園)	Zhaoqing (Gaoyao)	465,784	51%	69,104	1st Quarter, 2012	2nd Quarter, 2012	2nd Quarter, 2013
Shaoguan Country Garden (韶關碧桂園)	Shaoguan (Zhenjiang)	1,906,512	100%	517,191	2nd Quarter, 2012	4th Quarter, 2012	4th Quarter, 2015
Taizhou Country Garden (泰州碧桂園)	Taizhou (Hailing)	731,382	100%	19,266	2nd Quarter, 2012	4th Quarter, 2012	4th Quarter, 2013
Huiyang Country Garden (惠陽碧桂園)	Huizhou (Huiyang)	1,021,774	90%	397,230	1st Quarter, 2012	3rd Quarter, 2012	4th Quarter, 2016
Manzhouli Country Garden (滿洲里碧桂園)	Hulunbeier (Manzhouli)	1,589,139	100%	1,213,220	1st Quarter, 2012	3rd Quarter, 2012	4th Quarter, 2024
Lechang Country Garden (樂昌碧桂園)	Shaoguan (Lechang)	618,922	100%	309,727	2nd Quarter, 2012	4th Quarter, 2012	4th Quarter, 2014
Country Garden — Sun Palace (碧桂園•太陽城)	Shenyang (Daoyi)	1,060,254	100%	614,521	1st Quarter, 2012	3rd Quarter, 2012	4th Quarter, 2014
Shenyang Country Garden (瀋陽碧桂園)	Shenyang (Huashan)	1,457,428	100%	1,052,833	1st Quarter, 2012	3rd Quarter, 2012	4th Quarter, 2015
Country Garden — Galaxy Palace (碧桂園•銀河城)	Shenyang (Yuhong)	1,876,712	100%	958,003	1st Quarter, 2012	3rd Quarter, 2012	4th Quarter, 2015
Country Garden — Phoenix City (碧桂園•鳳凰城)	Shenyang (Suijiatun)	1,657,194	100%	498,907	1st Quarter, 2012	4th Quarter, 2012	2nd Quarter, 2013
Enping Country Garden (恩平碧桂園)	Jiangmen (Enping)	329,149	100%	51,577	1st Quarter, 2012	3rd Quarter, 2012	1st Quarter, 2013
Country Garden — Hill Lake Palace (碧桂園•山湖城)	Changsha (Ningxiang)	720,933	100%	393,374	3rd Quarter, 2012	2nd Quarter, 2013	4th Quarter, 2014
Country Garden Lakeside City (碧桂園濱湖城)	Hefei (Chaohu)	1,146,840	100%	364,279	1st Quarter, 2012	3rd Quarter, 2012	4th Quarter, 2013
Shanwei Country Garden (汕尾碧桂園)	Shanwei (Shanwei)	457,304	100%	66,591	1st Quarter, 2012	4th Quarter, 2012	4th Quarter, 2013
Wuhan Country Garden (武漢碧桂園)	Wuhan (Hannan)	1,019,580	100%	352,144	1st Quarter, 2012	3rd Quarter, 2012	4th Quarter, 2013
Shaoguan Country Garden — Sun Palace (韶關碧桂園•太陽城)	Shaoguan (Xilian)	3,521,027	100%	3,080,804	2nd Quarter, 2012	4th Quarter, 2012	4th Quarter, 2024
Haicheng Country Garden (海城碧桂園)	Anshan (Haicheng)	601,610	100%	483,064	1st Quarter, 2012	3rd Quarter, 2012	4th Quarter, 2015
Xing'anmeng Country Garden (興安盟碧桂園)	Xing'anmeng (Keyouqianqi)	940,853	100%	632,606	1st Quarter, 2012	2nd Quarter, 2012	4th Quarter, 2016
Chizhou Country Garden (池州碧桂園)	Chizhou (Zhanqian)	392,670	100%	70,204	1st Quarter, 2012	3rd Quarter, 2012	1st Quarter, 2013
Country Garden — Hill Lake City (碧桂園•如山湖城)	Maanshan (Hexian)	902,225	100%	252,302	1st Quarter, 2012	4th Quarter, 2012	4th Quarter, 2013
Xianning Country Garden (咸寧碧桂園)	Xianning (Xian'an)	577,654	100%	252,515	1st Quarter, 2012	3rd Quarter, 2012	4th Quarter, 2013
Country Garden — Hot Spring City (碧桂園•溫泉城)	Xianning (Xian'an)	1,061,891	100%	731,724	1st Quarter, 2012	2nd Quarter, 2012	2nd Quarter, 2013
Suizhou Country Garden (隨州碧桂園)	Suizhou (Chengnan)	1,422,115	100%	900,300	2nd Quarter, 2012	4th Quarter, 2012	4th Quarter, 2015
Changshou Country Garden (長壽碧桂園)	Chongqing (Changshou)	421,583	100%	5,339	1st Quarter, 2012	3rd Quarter, 2012	4th Quarter, 2012
Tongliao Country Garden (通遼碧桂園)	Tongliao (Keerqin)	1,675,890	100%	1,249,970	1st Quarter, 2012	3rd Quarter, 2012	4th Quarter, 2016
Anqing Country Garden (安慶碧桂園)	Anqing (Yingjiang)	1,842,818	100%	1,037,520	1st Quarter, 2012	3rd Quarter, 2012	4th Quarter, 2014
Wuhu Country Garden (蕪湖碧桂園)	Wuhu (Sanshanqu)	2,086,964	100%	1,242,534	1st Quarter, 2012	4th Quarter, 2012	4th Quarter, 2018
Yiyang Country Garden (益陽碧桂園)	Yiyang (Yiyang)	640,019	100%	444,856	2nd Quarter, 2012	4th Quarter, 2012	4th Quarter, 2014
Chaohu Country Garden (巢湖碧桂園)	Hefei (Chaohu)	881,023	100%	441,140	2nd Quarter, 2012	4th Quarter, 2012	4th Quarter, 2014
Liuyang Country Garden (瀏陽碧桂園)	Changsha (Liuyang)	865,254	100%	687,594	2nd Quarter, 2012	3rd Quarter, 2012	2nd Quarter, 2013
Maoming Country Garden (茂名碧桂園)	Maoming (Maonan)	492,145	100%	142,873	1st Quarter, 2012	3rd Quarter, 2012	4th Quarter, 2013
Yangshan Country Garden (陽山碧桂園)	Qingyuan (Yangshan)	1,148,250	100%	970,480	1st Quarter, 2012	2nd Quarter, 2012	4th Quarter, 2013
Suihua Country Garden (綏化碧桂園)	Suihua (Beilin)	266,247	100%	116,700	1st Quarter, 2012	2nd Quarter, 2012	4th Quarter, 2013

Business Overview

Project	City (District)	Aggregate GFA for entire project sq.m.	Interest attributable to the Company (%)	GFA for future development ⁽¹⁾ sq.m.	Estimated commencement date	Estimated pre-sale commencement date	Estimated completion date
Country Garden – Deyu Office Building (碧桂園•德域大廈)	Tianjin (Tanggu)	114,504	100%	114,504	1st Quarter, 2012	3rd Quarter, 2012	4th Quarter, 2013
Tianjin Country Garden (天津碧桂園)	Tianjin (Balitai)	1,009,090	100%	348,546	1st Quarter, 2012	3rd Quarter, 2012	2nd Quarter, 2015
Jingmen Country Garden (荆門碧桂園)	Jingmen (Duodao)	810,519	100%	569,000	1st Quarter, 2012	3rd Quarter, 2012	2nd Quarter, 2013
Zhaoqing Country Garden – Hill Lake Palace (肇慶碧桂園•山湖城)	Zhaoqing (Gaoyao)	261,130	51%	3,147	2nd Quarter, 2012	–	1st Quarter, 2013
Country Garden – Park Prime (碧桂園•公園1號)	Jiangmen (Heshan)	233,210	100%	74,598	1st Quarter, 2012	4th Quarter, 2012	4th Quarter, 2013
Country Garden – Grand Garden (碧桂園•豪園)	Guangzhou (Zengcheng)	1,056,045	100%	553,400	1st Quarter, 2012	3rd Quarter, 2012	4th Quarter, 2014
Yunfu Country Garden (雲浮碧桂園)	Yunfu (Jinshan)	394,873	100%	156,021	1st Quarter, 2012	3rd Quarter, 2012	2nd Quarter, 2014
Beiliu Country Garden (北流碧桂園)	Yulin (Beiliu)	348,711	100%	125,401	2nd Quarter, 2012	4th Quarter, 2012	2nd Quarter, 2014
Jianghai Country Garden (江海碧桂園)	Jiangmen (Jianghai)	472,265	100%	209,007	1st Quarter, 2012	4th Quarter, 2012	2nd Quarter, 2015
Xinhui Country Garden – Phase Four (新會碧桂園—四期)	Jiangmen (Xinhui)	406,546	100%	3,899	1st Quarter, 2012	–	4th Quarter, 2013
Country Garden – Ten Miles Beach (碧桂園•十里銀灘)	Huizhou (Huidong)	3,169,377	100%	2,492,676	1st Quarter, 2012	2nd Quarter, 2012	4th Quarter, 2015
Country Garden – Spring City (碧桂園•清泉城)	Qingyuan (Fogang)	512,470	100%	362,561	1st Quarter, 2012	3rd Quarter, 2012	4th Quarter, 2013
Country Garden – Phoenix City (碧桂園•鳳凰城)	Zhenjiang (Jurong)	3,396,683	100%	2,433,344	3rd Quarter, 2012	1st Quarter, 2013	4th Quarter, 2015
Country Garden – Europe City (碧桂園•歐洲城)	Chuzhou (Nanqiao)	1,457,628	100%	1,013,456	1st Quarter, 2012	2nd Quarter, 2012	1st Quarter, 2015
Country Garden Grand Garden (碧桂園豪園)	Shenyang (Qipanshan)	123,768	100%	50,146	2nd Quarter, 2012	4th Quarter, 2012	4th Quarter, 2013
Haifeng Country Garden (海豐碧桂園)	Shanwei (Haifeng)	363,783	100%	41,585	1st Quarter, 2012	–	3rd Quarter, 2013
Country Garden – Hill Lake Grand Palace (碧桂園•山水豪園)	Jiangmen (Heshan)	760,693	80%	590,714	2nd Quarter, 2012	4th Quarter, 2012	4th Quarter, 2014
Xiangtan Country Garden (湘潭碧桂園)	Xiangtan (Xiangtan)	358,976	100%	198,500	1st Quarter, 2012	3rd Quarter, 2012	4th Quarter, 2013
Country Garden – City Garden (碧桂園•城市花園)	Chuzhou (Lai'an)	813,645	100%	480,999	1st Quarter, 2012	4th Quarter, 2012	4th Quarter, 2015
Country Garden – Dongjiang Phoenix City (碧桂園•東江鳳凰城)	Heyuan (Yuancheng)	943,695	100%	570,298	2nd Quarter, 2012	4th Quarter, 2012	4th Quarter, 2014
Country Garden Grand Garden (碧桂園豪園)	Dongguan (Tangxia)	292,560	70%	292,560	1st Quarter, 2012	2nd Quarter, 2012	4th Quarter, 2013
Shilou Country Garden (石樓碧桂園)	Guangzhou (Panyu)	183,570	100%	112,840	1st Quarter, 2012	3rd Quarter, 2012	4th Quarter, 2013
Country Garden – Jade Bay (碧桂園•翡翠灣)	Jiangmen (Kaiping)	740,688	100%	526,946	2nd Quarter, 2012	4th Quarter, 2012	4th Quarter, 2013
Zhangjiajie Country Garden (張家界碧桂園)	Zhangjiajie (Yongding)	407,007	100%	383,322	1st Quarter, 2012	3rd Quarter, 2012	2nd Quarter, 2014
Country Garden Wonderland (碧桂園•山水桃源)	Changsha (Ningxiang)	134,181	100%	40,087	1st Quarter, 2012	3rd Quarter, 2012	4th Quarter, 2014
Country Garden – Forest Hill Garden (碧桂園•天麓山花園)	Dongguan (Tangxia)	255,150	100%	255,150	1st Quarter, 2012	2nd Quarter, 2012	2nd Quarter, 2014
Country Garden – Grand Palace (碧桂園•豪庭)	Meizhou (Meixian)	207,158	100%	163,036	1st Quarter, 2012	2nd Quarter, 2012	1st Quarter, 2013
Country Garden Shine Hill Lake City (碧桂園新亞山湖城)	Qingyuan (Qingcheng)	1,377,296	51%	1,304,246	1st Quarter, 2012	2nd Quarter, 2012	2nd Quarter, 2013
Country Garden – Eco City (碧桂園•生態城)	Wuhan (Hongshan)	288,714	55%	288,714	1st Quarter, 2012	2nd Quarter, 2012	4th Quarter, 2013
Country Garden – Jade Hill (碧桂園•翡翠山)	Chenzhou (Suxian)	326,418	100%	326,418	1st Quarter, 2012	2nd Quarter, 2012	4th Quarter, 2013
Country Garden – Hill Bay (碧桂園•山海灣)	Guangzhou (Nansha)	496,264	100%	496,264	1st Quarter, 2012	3rd Quarter, 2012	3rd Quarter, 2015
Country Garden – Palm City (碧桂園•椰城)	Wenchang (Tanniu)	116,328	100%	116,328	1st Quarter, 2012	2nd Quarter, 2012	2nd Quarter, 2013
Country Garden – Hill Lake Bay (碧桂園•山湖灣)	Jiangmen (Xinhui)	214,088	100%	214,088	1st Quarter, 2012	2nd Quarter, 2012	4th Quarter, 2013
Total:		73,847,944		36,772,364			

Note:

(1) "GFA for future development" for each project is the GFA expected to be built.

Management Discussion and Analysis

FINANCIAL REVIEW

Revenue

Revenue of the Group was primarily comprised of the proceeds from the sales of properties and provision of services after the elimination of transactions among subsidiaries of the Company. Revenue was primarily generated from its four business segments: property development, construction, fitting and decoration, property management and hotel operation. Revenue increased by 34.7% to approximately RMB34,748.3 million in 2011 from approximately RMB25,804.1 million in 2010, primarily attributable to the increase in sales of properties. Revenues generated from property development, construction, fitting and decoration, property management and hotel operation are approximately RMB33,194.0 million, RMB240.9 million, RMB511.7 million and RMB801.7 million, respectively.

Property development

Revenue generated from property development increased by 34.7% to approximately RMB33,194.0 million in 2011 from approximately RMB24,637.8 million in 2010; primarily attributable to a 19.6% increase in total gross floor area ("GFA") sold to 5,895,762 sq.m in 2011 from 4,928,607 sq.m in 2010. The recognized average selling price of property increased to approximately RMB5,630 per sq.m in 2011 from approximately RMB4,999 per sq.m in 2010, which indicated a 12.6% increase.

Construction, fitting and decoration

Revenue generated from construction, fitting and decoration decreased by 16.6% to approximately RMB240.9 million in 2011 from approximately RMB288.7 million in 2010, primarily attributable to a decrease in the volume of construction and decoration services rendered to Qingyuan Country Garden Property Development Co., Ltd., a related party of the Group.

Property management

Revenue generated from property management increased by 26.2% to approximately RMB511.7 million in 2011 from approximately RMB405.4 million in 2010, primarily attributable to an increase in the cumulative GFA under management resulting from the construction completion and delivery of properties such as Country Garden Phoenix City, Shaoguan Country Garden, Holiday Islands-Qingyuan, Country Garden-Galaxy Palace in 2011.

Hotel operation

Revenue generated from hotel operation increased by 69.8% to approximately RMB801.7 million in 2011 from approximately RMB472.2 million in 2010, primarily attributable to further maturity of the hotel segment and the opening of the five-star rating standard Shaoguan Country Garden Phoenix Hotel in January 2011, Huangshan Country Garden Phoenix Hotel in March 2011 and Chizhou Country Garden Phoenix Hotel in May 2011.

Cost of sales

Cost of sales of the Group represented primarily the costs incurred directly by the property development activities which included construction, decoration and design costs, land use rights cost and business taxes.

Cost of sales increased by 30.4% to approximately RMB22,752.6 million in 2011 from approximately RMB17,452.9 million in 2010. The increase in cost of sales was in line with the increase in total sales of properties.

Gross profit

Gross profit (before land appreciation tax provision) of the Group increased by 43.6% to approximately RMB11,995.7 million in 2011 from approximately RMB8,351.2 million in 2010. The gross margin in 2011 increased to 34.5% from 32.4% in 2010.

Management Discussion and Analysis

Other gains — net

Other gains — net of the Group increased by 5.4% to approximately RMB43.1 million of gain in 2011 from approximately RMB40.9 million of gain in 2010. It was primarily attributable to a 106.2% increase in return from Equity Swap from approximately RMB12.9 million in 2010 to approximately RMB26.6 million in 2011, as a result of the increase of dividend per share.

Selling and marketing costs

Selling and marketing costs of the Group increased by 81.6% to approximately RMB1,128.4 million in 2011 from approximately RMB621.5 million in 2010, which was primarily attributable to a 133.6% increase in advertisement expense from approximately RMB234.8 million in 2010 to approximately RMB548.5 million in 2011, as the Group made great efforts to promote the sales of new projects in 2011 by launching more advertisements.

Administrative expenses

Administrative expenses of the Group increased by 58.4% to approximately RMB1,319.5 million in 2011 from approximately RMB833.2 million in 2010, primarily attributable to a 41.9% increase of salary expenses in 2011, from approximately RMB291.0 million in 2010 to approximately RMB412.9 million in 2011.

Finance costs — net

Finance costs — net of the Group decreased by 46.5% to approximately RMB120.2 million in 2011 from approximately RMB224.8 million in 2010. Total interest expenses increased by 65.5% to approximately RMB2,448.8 million in 2011 from approximately RMB1,479.5 million in 2010. The capitalised interest expenses increased by 77.9% to approximately RMB1,789.5 million in 2011 from approximately RMB1,006.1 million in 2010. In addition, due to the appreciation of Renminbi, the net exchange gain of the Group increased by 297.8% to approximately RMB438.0 million in 2011 from approximately RMB110.1 million in 2010.

Fair value changes on derivative financial instruments

On 22 February 2008, the Company entered into a cash settled equity swap transaction (the “Equity Swap”) with Merrill Lynch International for the Company’s shares up to a value of US\$250 million (equivalent to approximately HK\$1,950 million). Under the Equity Swap, the Company receives a payment if the Final Price (as defined in the announcement of the Company dated 17 February 2008 (the “Announcement”)) is higher than the Initial Price (as defined in the Announcement) and the Equity Swap Counterparty (as defined in the Announcement) receives a payment if the Final Price is lower than the Initial Price. The Initial Price will be determined in accordance with the formula sets out in the Equity Swap and the Final Price will be determined with reference to the arithmetic mean of the relevant prices of the Company’s shares on specified averaging dates. Measured by the market price on 31 December 2011, the gain from the fair value change on the equity swap was approximately RMB15.2 million.

Profit attributable to owners of the Company

Profit attributable to owners of the Company in 2011 increased by 35.5% to approximately RMB5,813.2 million from approximately RMB4,290.6 million in 2010. The net earning margin increased from 16.6% in 2010 to 16.7% in 2011.

Management Discussion and Analysis

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

Cash position

The Group's cash and bank deposits (including the restricted cash) amounted to approximately RMB12,393.4 million as at 31 December 2011 (31 December 2010: approximately RMB9,853.1 million). As at 31 December 2011, 78.4% and 21.6% of the Group's cash and bank deposits were denominated in Renminbi and other currencies (mainly US dollars and HK dollars), respectively.

As at 31 December 2011, the carrying amount of the restricted cash was approximately RMB4,649.0 million (31 December 2010: approximately RMB4,758.8 million). Pursuant to relevant regulations, certain of the project companies were required to deposit a portion of proceeds from pre-sales of properties into designated bank accounts. Before the completion of the pre-sold properties, the proceeds deposited in the escrow accounts could only be used for the restricted purposes of purchasing construction materials, equipments, making interim construction payments and paying tax, with the prior approval of the relevant local authorities. Additionally, the Group had US\$250.0 million (equivalent to approximately RMB1,575.2 million) deposit as collateral for the Equity Swap with Merrill Lynch International.

Net current assets and current ratio

The Group had net current assets of approximately RMB15,957.6 million as at 31 December 2011 (31 December 2010: approximately RMB14,330.2 million). The current ratio being current assets over current liabilities was approximately 1.3 as at 31 December 2011, which was basically the same as that as at 31 December 2010.

Debt and charges on group assets

The Group had an aggregated debt as at 31 December 2011 of approximately RMB28,965.9 million, including borrowings of approximately RMB13,877.3 million, convertible bond of approximately RMB884.1 million, and senior notes of approximately RMB14,204.5 million.

For borrowings, approximately RMB6,469.0 million will be repayable within 1 year, approximately RMB7,010.1 million will be repayable between 2 and 5 years and the remaining approximately RMB398.2 million to be repayable beyond 5 years. As at 31 December 2011, the substantial part of the bank borrowings are secured by land use rights and properties of the Group and guaranteed by Group companies.

Gearing ratio

The gearing ratio is measured by the net debt (total debt net of disposable cash and cash equivalents) over the equity attributable to owners of the Company. As at 31 December 2011, the gearing ratio was 63.3% (2010: 48.4%).

Interest rate risk

The weighted average interest rate of the Group's bank borrowings increased to 7.21 % in 2011 from 5.52% in 2010. In addition, the Group issued senior notes in the first half of 2011, at which interest rate is calculated using effective rate method. The effective annual interest rate of the above senior notes is 11.69%. The Group has implemented certain interest rate management which includes, among the others, close monitoring of interest rate movements and replacing and entering into new banking facilities when good pricing opportunities arise.

Risk of exchange rate fluctuation

The Group mainly operates in the PRC, so most of its revenue and expenses are measured in Renminbi. In 2011, the exchange rates of Renminbi to HK dollars and US dollars kept increasing steadily. For the year ended 31 December 2011, there was an exchange gain of approximately RMB438.0 million. The Directors expect that any fluctuation of Renminbi's exchange rate will not have material adverse effect on the operation of the Group.

Management Discussion and Analysis

Land appreciation tax

According to relevant regulations and laws of the State Administration of Taxation, in the past, the Group has made full provision of land appreciation tax ("LAT") but paid provisional LAT calculated according to certain rates (varying from 0.5% to 5%) over sales amounts assessed by local tax bureau. For the year ended 31 December 2011, the Group's LAT expenses were approximately RMB1,448.6 million.

Contingent liability

As at 31 December 2011, the Group had contingent liabilities relating to guarantees in respect of mortgage facilities for certain purchasers amounting to approximately RMB15,783.0 million (31 December 2010: approximately RMB18,664.1 million).

The above guarantees represent the guarantees in respect of mortgage facilities granted by certain banks relating to the mortgage loans arranged for certain purchasers of the Group's properties. Pursuant to the terms of the guarantees, upon default 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 legal title and possession of the related properties. As at 31 December 2011, the amount of approximately RMB106.4 million (31 December 2010: approximately RMB751.6 million) was to be discharged two years from the day when the mortgaged loans become due; and approximately RMB15,676.6 million (31 December 2010: approximately RMB17,912.5 million) was to be discharged upon earlier of (i) issuance of the real estate ownership certificate which are generally to be available within three months after the purchasers take possession of the relevant properties; and (ii) the satisfaction of mortgage loan by the purchasers of properties.

In addition, of the amounts as at 31 December 2011, approximately RMB1,500.4 million represented the guarantee provided to Guangzhou Li He Property Development Company Limited for its borrowings.

The Directors consider that in case of default in payments, the net realisable value of the related properties can cover the repayment of the outstanding mortgage principals together with the accrued interest and penalty and therefore no provision has been made in the financial statements for the guarantees.

Capital and property development commitments

As at 31 December 2011, the commitments in connection with capital and property development expenditures amounted to approximately RMB19,196.1 million (31 December 2010: approximately RMB12,281.9 million). This amount primarily arose from contracted construction fees or other capital commitments for future property developments. The Group expects to fund these commitments principally from pre-sale proceeds of the properties and partly from bank borrowings.

Management Discussion and Analysis

Employees and remuneration policy

As at 31 December 2011, the Group had approximately 35,206 full-time employees, which increased by 2,263 from 32,943 as at 31 December 2010.

The remuneration package of the employees includes salary, bonus and other cash subsidies. The Company has designed an annual review system to assess the performance of the employees, which forms the basis of the determination on salary increase, bonus and promotion. The Group is subject to social insurance contribution plans organized by the PRC local governments. In accordance with the relevant national and local labor and social welfare laws and regulations, the Group is required to pay on behalf of the employees a monthly social insurance premium covering pension insurance, medical insurance, unemployment insurance and housing reserve fund. The Group believes the salaries and benefits that the employees receive are competitive in comparison with market rates. The employees do not negotiate their terms of employment through any labor union or by way of collective bargaining agreements. The Group believes its relationship with the employees is good. As at the date of this announcement, there were no significant labor disputes which adversely affect or likely to have an adverse effect on the operations of the Group.



Biographical Details of Directors and Senior Management

EXECUTIVE DIRECTORS

YEUNG Kwok Keung (楊國強), aged 57, was appointed as the Chairman and an executive Director of the Company in December 2006. Mr. YEUNG is also the chairman of remuneration committee of the Company and a director of various members of the Group. Mr. YEUNG is responsible for the formulation of development strategies, investment planning and overall project planning as well as ensuring the Board functioned properly with good corporate practice and procedures. From 1992 to 1997, Mr. YEUNG was the general manager of Shunde Sanhe Property Development Co., Ltd. (順德市三和物業發展有限公司) (“Shunde Sanhe Co.”). From 1986 to 1997, Mr. YEUNG served as the general manager and the Chairman of Shunde Beijiao Construction Company Limited (順德市北滘建築工程有限公司) (“Beijiao Construction Co.”) and also served as the general manager of the Group from 1997 to 2003. He had been the Chairman of the Group from 2003 to 2005 and became the Chairman of the Company after its formation in 2006. Mr. YEUNG has over 34-year experience in construction and approximately 20-year experience in property development. Mr. YEUNG was recognized as “Guangzhou Real Estate Excellent Contributor for 20 Years” in 2005, “China Charity Outstanding Contributions Person” and “Top Ten Contributions to China Real Estate” in 2009, as well as “China Real Estate Entrepreneur Charity Award” and “Person of China Real Estate” in 2010. Mr. YEUNG is currently a member of the Standing Committee of the People’s Political Consultative Conference of Guangdong Province (廣東省政協常務委員). Mr. YEUNG is the father of Ms. YANG Huiyan, an executive Director and a controlling shareholder of the Company, the father of Ms. YANG Ziyang, an executive Director of the Company, and the uncle of Mr. YANG Zhicheng and Mr. YANG Yongchao, both being executive Directors of the Company.

MO Bin (莫斌), aged 45, was appointed as the president and an executive Director of the Company in July 2010. Mr. MO is also a member of remuneration committee of the Company and a director of various members of the Group. Mr. MO graduated from Hengyang Institute of Technology (衡陽工學院) (currently known as University of South China (南華大學)) with an undergraduate degree in industrial and civil architecture, obtained his postgraduate degree from Zhongnan University of Economics and Law (中南財經政法大學) and is a professor-grade senior engineer. Mr. MO is primarily responsible for the management of daily operation and general administration of the Group. Prior to joining the Group, Mr. MO was employed by an internationally competitive construction and property group in the mainland, China Construction Fifth Engineering Division Corp., Ltd. (中國建築第五工程局有限公司), in a number of senior positions since 1989, most recently as director and general manager. Mr. MO has over 22-year extensive experience in a number of areas including property development, construction business, construction management, marketing, cost control and corporate management.

YANG Huiyan (楊惠妍), aged 30, was appointed as an executive Director of the Company in December 2006 and is also a director of various members of the Group. Ms. YANG graduated from Ohio State University with a degree in marketing and logistic. Ms. YANG joined the Group in 2005 as the manager of Procurement Department. Currently, she is primarily responsible for the formulation of development strategies of the Group. Ms. YANG is the daughter of Mr. YEUNG Kwok Keung, the Chairman and an executive Director of the Company, the sister of Ms. YANG Ziyang, an executive Director of the Company, and a cousin of Mr. YANG Zhicheng and Mr. YANG Yongchao, both being executive Directors of the Company. Ms. YANG is also the daughter-in-law of Mr. CHEN Hua, the vice president of the Company.

YANG Ziyang (楊子瑩), aged 24, was appointed as an executive Director of the Company in May 2011 and is also a director of various members of the Group. Ms. YANG graduated from Ohio State University with a degree in psychology. Ms. YANG joined the Group in 2008 as an assistant to Chairman. Currently, she is primarily responsible for overseeing finances of the Group, including offshore and onshore financing. Prior to joining the Group, Ms. YANG worked in a renowned global investment bank. Ms. YANG is the daughter of Mr. YEUNG Kwok Keung, the Chairman and an executive director of the Company, the sister of Ms. YANG Huiyan, an executive director and a controlling shareholder of the Company, and a cousin of Mr. YANG Zhicheng and Mr. YANG Yongchao, both being executive directors of the Company.

YANG Erzhu (楊貳珠), aged 61, was appointed as an executive Director of the Company in November 2006 and is also a director of various members of the Group. Mr. YANG graduated from the School of Economic Management of Jinan University. Mr. YANG is primarily responsible for auditing the outsourcing of construction and assisting the Chairman of the Company in investment planning. From 1994 to 1997, Mr. YANG served as a deputy general manager of Shunde Sanhe Co.. From 1986 to 1997, Mr. YANG served as a deputy general manager of Beijiao Construction Co. From 1999 to 2009, Mr. YANG served as a director and deputy general manager of Foshan Shunde Finest Decoration & Design Enterprise and has served as a director and deputy general manager of Guangdong Giant Leap Construction Co., Ltd. (廣東騰越建築工程有限公司) (“Giant Leap”) and Foshan Shunde Country Garden Co., Ltd. (佛山順德碧桂園物業發展有限公司) (“Shunde Country Garden”) since 1997. Mr. YANG has over 34-year experience in construction and approximately 18-year experience in property development.

SU Rubo (蘇汝波), aged 57, was appointed as an executive Director of the Company in December 2006 and is also a director of various members of the Group. Mr. SU graduated from the School of Economic Management of Jinan University. Mr. SU is primarily responsible for construction management, supervision and coordination of certain property development projects of the Group. From 1994 to 1997, Mr. SU served as a deputy general manager of Shunde Sanhe Co.. From 1986 to 1997, Mr. SU served as a deputy general manager of Beijiao Construction Co. and has been serving as a director and a deputy general manager of Giant Leap and Shunde Country Garden since 1997. Mr. SU has over 34-year experience in construction, approximately 18-year experience in property development and approximately 15-year experience in procurement of construction materials.

ZHANG Yaoyuan (張耀垣), aged 66, was appointed as an executive Director of the Company in December 2006 and is also a director of various members of the Group. Mr. ZHANG is primarily responsible for construction management, supervision and coordination of certain property development projects of the Group. From 1994 to 1997, Mr. ZHANG served as a deputy general manager of Shunde Sanhe Co.. From 1986 to 1997, Mr. ZHANG served as a manager and a deputy general manager of Beijiao Construction Co. and has been serving as a director and a deputy general manager of Giant Leap and Shunde Country Garden since 1997. Mr. ZHANG has over 44-year experience in construction and approximately 18-year experience in management of property development.

OU Xueming (區學銘), aged 62, was appointed as an executive Director of the Company in December 2006 and is also a director of various members of the Group. Mr. OU is primarily responsible for construction management, supervision and coordination of certain property development projects of the Group. From 1994 to 1997, Mr. OU served as a deputy general manager of Shunde Sanhe Co.. From 1986 to 1997, Mr. OU served as a deputy general manager of Beijiao Construction Co. and has been serving as a director and a deputy general manager of Giant Leap and Shunde Country Garden since 1997. Mr. OU has over 34-year experience in construction and approximately 18-year experience in operation and management of property development.

YANG Zhicheng (楊志成), aged 38, was appointed as an executive Director of the Company in December 2006 and the regional president of the Group. Mr. YANG is primarily responsible for the overall development and management of certain property development projects of the Group. Prior to joining the Group in 1997, Mr. YANG served as a project manager of Shunde Sanhe Co., the general manager of Foshan Shunde Jun’an Country Garden Property Development Co., Ltd. and the project general manager of the Group. Mr. YANG has approximately 18-year experience in project development. Mr. YANG is a nephew of Mr. YEUNG Kwok Keung, the Chairman and an executive Director of the Company, and a cousin of Ms. YANG Huiyan, an executive Director and a controlling shareholder of the Company, Ms. YANG Ziying and Mr. YANG Yongchao, both being executive Directors of the Company.

Biographical Details of Directors and Senior Management

YANG Yongchao (楊永潮), aged 37, was appointed as an executive Director of the Company in December 2006 and the general manager of the Sales Centre of the Group. Mr. YANG is primarily responsible for the overall sales management of the Group. Mr. YANG has been responsible for the management of the Sales Centre of Shunde Country Garden since 1997. Mr. YANG has approximately 15-year experience in property sales management, market research, project planning proposal, pricing, marketing, sales and customer resource management. Mr. YANG is a nephew of Mr. YEUNG Kwok Keung, the Chairman and an executive Director of the Company, and a cousin of Ms. YANG Huiyan, an executive Director and a controlling shareholder of the Company, and Ms. YANG Ziying and Mr. YANG Zhicheng, both being executive Directors of the Company.

INDEPENDENT NON-EXECUTIVE DIRECTORS

LAI Ming, Joseph (黎明), aged 67, was appointed as an independent non-executive Director of the Company, the Chairman of the Audit Committee and a member of the Remuneration Committee of the Company in December 2006. Mr. LAI is a fellow member of the Hong Kong Institute of Certified Public Accountants (“HKICPA”), CPA Australia, the Chartered Institute of Management Accountants (“CIMA”) and the Hong Kong Institute of Directors. Mr. LAI was one of the co-founders of the Hong Kong Branch of CIMA founded in 1973 and was the president in 1974/75 and 1979/80. He was the president of the HKICPA in 1986. He is also an advisor to the Corporate Governance Committee of CPA Australia Hong Kong China Division. Mr. LAI is an independent non-executive director of Shinhint Acoustic Link Holdings Limited, Jolimark Holdings Limited and Guangzhou R&F Properties Co., Limited, all of which are companies whose shares are listed on the Stock Exchange of Hong Kong Limited (the “Stock Exchange”). Mr. LAI also holds directorships in several private companies engaging in property development in Canada. Mr. LAI is also a director of Hong Kong University of Science and Technology R & D Corporation Limited. He is also independent non-executive directors of Chen’s Holdings Limited and Sheng Fung Company, Limited.

SHEK Lai Him, Abraham (石禮謙) SBS, JP, aged 66, was appointed as an independent non-executive Director of the Company, a member of the Audit Committee and a member of the Remuneration Committee of the Company in December 2006. Mr. SHEK graduated from the University of Sydney and holds a Bachelor of Arts degree and a Diploma in Education. Mr. SHEK was appointed a Justice of the Peace in 1995 and was awarded the Silver Bauhinia Star by the Government of the HKSAR in 2007. Mr. SHEK is a member of the Hong Kong Legislative Council representing the Real Estate and Construction Functional Constituency, a member of the Court of Hong Kong University of Science and Technology and the Court of University of Hong Kong, and a vice chairman of the Independent Police Complaints Council. Mr. SHEK is an independent non-executive director of Midas International Holdings Limited, Lifestyle International Holdings Limited, NWS Holdings Limited, Titan Petrochemicals Group Limited, ITC Corporation Limited, ITC Properties Group Limited, Hop Hing Group Holdings Limited, Hsin Chong Construction Group Limited, MTR Corporation Limited, SJM Holdings Limited, Paliburg Holdings Limited, Chuang’s Consortium International Limited, China Resources Cement Holdings Limited and Kosmopolito Hotels International Limited, and a chairman and an independent non-executive director of Chuang’s China Investments Limited, all of which are companies whose shares are listed on the Stock Exchange, as well as a director of The Hong Kong Mortgage Corporation Limited. Mr. SHEK is also an independent non-executive director of Eagle Asset Management (CP) Limited (the manager of Champion Real Estate Investment Trust) and Regal Portfolio Management Limited (the manager of Regal Real Estate Investment Trust), both trusts are listed on the Stock Exchange. Mr. SHEK also holds directorships in several property-related private companies.

TONG Wui Tung, Ronald (唐滙棟), aged 61, was appointed as an independent non-executive Director of the Company, a member of the Audit Committee and a member of the Remuneration Committee of the Company in December 2006. He has been practicing as a solicitor in Hong Kong for over 30 years and is a partner of the law firm, Messrs. Cheung, Tong & Rosa. He is also a Notary Public and a China Appointed Attesting Officer, and is admitted as a solicitor in several other jurisdictions. Mr. TONG is currently a non-executive director of Yip’s Chemical Holdings Limited, a company whose shares are listed on the Stock Exchange.

Biographical Details of Directors and Senior Management

CHIEF FINANCIAL OFFICER

NG Yi Kum, Estella (伍綺琴), aged 54, was appointed as the chief financial officer of the Company in January 2008. From September 2005 to November 2007, Ms. NG was an executive director of Hang Lung Properties Limited, a company whose shares are listed on the Stock Exchange. Prior to her joining Hang Lung Properties in 2003, she was employed by the Stock Exchange in a number of senior positions, most recently as Senior Vice President of its Listing Division. Prior to that, she gained valuable auditing experience with Deloitte Touche Tohmatsu. Ms. NG is a qualified accountant and holds a Master of Business Administration degree from Hong Kong University of Science and Technology. She is an associate of The Institute of Chartered Accountants in England and Wales, The Institute of Chartered Secretaries and Administration and a fellow of the Association of Chartered Certified Accountants, the HKICPA and a member of the American Institute of Certified Public Accountants. She has also contributed her time to various public service appointments including being a co-opted member of the Audit Committee of the Hospital Authority.

COMPANY SECRETARY

HUEN Po Wah (禰寶華), aged 63, was appointed as the secretary of the Company in March 2007. He is an associate of The Hong Kong Institute of Chartered Secretaries and also an associate of The Institute of Chartered Secretaries and Administrators. Mr. HUEN is also a director of Fair Wind Secretarial Services Limited. He has over 29-year experience in company administration and secretarial fields and has served many listed clients over the years.

SENIOR MANAGEMENT

SONG Jun (宋軍), aged 44, is a vice president of the Company. Mr. SONG graduated from Chongqing College of Construction and Architecture (重慶建築工程學院), currently known as Chongqing University (重慶大學), with a degree in architecture and is a qualified PRC architect. Mr. SONG is responsible for construction management, supervision and coordination of certain property development projects of the Group. Prior to joining the Group in 1997, he worked in Hunan Province Jishou City Construction Institute (湖南省吉首市建築規劃勘察設計院) and Guangdong Elite Architectural Co., Ltd. and was responsible for architectural design work. Since 1997, he served as a project manager and a general manager of Shunde Country Garden and Guangzhou Country Garden, and has been serving as vice president of the Group since 2005, responsible for the management of property development projects. Currently, Mr. SONG is responsible for the operational management and sustainable development of 16 projects under his supervision. Mr. SONG has approximately 15-year experience in management of property development.

XIE Shutai (謝樹太), aged 47, is a vice president of the Company. Mr. XIE graduated from Hunan University (湖南大學) with a degree in civil engineering and is a qualified PRC civil engineer. Mr. XIE is primarily responsible for the overall management and supervision of certain property development projects of the Group, and also responsible for the overall management of the hotels and property management companies of the Group. Prior to joining the Group in 1997, Mr. XIE worked in Hengyang City Construction Institute (衡陽市建築設計研究院) from 1986 to 1991 responsible for structural design work. He also worked in Shunde Sanhe Co. from 1992 to 1997 responsible for property management. Since 1997, he has been working for Shunde Country Garden and Guangdong Country Garden Property Management Co., Ltd. responsible for the overall property and hotel management of the Group. Mr. XIE has approximately 20-year experience in property management and approximately 15-year experience in hotel management.

Biographical Details of Directors and Senior Management

CHEN Hua (陳華), aged 62, is a vice president of the Company. Mr. CHEN graduated from Jilin Industrial University (吉林工業大學) majoring in tractor design, Heilongjiang University (黑龍江大學) majoring in national economic management, and Northeast Agricultural University (東北農業大學) majoring in agriculture economic management (postgraduate). Mr. CHEN is responsible for the overall management of certain property development projects of the Group. Prior to joining the Group in 2007, Mr. CHEN acted as the director of Poverty Alleviation and Development Office of Heilongjiang Provincial Government. He has over 32-year experience working in government. Mr. CHEN is the father-in-law of Ms. YANG Huiyan, an executive Director and a controlling shareholder of the Company.

SU Baiyuan (蘇柏垣), aged 46, is a vice-president of the Company. Mr. SU graduated from Guangzhou Normal Institute (廣州師範學院) (currently known as Guangzhou University (廣州大學)) majoring in geography and obtained a postgraduate degree in human geography from Sun Yat-Sen University (中山大學). Mr. SU is primarily responsible for investment development and the overall management of certain property development projects of the Group. Prior to joining us in 2005, Mr. SU had over 10-year experience in land planning and development as well as operational management.

LIANG Guokun (梁國坤), aged 53, is a vice-president of the Company. Mr. LIANG is primarily responsible for landscape design and gardening system management and supervision. Prior to joining the Group in 1999, Mr. LIANG worked in Chung Shan Hot Spring Golf Club (中山溫泉高爾夫球會俱樂部) from 1985 to 1994. He also worked in Dongguan Yin Li Golf Club (東莞銀利外商俱樂部), Shenzhen Mission Hills Golf Club (深圳觀瀾湖高爾夫球會) and Shenzhen Longgang Green Club (深圳龍崗綠色俱樂部), currently known as Citic Green Golf Club (中信綠色高爾夫球會), in a number of senior positions. Mr. LIANG had 27-year experience in golf course design management and landscape design management.



Corporate Governance Report

Country Garden Holdings Company Limited (the “Company”) together with its subsidiaries (the “Group”) continues to improve its corporate governance practices, emphasizing the attainment and maintenance of a quality board, sound internal controls, and high transparency and accountability to shareholders. The board of Directors (the “Board”) and management are committed to principles of good corporate governance consistent with prudent management and enhancement of shareholder value. The Board believes that good corporate governance will bring long-term benefits to its shareholders and to the Group.

CORPORATE GOVERNANCE PRACTICES

The Company has complied with the code provisions of the Code on Corporate Governance Practices (the “Code”) as set out in the Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) for the time being in force throughout the year ended 31 December 2011, except for the deviation from the code provision E.1.2 of the Code. Under the first part of code provision E.1.2 of the Code, the chairman of the board should attend the annual general meeting. The chairman of the Board was unable to attend the annual general meeting of the Company held on 28 April 2011 (the “Meeting”) due to another business engagement. Mr. MO Bin, the president and executive Director of the Company, chaired the Meeting on behalf of the chairman of the Board and was available to answer questions.

COMPLIANCE WITH THE MODEL CODE OF THE LISTING RULES

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) of the Listing Rules as the code for dealing in securities of the Company by the Directors. After specific enquiry, all Directors confirmed that they have complied with the required standard of dealings set out therein throughout the year ended 31 December 2011. Relevant employees who are likely to be in possession of unpublished price-sensitive information of the Group are also subject to compliance with written guidelines on no less exacting terms than the Model Code.

BOARD OF DIRECTORS

The Board currently consists of ten executive Directors, namely, Mr. YEUNG Kwok Keung, Mr. MO Bin, Ms. YANG Huiyan, Ms. YANG Ziying, Mr. YANG Erzhu, Mr. SU Rubo, Mr. ZHANG Yaoyuan, Mr. OU Xueming, Mr. YANG Zhicheng and Mr. YANG Yongchao; and three independent non-executive Directors, namely, Mr. LAI Ming, Joseph, Mr. SHEK Lai Him, Abraham and Mr. TONG Wui Tung, Ronald.

Ms. YANG Huiyan and Ms. YANG Ziying are daughters of Mr. YEUNG Kwok Keung and Mr. YANG Zhicheng and Mr. YANG Yongchao are nephews of Mr. YEUNG Kwok Keung. Save as disclosed above, none of other Directors has or maintained any family relationship with any of the other Directors.

Mr. YEUNG Kwok Keung, being the Chairman, is responsible for the formulation of the development strategies, investment planning, overall project planning of the Group and ensuring that the Board is functioning properly, with good corporate governance practice and procedures, whilst Mr. MO Bin, the president of the Company, is responsible for the management of daily operation and general administration of the Group. The roles of the Chairman and the president of the Company are segregated to reinforce independence, accountability and responsibility. Their respective responsibilities are clearly established and defined by the Board in writing.

Biographical details of the Directors and their relevant relationships are set out in the section headed “Biographical details of Directors and Senior Management” on pages 24 to 28 of this annual report.

Corporate Governance Report

All of the independent non-executive Directors are appointed for a specific term of two years and all Directors are subject to retirement in accordance with the articles of association of the Company (the "Articles of Association"). According to the Articles of Association, at each annual general meeting, one-third of the Directors for the time being (or, if their number is not a multiple of three, 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 at an annual general meeting at least once every three years. As such, no Directors have a term of appointment longer than three years.

The Board assumes responsibility for leadership and control of the Company; and is collectively responsible for directing and supervising the Company's affairs. The Board is fully responsible for the formulation of business policies and strategies in relation to the business operation of the Group, including dividend policy and risk management strategies. The management are delegated the authority and responsibilities by the Board for the day-to-day management and operation of the Group.

The Company has not established a nomination committee. The Board as a whole is responsible for reviewing the Board composition, developing and formulating the relevant procedures for nomination and appointment of Directors, monitoring the appointment of Directors and assessing the independence of the non-executive Directors. The structure, size and composition of the Board will be reviewed from time to time to ensure that it has a balance of expertise, skills and experience appropriate to the requirements of the Group's business.

All Directors are kept informed on a timely basis of major changes that may have affected the Group's business, including relevant rules and regulations and are able to make further enquiries when necessary. They also have unrestricted access to the advices and services of the company secretary and the compliance officer, who are responsible for providing the Directors with board papers and related materials. The Board has also agreed that the Directors may seek independent professional advice in performing their Directors' duties at the Company's expenses. No request was made by any Director for such independent professional advice during the year.

The Company has arranged appropriate insurance coverage on Directors' and officers' liabilities in respect of any legal actions taken against Directors and senior management arising out of corporate activities. The insurance coverage is reviewed on an annual basis.

Independence of Independent Non-Executive Directors

The independent non-executive Directors, who combine to offer diverse industry expertise, serve the important function of advising the management on strategy and ensuring the Board maintains high standards of financial and other mandatory reporting requirements as well as providing adequate checks and balances for safeguarding the interests of shareholders and the Company as a whole. The Board has received from each of the independent non-executive Directors a confirmation of his independence in accordance with Rule 3.13 of the Listing Rules and the Board considers all of the independent non-executive Directors as independent.

The Board has established two committees with specific responsibilities as described later in this report. Major matter that are specifically delegated by the Board to management include the preparation of annual and interim accounts for Board approval before public reporting, execution of business strategies and initiative adopted by the Board, monitoring of operating budgets and cash flow, implementation of adequate systems of internal controls and risk management procedures, and compliance with relevant statutory requirements and rules and regulations.

BOARD MEETINGS

The Board holds at least four meetings a year at approximately quarterly intervals. Additional meetings would be arranged, if and when required. All Directors are invited to attend these meetings in persons. For those Directors who are not able to attend these meetings in persons, participation by telephone conference is available.

Corporate Governance Report

The company secretary and the compliance officer assist the Chairman in preparing the agenda for the meeting. The company secretary also prepares detailed minutes of each meeting. After the meeting, the draft minutes are circulated to all Directors for comment as soon as practicable.

The Board also recognizes the importance of the independent reporting of the corporate governance function.

The compliance officer attends all the Board and committee meetings to advise on corporate governance matters covering risk management and relevant compliance issues relating to mergers and acquisitions, accounting and financial reporting.

During the financial year ended 31 December 2011, the Directors have made contribution to the affairs of the Group and five Board meetings were held to consider, among other things, various transactions contemplated by the Group and to review and approve the interim results and annual results of the Group. According to Article 103(1) of the Articles of Association, a Director shall not be entitled to attend any Board meeting for approving any transaction in which he or his associates is materially interested. Any Board meeting which a Director is not so entitled to attend shall not be taken into account in determining that Director's attendance record.

Details of Directors' attendance record in 2011 are as follows:

Directors	No. of meetings attended/ No. of meetings held
Executive Directors	
Mr. YEUNG Kwok Keung (<i>Chairman</i>)	5/5
Mr. MO Bin	5/5
Ms. YANG Huiyan	4/5
Ms. YANG Ziying	2/2
Mr. YANG Erzhu	5/5
Mr. SU Rubo	5/5
Mr. ZHANG Yaoyuan	5/5
Mr. OU Xueming	5/5
Mr. YANG Zhicheng	5/5
Mr. YANG Yongchao	5/5
Independent Non-executive Directors	
Mr. LAI Ming, Joseph	5/5
Mr. SHEK Lai Him, Abraham	5/5
Mr. TONG Wui Tung, Ronald	5/5

AUDIT COMMITTEE

The members of the Audit Committee are all of the independent non-executive Directors, namely Mr. LAI Ming, Joseph, Mr. SHEK Lai Him, Abraham and Mr. TONG Wui Tung, Ronald. Mr. LAI Ming, Joseph who has appropriate professional accounting qualifications and financial management expertise as required under the Listing Rules, was appointed as the chairman of the Audit Committee.

Corporate Governance Report

The Audit Committee is to serve as a focal point for communication between other Directors and the external auditor of the Company as regards their duties relating to financial and other reporting, internal controls, external and internal audits and such other financial and accounting matters as the Board determines from time to time. It assists the Board in providing an independent review of the effectiveness of the financial reporting process, internal controls and risk management systems of the Group, overseeing the audit process and performing other duties and responsibilities as may be assigned by the Board from time to time.

The Audit Committee met four times in 2011 to review the Group's significant internal controls and financial matters as set out in the Audit Committee's term of reference with senior management, consultants and external auditor of the Company. The committee's review covers the audit plans and findings of external auditor, external auditor's independence, the Group's accounting principles and practices, Listing Rules and statutory compliance, internal controls, risk management and financial reporting matters (including the interim and annual financial statements for the Board's approval). Attendance of the members is set out below:

Members	No. of meetings attended/ No. of meetings held
Mr. LAI Ming, Joseph (<i>Chairman</i>)	4/4
Mr. SHEK Lai Him, Abraham	4/4
Mr. TONG Wui Tung, Ronald	4/4

External Auditor's Independence

To enhance independent reporting by external auditor, part of the Audit Committee meetings were attended only by independent non-executive Directors and external auditor. The Audit Committee is satisfied with the findings of their review of the audit fee, process and effectiveness, independence and objectivity of PricewaterhouseCoopers ("PwC"), and the Audit Committee has recommended to the Board the re-appointment of PwC in 2012 as the Company's external auditor at the forthcoming Annual General Meeting.

REMUNERATION COMMITTEE

The Remuneration Committee is being chaired by Mr. YEUNG Kwok Keung and consists of five members, of whom two are executive Directors being Mr. YEUNG Kwok Keung and Mr. MO Bin, and three are independent non-executive Directors being Mr. LAI Ming, Joseph, Mr. SHEK Lai Him, Abraham and Mr. TONG Wui Tung, Ronald.

The primary responsibility is to review and formulate policies in respect of remuneration structure for all Directors and senior management of the Company and make recommendations to the Board for its consideration.

During the year, the Remuneration Committee held two meetings. It reviewed the remuneration package of the Directors and the appointment of an executive Director of the Company. Attendance of the members is set out below:

Members	No. of meetings attended/ No. of meetings held
Mr. YEUNG Kwok Keung (<i>Chairman</i>)	2/2
Mr. MO Bin	2/2
Mr. LAI Ming, Joseph	2/2
Mr. SHEK Lai Him, Abraham	2/2
Mr. TONG Wui Tung, Ronald	2/2

Corporate Governance Report

INTERNAL CONTROLS

The Board has the overall responsibility for maintaining sound and effective internal control systems to safeguard the Group's assets and shareholders' interests, as well as, with Audit Committee, for reviewing the effectiveness of these systems. The system of internal control is designed to provide reasonable, but not absolute, assurance against misstatement or loss, and to manage risks of failure in the Group's operational systems.

It is the usual practice of the Company from time to time to engage independent consultants to conduct review of the Group and provide suitable training to the employee in order to maintain high standards of corporate governance.

The Board, through the Audit Committee, assessed and reviewed the effectiveness of the internal control systems and procedures and considered the adequacy of resources, qualifications and experience of staff of the Company's accounting and financing reporting function, and their training programmes and budget in accordance with paragraph C.2.1 and C.2.2 of the Code for the year ended 31 December 2011 based on the information derived from discussions with the senior management. During the year, the Audit Committee has reviewed reports from internal control department and comments of external auditor provided at the Audit Committee meetings and is satisfied that there is an ongoing process in place for identifying, evaluating and managing the significant risks faced by the Group.

WHISTLEBLOWER POLICY

The Group has established a whistleblower policy to facilitate the raising of concerns by employees since 2008. Procedures are established for employees to report complaints and internal malpractice to the head of Legal Department, who will review complaints and determine the mode of investigation and subsequent action.

INVESTOR RELATIONS

The Group has a proactive investor relations programme that keeps investors and shareholders abreast the Group's latest development and discloses relevant information to the public in a timely manner. During the year, we held various meetings with investors, organized site visit to our projects and participated in investor conferences.

The Group's newsletter outlines the latest projects development and sales performance on a regular basis. Up-to-date information on the Group's projects development, corporate activities, news, financial data, and stock information are available at the Group's website <http://www.countrygarden.com.cn>.

AUDITOR'S REMUNERATION

For the year ended 31 December 2011, the fees paid/payable to the auditor of the Company in respect of the audit services and other services related to the issuance of the senior notes in 2011 provided amounted to approximately RMB6.5 million and RMB0.8 million respectively.

DIRECTORS' RESPONSIBILITY ON THE CONSOLIDATED FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the consolidated financial statements for the year ended 31 December 2011, which were prepared in accordance with Hong Kong Financial Reporting Standards and the disclosure requirements of the Hong Kong Companies Ordinance.

The responsibility of the external auditor of the Company on the consolidated financial statements of the Group are set out in the Independent Auditor's Report on pages 45 to 46.

Report of the Directors

The Directors are pleased to present the audited consolidated financial statements of the Company and its subsidiaries (collectively, the “Group”) for the year ended 31 December 2011.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. Its subsidiaries are principally engaged in the property development, construction, fitting and decoration, property management and hotel operation.

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

RESULTS

The results of the Group for the year ended 31 December 2011 are set out in the consolidated statement of comprehensive income of the Group on page 51 of this annual report.

DIVIDENDS

The Directors recommend the payment of a final dividend of RMB12.96 cents (2010: RMB9.61 cents) per share for the year ended 31 December 2011 by way of scrip shares without offering any right to shareholders to elect to receive such dividend in cash in lieu of such allotment (“Scrip Dividend Scheme”) to shareholders (the “Shareholders”) whose names appear on the register of members of the Company on 4 May 2012 (“Record Date”).

The Scrip Dividend Scheme is subject to (1) the approval of the proposed final dividend at the annual general meeting of the Company to be held on 26 April 2012; and (2) The Stock Exchange of Hong Kong Limited granting the listing of and permission to deal in the new shares to be issued pursuant thereto.

A circular giving full details of the Scrip Dividend Scheme will be sent to the Shareholders on or around 18 May 2012.

PROPERTY, PLANT AND EQUIPMENT

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

BORROWINGS

Details of the borrowings are set out in note 20 to the consolidated financial statements of the Group.

RESERVES

Details of the movements in reserves during the year are set out in note 19 to the consolidated financial statements of the Group.

As at 31 December 2011, the distributable reserve of the Company amounted to approximately RMB2,409,275,000 (2010: approximately RMB1,736,208,000).

DONATIONS

The donations made by the Group during the year amounted to approximately RMB133,547,000 (2010: approximately RMB91,958,000).

FINANCIAL SUMMARY

A financial summary of the Group is set out on page 142 of this annual report.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2011, revenue attributable to the largest customer of the Group amounted to approximately 0.66% of the total revenue in the year and the five largest customers of the Group accounted for less than 30% of the Group's revenue in the year.

For the year ended 31 December 2011, purchases attributable to the largest supplier of the Group amounted to approximately 2.18% of the total purchases in the year and the five largest suppliers of the Group accounted for less than 30% of the Group's purchases in the year.

DIRECTORS AND SHAREHOLDERS INTERESTS IN SUPPLIERS AND CUSTOMERS OF THE GROUP

During the year ended 31 December 2011, so far as the Directors are aware, the following persons who are Directors and their associates (herein after-mentioned) and are interested in more than 5% of the issued share capital of the Company had direct interest or indirect interest in the five largest customers and suppliers of the Group as follows:

Name of Director and person interested in more than 5% of the Company's issued share capital	Name of customer of the Group	Type of interest
Ms. YANG Huiyan	Qingyuan Country Garden Property Development Co., Ltd. ("Qingyuan CG")	52% equity interest
Mr. YANG Erzhu	Qingyuan CG	12% equity interest
Mr. SU Rubo	Qingyuan CG	12% equity interest
Mr. ZHANG Yaoyuan	Qingyuan CG	12% equity interest
Mr. OU Xueming	Qingyuan CG	12% equity interest

Name of Director and person interested in more than 5% of the Company's issued share capital	Name of supplier of the Group	Type of interest
Ms. YANG Huiyan	Guangdong Elite Architectural Co., Ltd. ("Elite Architectural")	52% equity interest
Mr. YANG Erzhu	Elite Architectural	12% equity interest
Mr. SU Rubo	Elite Architectural	12% equity interest
Mr. ZHANG Yaoyuan	Elite Architectural	12% equity interest
Mr. OU Xueming	Elite Architectural	12% equity interest
Mr. YEUNG Kwok Keung	Guangdong Grand Pipe Pile Co., Ltd. ("Grand Pipe")	52% equity interest
Mr. YANG Erzhu	Grand Pipe	12% equity interest
Mr. SU Rubo	Grand Pipe	12% equity interest
Mr. ZHANG Yaoyuan	Grand Pipe	12% equity interest
Mr. OU Xueming	Grand Pipe	12% equity interest

Report of the Directors

Grand Pipe is a non-wholly owned subsidiary of Foshan Shunde Lida Investment Co., Ltd (“Lida Investment”). Lida Investment is owned as to 52% by Ms. YANG Meirong (a sister of Mr. YEUNG Kwok Keung), as to 12% by Mr. YANG Minsheng (a son of Mr. YANG Erzhu), as to 12% by Mr. SU Zhiyan (a son of Mr. SU Rubo), as to 12% by Mr. ZHANG Chibiao (a son of Mr. ZHANG Yaoyuan) and as to 12% by Ms. OU Jieping (a daughter of Mr. OU Xueming). As Grand Pipe is owned as to 73.6% of its total equity interest by Lida Investment, an associate of Mr. YEUNG Kwok Yeung, Grand Pipe is thus an associate of a connected person of the Company.

Other than disclosed above, the Directors, their associates or any Shareholders of the Company (which to the knowledge of the Directors own more than 5% of the issued share capital of the Company) did not have any interests in the five largest customers and suppliers of the Group for the year ended 31 December 2011.

SHARE CAPITAL

Details of the movements in the share capital of the Company are set out in note 18 to the consolidated financial statements of the Group.

DIRECTORS AND DIRECTORS' SERVICE CONTRACTS

The Directors during the year up to the date of this annual report are:

Executive Directors

Mr. YEUNG Kwok Keung (*Chairman*)
Mr. MO Bin
Mr. CUI Jianbo (resigned on 20 January 2011)
Ms. YANG Huiyan
Ms. YANG Ziyang (appointed on 31 May 2011)
Mr. YANG Erzhu
Mr. SU Rubo
Mr. ZHANG Yaoyuan
Mr. OU Xueming
Mr. YANG Zhicheng
Mr. YANG Yongchao

Independent non-executive Directors

Mr. LAI Ming, Joseph
Mr. SHEK Lai Him, Abraham
Mr. TONG Wui Tung, Ronald

In accordance with Article 86(3) of the Articles of Association, Ms. YANG Ziyang shall hold office until the forthcoming annual general meeting. In accordance with Article 87 of the Articles of Association, Messrs. YANG Huiyan, OU Xueming, YANG Zhicheng, YANG Yongchao and TONG Wui Tung, Ronald shall retire from office by rotation and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

Mr. MO Bin, the President and an executive Director of the Company, has entered into a service contract with the Company taking effect from 22 July 2010 to 31 December 2012. Ms. YANG Ziyang, an executive Director of the Company, has entered into a service contract with the Company taking effect from 31 May 2011 to 31 December 2012. Each of the other executive Directors of the Company has entered into a service contract with the Company taking effect from 1 January 2010 for a period of three years. All the independent non-executive Directors are appointed for a period up to 31 December 2012.

Report of the Directors

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

DIRECTORS' EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS

Details of the remuneration of the Directors and those of the five highest paid individuals of the Group for the year ended 31 December 2011 are set out in note 28 to the consolidated financial statements of the Group.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Save as disclosed under paragraph headed "Continuing Connected Transactions", no contracts of significance in relation to the Company's business to which the Company, any of its subsidiaries, its fellow subsidiaries or its holding companies was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

DIRECTORS' AND THEIR ASSOCIATES' INTERESTS IN COMPETING BUSINESS

Ms. YANG Huiyan, Mr. YANG Erzhu, Mr. SU Rubo, Mr. ZHANG Yaoyuan and Mr. OU Xueming (all being Directors) respectively owned 52%, 12%, 12%, 12% and 12% interest in each of Qingyuan CG and Qingyuan Country Cultural Development Co., Ltd.. Qingyuan CG is the developer of the Qingyuan Holiday Islands project situated in Qingyuan which offers various types of products including villas, townhouses and low-rise apartments. While Qingyuan Country Cultural Development Co., Ltd. operates the Qingyuan Cultural Park located in Shijiao Town, Qingcheng District in Qingyuan. As at 31 December 2011, none of the Directors are considered to be interested in businesses which compete or are likely to compete, either directly or indirectly, with the businesses of the Group.

CONTINUING CONNECTED TRANSACTIONS

The Company has entered into the following continuing connected transactions, which the Stock Exchange has either granted waivers to or exempted from the independent Shareholders' approval, but subject to disclosure in the annual report under Rule 14A.34 of the Listing Rules. Details of these transactions are set out below:

1. Water Supply Agreements

Pursuant to the water supply agreement dated 27 March 2007 and the water supply supplemental agreements dated 20 June 2008 and 17 December 2010 (together, the "Jiangkou Water Supply Agreement") between Shunde CG and Foshan Shunde Jiangkou Water Plant Co., Ltd. ("Jiangkou Water Plant Co.") and the water supply agreement dated 27 March 2007 and the water supply supplemental agreement dated 15 December 2009 (together, the "Crystal Water Supply Agreement") between Zengcheng Country Garden Property Development Co., Ltd. ("Zengcheng CG") and Zengcheng Crystal Water Plant Co., Ltd. ("Crystal Water Plant Co."), Jiangkou Water Plant Co. and Crystal Water Plant Co. shall provide the Group water supply for use in operations in Panyu District, Shunde District and in Zengcheng District. The terms of Jiangkou Water Supply Agreement shall be three years commencing on 1 January 2011 and subject to the annual caps of not exceeding RMB4.5 million for each of the years 2011, 2012 and 2013 respectively. The terms of Crystal Water Supply Agreement shall be three years commencing from 1 January 2010 and subject to the annual caps of not exceeding RMB17 million for each of the years 2010, 2011 and 2012 respectively. The water supply shall be at rates no more favourable than rates chargeable by other water plants operated by independent third parties in Panyu District, Shunde District and Zengcheng District. The water fees received by Jiangkou Water Plant Co. and Crystal Water Plant Co. during the year amounted to RMB4.4 million and RMB5.7 million respectively.

Report of the Directors

Each of Jiangkou Water Plant Co. and Crystal Water Plant Co. is owned as to 52% by Ms. YANG Huiyan, as to 12% by Mr. YANG Erzhu, as to 12% by Mr. SU Rubo, as to 12% by Mr. OU Xueming and as to 12% by Mr. ZHANG Yaoyuan. Jiangkou Water Plant Co. and Crystal Water Plant Co. are associates of a connected person of the Company as Ms. YANG Huiyan is a Director and a substantial Shareholder of the Company.

2. Design Services Agreements

Pursuant to the design services agreement dated 27 March 2007 and the design services supplemental agreements dated 20 June 2008 and 17 December 2010 (together, the “Design Services Agreement”) entered into between Shunde CG and Elite Architectural, Elite Architectural agreed to provide property design and interior design services to the Group on term no less favourable than those offered by independent third parties to the Group for comparable services for three years commencing on 1 January 2011 and subject to annual cap of RMB650 million for each of the years 2011, 2012 and 2013 respectively. During the year, the total amount of design services charged by Elite Architectural amounted to RMB255.5 million.

Elite Architectural is owned as to 52% by Ms. YANG Huiyan, as to 12% by Mr. YANG Erzhu, as to 12% by Mr. SU Rubo, as to 12% by Mr. OU Xueming and as to 12% by Mr. ZHANG Yaoyuan. Elite Architectural is an associate of a connected person of the Company as Ms. YANG Huiyan is a Director and a substantial Shareholder of the Company.

3. Cement Product Sales Agreements

Pursuant to the cement products sales agreement dated 27 March 2007 and the cement products sales supplemental agreement dated 15 December 2009 (together, the “Cement Products Agreement”) entered into between Guangdong Giant Leap Construction Co., Ltd. (“Giant Leap”) and Grand Pipe, Grand Pipe agreed to supply cement products to Giant Leap on terms (including but not limited to pricing) no less favourable than those offered by Grand Pipe to independent third parties for three years commencing on 1 January 2010 and subject to annual cap of not exceeding RMB240 million for each of the years 2010, 2011 and 2012 respectively. During the year, the amount of cement purchased by Giant Leap amounted to RMB27.2 million.

Grand Pipe is a non-wholly owned subsidiary of Lida Investment. Lida Investment is owned as to 52% by Ms. YANG Meirong (a sister of Mr. YEUNG Kwok Keung), as to 12% by Mr. YANG Minsheng (a son of Mr. YANG Erzhu), as to 12% by Mr. SU Zhiyan (a son of Mr. SU Rubo), as to 12% by Mr. ZHANG Chibiao (a son of Mr. ZHANG Yaoyuan) and as to 12% by Ms. OU Jieping (a daughter of Mr. OU Xueming). As Grand Pipe is owned as to 73.6% by Lida Investment, an associate of Mr. YEUNG Kwok Keung, Grand Pipe is thus an associate of a connected person of the Company.

4. Construction Services Agreements

Pursuant to the certain construction services agreements (“Construction Services Agreements”) entered into by Giant Leap and Qingyuan CG between 10 August 2005 to 10 April 2006 (as amended by a supplemental agreement dated 27 March 2007), Giant Leap agreed to provide construction services to Qingyuan CG in respect of the development of properties at the site located in Shijiao Town, Qingcheng City, Qingyuan (the “Qingyuan Project”) for an aggregate amount of approximately RMB1,723 million. Such construction services are charged by Giant Leap with reference to market rates and on terms no more favourable than those offered by independent third parties to Qingyuan CG. The charge for the construction services was determined with reference to estimated costs plus profits for provision of such service. On 15 December 2009, Giant Leap and Qingyuan CG entered into an amendment agreement, pursuant to which, the parties agreed to further extend

Report of the Directors

the construction periods of the Qingyuan Project, being the only outstanding property development project under the Construction Services Agreements for a term of three years commencing on 1 January 2010 and subject to the annual caps of not exceeding RMB250 million for a period of 3 years in 2010, 2011 and 2012 respectively and that Giant Leap would continue to provide construction services to Qingyuan CG for the Qingyuan Project on the terms as provided under the Construction Services Agreements as extended by the amendment agreement. During the year, the value of construction services provided by Giant Leap amounted to RMB230.5 million.

Qingyuan CG is owned as to 52% by Ms. YANG Huiyan, as to 12% by Mr. YANG Erzhu, as to 12% by Mr. SU Rubo, as to 12% by Mr. OU Xueming and as to 12% by Mr. ZHANG Yaoyuan. Qingyuan CG is an associate of a connected person of the Company as Ms. YANG Huiyan is a Director and a substantial Shareholder of the Company.

Ms. YANG Huiyan is a Director and a substantial Shareholder of the Company. Each of Messrs. YANG Erzhu, SU Rubo, OU Xueming and ZHANG Yaoyuan is a Director of the Company. Ms. YANG Huiyan, Mr. YANG Erzhu, Mr. SU Rubo, Mr. ZHANG Yaoyuan and Mr. OU Xueming are connected persons of the Company. Accordingly, all the transactions contemplated under these agreements constitute continuing connected transactions of the Company under the Listing Rules.

The above continuing connected transactions are all subject to full reporting and announcement requirements but exempt from the independent Shareholders' approval under Rule 14A.34 of the Listing Rules.

Pursuant to Rule 14A.37 of the Listing Rules, the independent non-executive Directors of the Company, namely Mr. LAI Ming, Joseph, Mr. SHEK Lai Him, Abraham and Mr. TONG Wui Tung, Ronald, have reviewed the continuing connected transactions and confirmed that the continuing connected transactions have been entered into (a) in the ordinary and usual course of business of the Group; (b) either on normal commercial terms or, if there were not sufficient comparable transactions to judge whether they were no normal commercial terms, on terms no less favourable to the Group than terms available to or from (as appropriate) independent third parties; and (c) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

For the purpose of Rule 14A.38 of the Listing Rules, PricewaterhouseCoopers, the auditor of the Company, has provided a letter to the Board, confirmed that the continuing connected transactions:

- (i) have received the approval of the Board;
- (ii) have been entered into in accordance with the relevant agreements governing the transactions; and
- (iii) have not exceeded the respective annual caps.

RELATED PARTY TRANSACTIONS

During the year ended 31 December 2011, certain Directors and their close family members, and companies controlled by certain Directors and/or their close family members entered into transactions with the Group which are disclosed in note 37 "Related Party Transactions" to the consolidated financial statements of the Group.

Report of the Directors

SHARE OPTIONS

On 20 March 2007, a share option scheme (the “Share Option Scheme”) was adopted and approved by the then Shareholders. No share options have been granted since adoption. A summary of the principal terms of the Share Option Scheme is set out as follow:

(i) Purpose of the Share Option Scheme

The purpose of the Share Option Scheme is to provide incentives to the participants.

(ii) Who may join

The participants of the Share Option Scheme are employees including the executive Directors and non-executive Directors of the Company and its subsidiaries.

(iii) Grant of Options

The Board shall be entitled at any time, within 10 years after the date of adoption of the Share Option Scheme to make an offer of the grant to any participant.

(iv) Payment on acceptance of option offer

HK\$1.00 is payable by the participant to the Company on acceptance of the option offer as consideration for the grant.

(v) Subscription Price of Shares

The subscription price of option to subscribe for shares granted pursuant to the Share Option Scheme shall be the highest of:

- the closing price of the shares as stated in the daily quotations sheet of the Stock Exchange on the date on which an offer is made to a participant, which must be a business day;
- the average of the closing prices of the shares as stated in the Stock Exchange’s daily quotations sheets for the five business days immediately preceding the date on which an offer is made; and
- the nominal value of the shares of the Company.

(vi) Maximum number of Shares available for subscription

The total number of shares which may be issued upon exercise of all options to be granted under the Share Option Scheme must not in aggregate exceed 10% of the issued share capital of the Company at the date of approval of the Share Option Scheme. The 10% limit may be refreshed with the approval by ordinary resolution of the Shareholders. The maximum number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme must not exceed 30% of the issued share capital of the Company from time to time. As at the date of this annual report, a total of 1,636,000,000 shares (representing 10% of the issued share capital of the Company at the date of approval of the Share Option Scheme) are available for issue under the Share Option Scheme.

(vii) Maximum entitlement of Shares of each Participant

The total number of shares issued and to be issued upon exercise of all options granted under the Share Option Scheme to each participant (including both exercised, cancelled and outstanding options) in any 12-month period shall not exceed 1% of the total number of shares in issue. Shares issued and to be issued upon exercise of all options granted under the Share Option Scheme (including options exercised, cancelled and outstanding) to a participant who is a substantial Shareholder or an independent non-executive Director in any 12 months period, (1) representing in aggregate more than 0.1% of the total number of Shares in issue and (2) having an aggregate value, based on the closing price of the Shares at the date of each grant,

Report of the Directors

in excess of HK\$5,000,000, the proposed grant of option must be approved by the Shareholders by poll in general meeting.

(viii) Time of exercise of option

The exercise period of any option granted under the Share Option Scheme shall not be longer than 10 years from the date of grant of the relevant option. The Board has the authority to determine the minimum period for which an option must be held before it can be exercised.

EMPLOYEE INCENTIVE SCHEME

The trust deed in respect of an employee incentive scheme ("Employee Incentive Scheme") for the benefit of the senior management and employees of the Group which excludes any connected persons of the Company has been approved in principle, while the scheme rules are under preparation for the Board's approval. The purpose of the Employee Incentive Scheme is to provide the participants with an opportunity to hold a personal stake in the Company so as to motivate such participants and to enhance performance and efficiency. During the year ended 31 December 2011, for the purpose of the Employee Incentive Scheme, the Company, had through its subsidiary, purchased from the market a total of 5,584,000 shares of the Company. The total amount paid to acquire these shares during the year was about RMB9,908,000. As of 31 December 2011, the cumulative total number of the shares acquired under the Employee Incentive Scheme were 92,760,819 shares.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

The Directors of the Company who held office at 31 December 2011 had the following interests in the shares of the Company and its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) at the balance sheet date as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") of the Listing Rules:

(a) Long positions in the shares and debentures of the Company

Name of Director	Capacity	Number of ordinary shares held	Percentage to the issued share capital as at 31.12.2011	Amount of debentures held
Mr. YEUNG Kwok Keung	Interest of controlled corporation	—	—	US\$11,300,000 (Note 1) US\$11,000,000 (Note 2)
Ms. YANG Huiyan	Interest of controlled corporation	9,991,089,404 (Note 3)	59.83%	—
Mr. YANG Erzhu	Interest of controlled corporation	972,000,000 (Note 3)	5.82%	—
Mr. SU Rubo	Interest of controlled corporation	716,000,000 (Note 3)	4.29%	—
Mr. ZHANG Yaoyuan	Interest of controlled corporation	816,000,000 (Note 3)	4.89%	—
Mr. OU Xueming	Interest of controlled corporation	736,000,000 (Note 3)	4.41%	—
Mr. YANG Yongchao	Interest of spouse	3,388,043 (Note 4)	0.02%	—

Report of the Directors

Notes:

1. These debentures represent the US\$550 million 11.25% senior notes due 2017 held by Joy House Enterprises Limited in which Mr. YEUNG Kwok Keung beneficially owns 99% of the issued share capital.
2. These debentures represent the US\$900 million 11.125% senior notes due 2018 held by Joy House Enterprises Limited in which Mr. YEUNG Kwok Keung beneficially owns 99% of the issued share capital and by Kenpac Investments Limited in which Mr. YEUNG Kwok Keung beneficially owns 90% of the issued share capital.
3. These shares represent shares held by Concrete Win Limited, Automic Group Limited, Easy Hope Holdings Ltd., Acura International Global Limited and Highlander Group Limited in which Ms. YANG Huiyan, Mr. YANG Erzhu, Mr. SU Rubo, Mr. ZHANG Yaoyuan and Mr. OU Xueming beneficially owns the entire issued share capital respectively.
4. These shares represent shares held by Ms. SU Yuming, being the spouse of Mr. YANG Yongchao.

(b) Long positions in the shares of Concrete Win Limited, an associated corporation of the Company

Name of Director	Capacity	Number of ordinary shares held	Percentage to
			the issued share capital as at 31.12.2011
Ms. YANG Huiyan	Beneficial owner	2	100%

Save as disclosed above, at the balance sheet date, none of the Company's Directors, chief executives or their respective associates had any other personal, family, corporate and other interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS DISCLOSEABLE UNDER THE SFO

At the balance sheet date, according to the register kept by the Company under Section 336 of the SFO, the following companies and persons, other than the Directors or chief executive of the Company, had long positions of 5% or more in the shares of the Company which fell to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO:

Long positions in the shares of the Company

Name of Shareholder	Capacity	Number of ordinary shares held	Percentage to
			the issued share capital as at 31.12.2011
Concrete Win Limited	Beneficial owner	9,991,089,404 (Note 1)	59.83%
Automic Group Limited	Beneficial owner	972,000,000 (Note 1)	5.82%

Notes:

1. These shares are held by Concrete Win Limited, the entire issued share capital of which is beneficially owned by Ms. YANG Huiyan.
2. These shares are held by Automic Group Limited, the entire issued share capital of which is beneficially owned by Mr. YANG Erzhu.

Save as disclosed above, at the balance sheet date, the Company has not been notified of any other person (other than the Directors and chief executives of the Company) who had an interest or short position of 5% or more in the shares and underlying shares of the Company which fell to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO.

Report of the Directors

PURCHASE, SALE OR REDEMPTION OF SHARES OF THE COMPANY

During the year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities, except for (i) to those referred to under the section "Employee Incentive Scheme" and (ii) convertible bond referred to as set out in Note 21 to the Consolidated Financial Statement in this report.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's articles of association, or the laws of Cayman Islands, being the jurisdiction in which the Company is incorporated under which would oblige the Company to offer new Shares on a pro-rata basis to existing Shareholders.

CORPORATE GOVERNANCE

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

SUFFICIENCY OF PUBLIC FLOAT

Rules 8.08(1)(a) and (b) of the Listing Rules require there to be an open market in the securities for which listing is sought and for a sufficient public float of an issuer's listed securities to be maintained. This normally means that (i) at least 25% of the issuer's total issued share capital must at all times be held by the public; and (ii) where an issuer has more than one class of securities apart from the class of securities for which listing is sought, the total securities of the issuer held by the public (on all regulated market(s) including the Stock Exchange) at the time of listing must be at least 25% of the issuer's total issued share capital.

However, the class of securities for which listing is sought must not be less than 15% of the issuer's total issued share capital, and must have an expected market capitalization at the time of listing of not less than HK\$10,000 million.

The Group has applied to the Stock Exchange to request the Stock Exchange to exercise, and the Stock Exchange exercised its discretion under Rule 8.08(1)(d) of the Listing Rules to accept a lower public float percentage of the Company of 15% (assuming the Overallotment Option is not exercised) or such higher percentage of the issued share capital as will be held by the public in the event that the whole or a part of the Overallotment Option is exercised (which discretion may be exercised in respect of issuers with an expected market capitalization at the time of listing of over HK\$10,000 million) on the basis that the Stock Exchange is satisfied that the number of the Shares concerned and the extent of their distribution will enable the market to operate properly with the lower percentage, and on the condition that we will make appropriate disclosure of the lower prescribed percentage of public float in the prospectus of the Company issued on 3 April 2007 and confirm sufficiency of public float in the successive annual reports after listing. At the time of the listing of the Company on 20 April 2007, the market capitalization exceeded HK\$10,000 million.

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

AUDITOR

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

Report of the Directors

PROFESSIONAL TAX ADVICE RECOMMENDED

If the Shareholders of the Company are unsure about the taxation implications of purchasing, holdings, disposing of, dealing in, or the exercise of any rights in relation to, the Shares, they are advised to consult an expert.

CLOSURE OF REGISTER OF MEMBERS

The register of members will be closed from Friday, 20 April 2012 to Thursday, 26 April 2012, both days inclusive, during which period no transfer of Shares will be registered in order to determine the identity of the Shareholders who are entitled to attend and vote at the forthcoming annual general meeting of the Company. All duly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Thursday, 19 April 2012.

Subject to approval of shareholders in the annual general meeting, the proposal final dividend will be payable to shareholders whose names appears on the register of members of the Company on Friday, 4 May 2012. The register of members will be closed at Friday, 4 May 2012, during that day no transfer of Shares will be registered in order to determine the identity of the shareholders who are qualified for the proposal final dividend. All duly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Thursday, 3 May 2012.

For and on behalf of the Board

YEUNG Kwok Keung

Chairman

Foshan, Guangdong Province, PRC, 28 February 2012



Independent Auditor's Report



羅兵咸永道

TO THE SHAREHOLDERS OF COUNTRY GARDEN HOLDINGS COMPANY LIMITED*(Incorporated in the Cayman Islands with limited liability)*

We have audited the consolidated financial statements of Country Garden Holdings Company Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 47 to 141, which comprise the consolidated and company balance sheets as at 31 December 2011, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory 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 judgment, 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.

PricewaterhouseCoopers, 22/F Prince's Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com

Independent Auditor's Report



羅兵咸永道

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 2011, 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, 28 February 2012

Consolidated Balance Sheet

	Note	As at 31 December	
		2011 RMB'000	2010 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	6	8,055,297	5,552,483
Investment property	7	125,963	133,597
Intangible assets	8	18,496	18,499
Land use rights	9	1,326,078	1,095,982
Properties under development	10	26,551,380	17,398,573
Investment in an associate	11	204,762	83,825
Deferred income tax assets	24	1,299,297	1,137,203
		37,581,273	25,420,162
Current assets			
Properties under development	10	28,370,042	23,761,354
Completed properties held for sale	13	12,876,349	8,079,369
Inventories	14	248,795	206,010
Trade and other receivables	15	12,535,495	12,372,767
Prepaid taxes		3,305,092	2,388,472
Restricted cash	16	4,649,017	4,758,815
Cash and cash equivalents	17	7,744,362	5,094,298
		69,729,152	56,661,085
Total assets		107,310,425	82,081,247
EQUITY			
Equity attributable to owners of the Company			
Share capital and premium	18	15,382,196	15,392,104
Other reserves	19	1,367,898	993,012
Retained earnings			
— proposed final dividend	31	2,163,450	1,604,790
— others	19	10,076,693	6,831,515
		28,990,237	24,821,421
Non-controlling interests		1,077,027	596,654
Total equity		30,067,264	25,418,075

Consolidated Balance Sheet

	Note	As at 31 December	
		2011	2010
		RMB'000	RMB'000
LIABILITIES			
Non-current liabilities			
Bank borrowings	20	7,408,301	4,680,370
Senior notes	22	14,204,447	8,872,270
Convertible bond	21	884,128	—
Deferred government grants		189,520	107,780
Deferred income tax liabilities	24	785,163	671,903
		23,471,559	14,332,323
Current liabilities			
Advanced proceeds received from customers		27,865,011	21,729,615
Trade and other payables	25	12,810,345	9,077,248
Income taxes payable		5,707,482	4,023,448
Bank borrowings	20	6,468,990	5,184,536
Derivative financial instruments	23	919,774	934,948
Convertible bond	21	—	1,381,054
		53,771,602	42,330,849
Total liabilities		77,243,161	56,663,172
Total equity and liabilities		107,310,425	82,081,247
Net current assets		15,957,550	14,330,236
Total assets less current liabilities		53,538,823	39,750,398

The notes on pages 54 to 141 are an integral part of these consolidated financial statements.

The financial statements on pages 47 to 141 were approved by the Board of Directors on 28 February 2012 and were signed on its behalf.

MO Bin
Director

YANG Erzhu
Director

Company's Balance Sheet

	Note	As at 31 December	
		2011 RMB'000	2010 RMB'000
ASSETS			
Non current assets			
Investments in subsidiaries	12	22,046,832	19,672,582
Current assets			
Amounts due from subsidiaries	12	10,257,913	7,999,912
Restricted cash	16	1,575,225	1,658,452
Cash and cash equivalents	17	493,384	32,517
		12,326,522	9,690,881
Total assets		34,373,354	29,363,463
EQUITY			
Equity attributable to owners of the Company			
Share capital and premium	18	15,762,432	15,762,432
Other reserves	19	29,801	59,467
Retained earnings			
— proposed final dividend	31	2,163,450	1,604,790
— others	19	245,825	131,418
Total equity		18,201,508	17,558,107

Company's Balance Sheet

	Note	As at 31 December	
		2011 RMB'000	2010 RMB'000
LIABILITIES			
Non-current liabilities			
Convertible bond	21	884,128	—
Senior notes	22	14,204,447	8,872,270
		15,088,575	8,872,270
Current liabilities			
Amounts due to subsidiaries	12	1,357	275,768
Bank borrowings	20	162,140	341,316
Derivative financial instruments	23	919,774	934,948
Convertible bond	21	—	1,381,054
		1,083,271	2,933,086
Total liabilities		16,171,846	11,805,356
Total equity and liabilities		34,373,354	29,363,463
Net current assets		11,243,251	6,757,795
Total assets less current liabilities		33,290,083	26,430,377

The notes on pages 54 to 141 are an integral part of these consolidated financial statements.

The financial statements on pages 47 to 141 were approved by the Board of Directors on 28 February 2012 and were signed on its behalf.

MO Bin

Director

YANG Erzhu

Director

Consolidated Statement of Comprehensive Income

	Note	Year ended 31 December	
		2011 RMB'000	2010 RMB'000
Revenue	5	34,748,305	25,804,105
Cost of sales	27	(22,752,634)	(17,452,939)
Gross profit		11,995,671	8,351,166
Other gains — net	26	43,115	40,950
Selling and marketing costs	27	(1,128,443)	(621,497)
Administrative expenses	27	(1,319,473)	(833,183)
Operating profit		9,590,870	6,937,436
Finance income		101,318	138,465
Finance costs		(221,564)	(363,242)
Finance costs — net	29	(120,246)	(224,777)
Share of profit/(loss) of an associate	11	120,937	(48,050)
Fair value changes on derivative financial instruments		15,174	55,176
Profit before income tax		9,606,735	6,719,785
Income tax expenses	30	(3,768,582)	(2,402,011)
Profit and total comprehensive income for the year		5,838,153	4,317,774
Profit and total comprehensive income attributable to:			
Owners of the Company		5,813,180	4,290,578
Non-controlling interests		24,973	27,196
		5,838,153	4,317,774
Earnings per share attributable to owners of the Company (expressed in RMB cents per share)			
Basic and diluted	34	35.00	25.89

The notes on pages 54 to 141 are an integral part of these consolidated financial statements.

	Note	Year ended 31 December	
		2011 RMB'000	2010 RMB'000
Dividends	31	2,163,450	1,604,790

Consolidated Statement of Changes in Equity

	Share capital and premium RMB'000 (note 18)	Other reserves and retained earnings RMB'000 (note 19)	Non- controlling interests RMB'000	Total RMB'000
Balance at 1 January 2010	14,925,651	6,244,413	370,858	21,540,922
Profit and total comprehensive income for the year	—	4,290,578	27,196	4,317,774
Transactions with owners:				
Issue of shares as a result of the scrip dividend scheme (note 18(a))	473,042	—	—	473,042
Capital injections	—	—	208,600	208,600
Purchase of treasury shares	(6,589)	—	—	(6,589)
2009 final dividends	—	(740,320)	(10,000)	(750,320)
Effect of repurchase of convertible bond	—	(365,354)	—	(365,354)
Total transactions with owners	466,453	(1,105,674)	198,600	(440,621)
Balance at 31 December 2010	15,392,104	9,429,317	596,654	25,418,075
Balance at 1 January 2011	15,392,104	9,429,317	596,654	25,418,075
Profit and total comprehensive income for the year	—	5,813,180	24,973	5,838,153
Transactions with owners:				
Capital injections	—	—	455,400	455,400
Purchase of treasury shares (note 18 (b))	(9,908)	—	—	(9,908)
2010 final dividends (note 31)	—	(1,604,790)	—	(1,604,790)
Effect of redemption of convertible bond (note 21)	—	(29,666)	—	(29,666)
Total transactions with owners	(9,908)	(1,634,456)	455,400	(1,188,964)
Balance at 31 December 2011	15,382,196	13,608,041	1,077,027	30,067,264

The notes on pages 54 to 141 are an integral part of these consolidated financial statements.

Consolidated Cash Flow Statement

	Note	Year ended 31 December	
		2011 RMB'000	2010 RMB'000
Cash flows from operating activities			
Cash generated from operations	32	2,485,896	3,268,072
Income tax paid		(2,867,997)	(1,363,481)
Interest paid		(2,104,761)	(1,129,569)
Net cash (used in)/generated from operating activities		(2,486,862)	775,022
Cash flows from investing activities			
Purchases of property, plant and equipment		(2,783,362)	(2,066,280)
Proceeds from the disposal of available-for-sale financial assets		—	105,596
Purchases of intangible assets	8	(4,591)	(9,252)
Purchases of land use rights		(34,930)	(23,456)
Investment in an associate		—	(217,600)
Proceeds from partial disposal of an associate		—	85,725
Proceeds from disposals of property, plant and equipment	32	10,335	28,372
Government grants received		81,740	—
Interest received	29	101,318	76,592
Net cash used in investing activities		(2,629,490)	(2,020,303)
Cash flows from financing activities			
Capital contributions from non-controlling interests		455,400	208,600
Purchase of treasury shares	18	(9,908)	(6,589)
Redemption/repurchase of convertible bond		(585,296)	(3,371,723)
Dividends paid to non-controlling interests		—	(10,000)
Net proceeds from the issuance of senior notes	22	5,770,437	6,294,734
Proceeds from bank borrowings		10,586,922	5,136,467
Repayments of bank borrowings		(6,619,458)	(6,149,349)
Dividends paid to the Company's shareholders		(1,604,790)	(267,278)
Net cash generated from financing activities		7,993,307	1,834,862
Net increase in cash and cash equivalents		2,876,955	589,581
Cash and cash equivalents at the beginning of the year		5,094,298	4,608,708
Exchange losses on cash and cash equivalents		(226,891)	(103,991)
Cash and cash equivalents at the end of the year		7,744,362	5,094,298

The notes on pages 54 to 141 are an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

1. GENERAL INFORMATION

Country Garden Holdings Company Limited (the “Company”) was incorporated in the Cayman Islands on 10 November 2006 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands.

The address of the Company’s registered office is Cricket Square, Hutchins Drive, P.O. Box 2681 Grand Cayman, KY1-1111 Cayman Islands. The Company is engaged in investment holding and its subsidiaries (collectively the “Group”) were principally engaged in the property development, construction, fitting and decoration, property management and hotel operation.

The shares of the Company are listed on The Stock Exchange of Hong Kong Limited.

These financial statements are presented in Renminbi (“RMB”), unless otherwise stated. These financial statements have been approved for issue by the Board of Directors on 28 February 2012.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of derivative financial instruments.

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) *The following new and amended standards and interpretations are mandatory for the first time for the financial year beginning 1 January 2011:*

- Hong Kong Accounting Standards (“HKAS”) 24 (Revised), “Related Party Disclosures” is effective for annual period beginning on or after 1 January 2011. It introduces an exemption from all of the disclosure requirements of HKAS 24 for transactions among government related entities and the government. Those disclosures are replaced with a requirement to disclose:
 - The name of the government and the nature of their relationship;
 - The nature and amount of any individually significant transactions; and
 - The extent of any collectively-significant transactions qualitatively or quantitatively.

It also clarifies and simplifies the definition of a related party.

This revised standard does not have a material impact on the Group as the Group is not controlled by the government.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

(i) The following new and amended standards and interpretations are mandatory for the first time for the financial year beginning 1 January 2011: (continued)

- Amendment to HKAS 32 'Classification of rights issues' is effective for annual periods beginning on or after 1 February 2010. This amendment is currently not relevant to the Group as it has not made any rights issue.
- Amendment to HK(IFRIC) — Int-14 'Prepayments of a minimum funding requirement' is effective for annual periods beginning on or after 1 January 2011. This amendment is currently not relevant to the Group as it does not have such minimum funding requirement.
- HK(IFRIC) — Int 19 'Extinguishing financial liabilities with equity instruments' is effective for annual periods beginning on or after 1 July 2010. This interpretation is currently not relevant to the Group as it has no extinguishment of financial liabilities replaced with equity instruments currently.
- Third improvements to Hong Kong Financial Reporting Standards (2010) were issued in May 2010 by the HKICPA, except for amendment to HKAS 34 'Interim financial reporting' and the clarification to allow the presentation of an analysis of the components of other comprehensive income by item within the notes, all are currently not relevant to the Group. All improvements are effective in the financial year of 2011.

(ii) New and amended standards have been issued but are not effective for the financial year beginning 1 January 2011 and have not been early adopted, and would be expected to have a material impact on the Group

The Group's and the Company's assessment of the impact of these new and amended standards is set out below:

- HKFRS 9, 'Financial instruments' addresses the classification, measurement and recognition of financial assets and financial liabilities. HKFRS 9 was issued in November 2009 and October 2010. It replaces the parts of HKAS 39 that relate to the classification and measurement of financial instruments. HKFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the HKAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than profit or loss, unless this creates an accounting mismatch. The Group is yet to assess HKFRS 9's full impact and intends to adopt HKFRS 9 upon its effective date, which is for the accounting period beginning on or after 1 January 2015.

Notes to the Consolidated Financial Statements

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

(ii) *New and amended standards have been issued but are not effective for the financial year beginning 1 January 2011 and have not been early adopted, and would be expected to have a material impact on the Group (continued)*

- HKFRS 10 'Consolidated financial statements' builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. The Group is yet to assess HKFRS 10's full impact and intends to adopt HKFRS 10 no later than the accounting period beginning on or after 1 January 2013.
- HKFRS 11 'Joint arrangements' is a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement rather than its legal form. There are two types of joint arrangement: joint operations and joint ventures. Joint operations arise where a joint operator has rights to the assets and obligations relating to the arrangement and hence accounts for its interest in assets, liabilities, revenue and expenses. Joint ventures arise where the joint operator has rights to the net assets of the arrangement and hence equity accounts for its interest. Proportional consolidation of joint ventures is no longer allowed. The Group is yet to assess HKFRS 11's full impact and intends to adopt HKFRS 11 no later than the accounting period beginning on or after 1 January 2013.
- HKFRS 12 'Disclosures of interests in other entities' includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The Group is yet to assess HKFRS 12's full impact and intends to adopt HKFRS 12 no later than the accounting period beginning on or after 1 January 2013.
- HKFRS 13 'Fair value measurement' aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across HKFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within HKFRSs. The Group is yet to assess HKFRS 13's full impact and intends to adopt HKFRS 13 no later than the accounting period beginning on or after 1 January 2013.

Notes to the Consolidated Financial Statements

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Subsidiaries

2.2.1 Consolidation

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. The Group also assesses existence of control where it does not have more than 50% of the voting power but is able to govern the financial and operating policies by virtue of de-facto control. De-facto control may arise from circumstances such as enhanced minority rights or contractual terms between shareholders, etc.

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.

Inter-company transactions, balances, income and expenses on transactions between group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(i) Business combinations

The Group applies the acquisition method 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 to the former owners of the acquiree 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. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

(ii) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of 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.

Notes to the Consolidated Financial Statements

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Subsidiaries (continued)

2.2.1 Consolidation (continued)

(iii) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, 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.

2.2.2 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. 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.

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

2.3 Associates

Associates are all entities over which the group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition.

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 is reclassified to profit or loss where appropriate.

The Group's share of post-acquisition profit or loss is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

Notes to the Consolidated Financial Statements

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Associates (continued)

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to 'share of profit/(loss) of an associate' in profit or loss.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Dilution gains and losses arising in investments in associates are recognised in profit or loss.

2.4 Segment reporting

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

2.5 Foreign currency translation

(i) *Functional and presentation currency*

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

(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 re-measured. 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 profit or loss, except when defined in equity as qualifying cash flow hedges or qualifying net investment hedges.

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

Translation difference on non-monetary financial assets and liabilities are recognised in profit or loss as part of the fair value gain or loss.

Notes to the Consolidated Financial Statements

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 Foreign currency translation (continued)

(iii) Group companies

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

- Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- Income and expenses for each consolidated statement of comprehensive income are translated at average exchange rates; and
- All resulting exchange differences are recognised in other comprehensive income.

2.6 Property, plant and equipment

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

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

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

Buildings	20–39 years
Motor vehicles	5–10 years
Machinery	5–10 years
Furniture, fitting and equipment	5–8 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 2.8).

Construction in progress represents the direct costs of construction incurred of property, plant and equipment less any impairment losses. No provision for depreciation is made on construction in progress until such time the relevant assets are completed and put into use. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Notes to the Consolidated Financial Statements

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.6 Property, plant and equipment (continued)

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are recognised within 'other gains – net' in the consolidated statement of comprehensive income.

Changes in accounting estimates

The estimated useful lives of hotel properties, included in buildings, were previously determined as 20 years when the hotel business of the Group newly commenced and management's intention of holding those hotel properties was not certain. With the continuous growth of the hotel business, the directors are confident that the Group will hold the hotel properties for self-use, and therefore believe it is more appropriate to use remaining period of the underlying land use rights as the estimated useful lives of hotel properties. From 1 January 2011, depreciation on hotel properties is calculated using the straight-line method to allocate their costs to their residual values over their remaining period of underlying land use rights (ranging from 29 to 39 years). The directors believe the above change in accounting estimate reflects management's current intention of holding hotel properties that is also consistent with the industry practices.

HKAS 8 requires disclosure of the impact of a change in accounting estimate on both the current and future periods. Had hotel properties continued to be depreciated over 20 years, the depreciation charge for the year ended 31 December 2011 would have been RMB86,437,000 higher than reported in these financial statements. Since the hotel business is continuously growing, it is infeasible for directors to reliably estimate the effect of this change on depreciation charges in future periods.

2.7 Intangible assets

Acquired computer software programmes are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over the estimated useful lives of 5 years on a straight-line basis.

Costs associated with maintaining computer software programmes are recognised as an expense as incurred.

2.8 Impairment of non-financial assets

Assets that have an indefinite useful life – for example, goodwill or intangible assets not ready to use – are not subject to amortisation and are tested annually for impairment. 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 purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

Notes to the Consolidated Financial Statements

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.9 Financial assets

2.9.1 Classification

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

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for 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' in the balance sheet (note 2.17).

2.9.2 Recognition and measurement

Regular purchases and sales of investments are recognised on 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. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Loans and receivables are carried at amortised cost using the effective interest method.

2.10 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

2.11 Impairment of financial 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.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Notes to the Consolidated Financial Statements

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.11 Impairment of financial assets carried at amortised cost (continued)

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 asset's carrying amount is reduced and the amount of the loss is recognised in profit or loss. If a loan 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.

2.12 Properties under development

Properties under development are stated at the lower of cost and net realisable value. Net realisable value is determined by reference to the sale proceeds of properties sold in the ordinary course of business, less applicable variable selling expenses and the anticipated costs to completion, or by management estimates based on prevailing marketing conditions.

Development cost of property comprises cost of land use rights, construction costs, depreciation of machinery and equipment, borrowing costs capitalised for qualifying assets 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 when the construction of the relevant properties commences unless the construction period of the relevant property development project is expected to complete beyond normal operating cycle.

2.13 Completed properties held for sale

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

Cost comprises development costs attributable to the unsold properties.

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

Notes to the Consolidated Financial Statements

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.14 Investment property

Property that is held for long-term rental yields, and that is not occupied by the Group, is classified as investment property.

Investment property is stated at historical cost less accumulated depreciation and impairment loss, if any. It is depreciated using the straight line method over its estimated useful life of 20 years. Subsequent expenditure is charged to the carrying amount of the asset only when it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. All other repairs and maintenance costs are expensed in profit or loss during the financial period in which they are incurred.

Property that is being constructed or developed for future use as investment property is classified as investment properties and carried at cost.

2.15 Inventories

Inventories are stated at the lower of cost or net realisable value. Cost is determined using the weighted average method. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.16 Construction contracts

A construction contract is defined by HKAS 11 as a contract specifically negotiated for the construction of an asset.

When the outcome of a construction contract can be estimated reliably and it is probable that the contract will be profitable, contract revenue is recognised over the period of the contract by reference to the stage of completion. Contract costs are recognised as expenses by reference to the stage of completion of the contract activity at the end of the reporting period. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable.

When the outcome of a construction contract can be estimated reliably and it is probable that the contract will be profitable, contract revenue is recognised over the period of the contract. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Variations in contract work, claims and incentive payments are included in contract revenue to the extent that may have been agreed with the customer and are capable of being reliably measured.

Notes to the Consolidated Financial Statements

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.16 Construction contracts (continued)

The Group uses the “percentage of completion method” to determine the appropriate amount to recognise in a given period. The stage of completion is measured by reference to the contract costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract. Costs incurred in the year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion.

The Group presents as an asset the gross amount due from customers for contract work for all contracts in progress for which costs incurred plus recognised profits (less recognised losses) exceed progress billings. Progress billings not yet paid by customers and retention are included within “trade and other receivables”.

The Group presents as a liability the gross amount due to customers for contract work for all contracts in progress for which progress billings exceed costs incurred plus recognised profits (less recognised losses).

2.17 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.

2.18 Cash and cash equivalents

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

2.19 Share capital

Ordinary shares are classified as equity.

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

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

Notes to the Consolidated Financial Statements

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.20 Government grants

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

Government grants relating to construction of hotel properties are included in non-current liabilities as deferred government grants and are credited to profit or loss on a straight-line basis over the expected lives of the related assets when they are completed and ready for use.

2.21 Trade payables

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

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

2.22 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.

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 end of the reporting period.

2.23 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Notes to the Consolidated Financial Statements

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.24 Senior notes

Senior notes issued by the Company that contain both liability and early redemption option (which is not closely related to the host contract) are classified separately into respective items on initial recognition. At the date of issue, both the liability and early redemption option components are recognised at fair value.

In subsequent periods, the liability component of the senior notes is carried at amortised cost using the effective interest method. The early redemption option is measured at fair value with changes in fair value recognised in profit or loss.

Transaction costs that relate to the issue of the senior notes are allocated to the liability and early redemption option components in proportion to their relative fair values. Transaction costs relating to the early redemption option are charged to profit or loss immediately. Transaction costs relating to the liability component are included in the carrying amount of the liability portion and amortised over the period of the senior notes using the effective interest method.

2.25 Compound financial instruments

Compound financial instruments issued by the Group comprise convertible bond that can be converted to share capital at the option of the holder, and the number of shares to be issued does not vary with changes in their fair value.

The liability component of a compound financial instrument is recognised initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognised initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition except on conversion or expiry or when the Company redeems some or all of the convertible bond upon exercise of the put option by the bond holders (note 21).

2.26 Derivative financial instruments

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at their fair value. Fair values are obtained from quoted market prices in active markets, including recent market transactions, and valuation techniques, including discounted cash flow models and options pricing models, as appropriate. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

For derivative financial instruments do not qualify for hedge accounting, changes in fair value are recognised immediately in profit or loss.

Notes to the Consolidated Financial Statements

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.27 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the consolidated statement of comprehensive income.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries 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 financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using the tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

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

2.28 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.

Notes to the Consolidated Financial Statements

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.28 Employee benefits (continued)

(ii) Retirement benefits

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

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

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

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

2.29 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 probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

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

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

Notes to the Consolidated Financial Statements

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.29 Provisions and contingent liabilities (continued)

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.

2.30 Revenue recognition

Revenue is measured at 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 discounts and after eliminating sales with the Group companies. Revenue is recognised as follows:

(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 collectibility of related receivables is reasonably assured. Deposits and instalments received on properties sold prior to the date of revenue recognition are included in the consolidated balance sheet as advanced proceeds received from customers under current liabilities.

(ii) Construction services

Revenue arising from construction services is recognised in the accounting period in which the services is rendered, by reference to completion of the specific transaction assessed on the basis of the contract costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract (note 2.16).

(iii) Hotel operation

Revenue from hotel operation is recognised in the accounting period in which the services are rendered.

(iv) Property management

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

(v) Decoration services

Revenue from decoration services is recognised in the accounting period in which the services are rendered.

(vi) Interest income

Interest income is recognised on a time-proportion basis using the effective interest method.

Notes to the Consolidated Financial Statements

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.30 Revenue recognition (continued)

(vii) Rental income

Rental income from properties letting under operating leases is recognised on a straight line basis over the lease terms.

2.31 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

(a) The Group is the lessee other than operating lease of land use rights

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

(b) The Group is the lessee under operating lease of land use rights

The Group made upfront payments to obtain operating leases of land use rights. The upfront payments of the land use rights are recorded as assets. The amortisation of land use rights is recognised as an expense on a straight-line basis over the unexpired period of the land use rights.

(ii) The Group is the lessor

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

2.32 Dividend distribution

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

2.33 Insurance contracts

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

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

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

Notes to the Consolidated Financial Statements

3 FINANCIAL RISK MANAGEMENT

The Group conducts its operations in the PRC and accordingly is subject to special considerations and significant risks. These include risks associated with, among others, the political, economic and legal environment, influence of national authorities over pricing regulation and competition in the industry.

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The property industry is highly sensitive to the economic environment in the PRC, which will affect the volumes of property transactions and selling prices. The Group mainly relies on sales of properties and borrowings to fund its operations. All borrowings due for repayment in 2012 are anticipated to be repaid according to the terms of the loan agreements as the Group considers no renewal is necessary given its sufficient cash to finance its obligation. The Group has alternative plans (refer to note 3(a)(iv)) to monitor liquidity risk should there be significant adverse changes on the Group's cash flow projections.

(a) Financial risk factors

(i) Foreign exchange risk

The Group's businesses are principally conducted in RMB. The majority of assets is denominated in RMB. The majority non-RMB assets and liabilities are bank deposits and borrowings denominated in Hong Kong Dollar ("H.K. dollar") and the United States dollar ("U.S. dollar"). The Group is subject to foreign exchange rate risk arising from future commercial transactions and recognised assets and liabilities which are denominated in non-RMB. The majority of the Group's foreign currency transactions and balances are denominated in U.S. dollar. The Group currently does not have a foreign currency hedging policy. The Group manages its foreign currency risk by closely monitoring the movement of the foreign currency rates.

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

	Group		Company	
	As at 31 December 2011	2010	As at 31 December 2011	2010
	RMB'000	RMB'000	RMB'000	RMB'000
Assets				
H.K. dollar	57,215	57,002	3,041	802
U.S. dollar	2,615,856	3,064,363	1,972,165	1,690,167
	2,673,071	3,121,365	1,975,206	1,690,969
Liabilities				
H.K. dollar	162,140	341,316	162,140	341,316
U.S. dollar	14,204,447	8,872,270	14,204,447	8,872,270
	14,366,587	9,213,586	14,366,587	9,213,586

Notes to the Consolidated Financial Statements

3 FINANCIAL RISK MANAGEMENT (continued)

(a) Financial risk factors (continued)

(i) Foreign exchange risk (continued)

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

	Group		Company	
	As at 31 December		As at 31 December	
	2011	2010	2011	2010
	RMB'000	RMB'000	RMB'000	RMB'000
H.K. dollar (Increase)/Decrease in profit for the year	(5,246)	(14,216)	(7,955)	(17,026)
U.S. dollar (Increase)/Decrease in profit for the year	(579,430)	(290,395)	(611,614)	(359,105)

(ii) Cash flow and fair value interest rate risk

The Group

The Group's interest rate risk arises from interest bearing bank deposits, bank borrowings, convertible bond and senior notes. Bank deposits and bank borrowings issued at variable rates expose the Group to cash flow interest-rate risk. Convertible bond and senior notes issued at fixed rates expose the Group to fair value interest rate risk.

The Group analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing. Based on these scenarios, the Group calculates the impact on profit and loss of a defined interest rate shift. For each simulation, the same interest rate shift is used for all currencies. The scenarios are run only for liabilities that represent the major interest-bearing positions.

The Group currently does not use any interest rate swaps to hedge its exposure to interest rate risk. However, the Group will consider hedging significant interest rate exposure should the need arise.

The directors of the Company consider that the fluctuation in interest rate has no material impact on the Group's post-tax profit for years 2011 and 2010 as most of interest expenses were capitalised.

Notes to the Consolidated Financial Statements

3 FINANCIAL RISK MANAGEMENT (continued)

(a) Financial risk factors (continued)

(ii) Cash flow and fair value interest rate risk (continued)

The Company

The Company's interest rate risk arises from interest bearing bank deposits and borrowings. Bank deposits and borrowings issued at variable rates expose the Company to cash flow interest-rate risk.

As at 31 December 2011 and 2010, if interest rates on borrowings had been 1% higher/lower with all other variables held constant, profit for the current/prior year would have been RMB1,621,400 and RMB3,413,000, lower/higher respectively, mainly as a result of higher/lower interest expense on floating rate borrowings.

(iii) Credit risk

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

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

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

For prepayments in respect of acquisition of land use rights, the Group considers the risk is minimal as these prepayments were paid to the PRC government and will transfer to land use rights upon obtaining certificates from the PRC government. The Group has policies in place to monitor the issuance status of land use rights certificates.

Notes to the Consolidated Financial Statements

3 FINANCIAL RISK MANAGEMENT (continued)

(a) Financial risk factors (continued)

(iii) Credit risk (continued)

For properties that are still under construction, the Group typically provides guarantees to banks in connection with the customers' borrowing of mortgage loans to finance their purchase of the properties for an amount up to 70% of the total purchase price of the property. If a purchaser defaults on the payment of its mortgage during the term of the guarantee, the bank holding the mortgage may demand the Group to repay the outstanding amount under the loan and any accrued interest thereon. Under such circumstances, the Group is able to retain the customer's deposit and sell the property to recover any amounts paid by the Group to the bank. Unless the selling price would drop by 30%, which is remote, the Group would not be in a loss position in selling those properties out. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced (refer to note 4(b) for more information).

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

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

(iv) Liquidity risk

Management aims to maintain sufficient cash to meet funding requirement for operations and monitors rolling forecasts of the Group's cash on the basis of expected cash flow. The directors of the Company have prepared cash flow projections for the year ending 31 December 2012. Key assumptions used in the preparation of the cash flow projections for the year ending 31 December 2012 include: (1) proceeds from pre-sales in 2012 is expected to be lower than that of 2011; (2) construction payments match receipt of the relevant proceeds from pre-sales; (3) available project loan facility is expected to be no less than that of 2011 and (4) no breach of debt covenants is anticipated in 2012.

The Group has a number of alternative plans to mitigate the potential impacts on anticipated cash flows should there be significant adverse changes in economic environment. These include adjusting and further slowing down the construction progress as appropriate to ensure available resources for the development of properties for sale, implementing cost control measures, accelerating sales with more flexible pricing and issuing senior notes. The Group, will base on its assessment of the relevant future costs and benefits, pursue such options as are appropriate. The directors consider that the Group will be able to maintain sufficient financial resources to meet its operation needs.

Notes to the Consolidated Financial Statements

3 FINANCIAL RISK MANAGEMENT (continued)

(a) Financial risk factors (continued)

(iv) Liquidity risk (continued)

The table below analyses the Group's and the Company's non-derivative financial liabilities and net settled derivative financial liabilities into relevant maturity grouping based on the remaining period at the balance sheet date to the contractual maturity date. Derivative financial liabilities are included in the analysis if their contractual maturities are essential for an understanding of the timing of the cash flows. The amounts disclosed in the table are the contractual undiscounted cash flows.

Group

	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 2011					
Bank borrowings (principal amount plus interest)	7,236,140	4,726,019	2,844,227	412,551	15,218,937
Convertible bond (principal amount plus interest)	19,525	957,163	—	—	976,688
Senior notes (principal amount plus interest)	1,563,017	1,563,017	8,752,344	10,277,556	22,155,934
Derivative financial instruments (note 23)	919,774	—	—	—	919,774
Trade and other payables (excluding other taxes payable and salaries payable)	11,287,603	—	—	—	11,287,603
Total	21,026,059	7,246,199	11,596,571	10,690,107	50,558,936

Company

	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 2011					
Bank borrowings (principal amount plus interest)	164,859	—	—	—	164,859
Convertible bond (principal amount plus interest)	19,525	957,163	—	—	976,688
Senior notes (principal amount plus interest)	1,563,017	1,563,017	8,752,344	10,277,556	22,155,934
Derivative financial instruments (note 23)	919,774	—	—	—	919,774
Total	2,667,175	2,520,180	8,752,344	10,277,556	24,217,255

Notes to the Consolidated Financial Statements

3 FINANCIAL RISK MANAGEMENT (continued)

(a) Financial risk factors (continued)

(iv) Liquidity risk (continued)

Group

	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					
Bank borrowings (principal amount plus interest)	3,706,142	4,281,529	2,261,352	590,184	10,839,207
Convertible bond (principal amount plus interest)	1,476,288	—	—	—	1,476,288
Senior notes (principal amount plus interest)	979,746	979,746	7,780,017	4,257,154	13,996,663
Derivative financial instruments (note 23)	934,948	—	—	—	934,948
Trade and other payables (excluding other taxes payable and salaries payable)	8,197,583	—	—	—	8,197,583
Total	15,294,707	5,261,275	10,041,369	4,847,338	35,444,689

Company

	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					
Bank borrowings (principal amount plus interest)	347,186	—	—	—	347,186
Convertible bond (principal amount plus interest)	1,476,288	—	—	—	1,476,288
Senior notes (principal amount plus interest)	979,746	979,746	7,780,017	4,257,154	13,996,663
Derivative financial instruments (note 23)	934,948	—	—	—	934,948
Total	3,738,168	979,746	7,780,017	4,257,154	16,755,085

Notes to the Consolidated Financial Statements

3 FINANCIAL RISK MANAGEMENT (continued)

(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 shareholders 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 shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total equity. Net debt is calculated as total borrowings (including convertible bond and senior notes, as shown in the consolidated balance sheet) less cash and cash equivalents.

The gearing ratios at 31 December 2011 and 2010 were as follows:

	As at 31 December	
	2011	2010
	RMB'000	RMB'000
Total borrowings including convertible bond and senior notes (notes 20, 21 and 22)	28,965,866	20,118,230
Less: cash and cash equivalents (note 17)	(7,744,362)	(5,094,298)
Net debt	21,221,504	15,023,932
Total equity (excluding non-controlling interests)	28,990,237	24,821,421
Gearing ratio	73.2%	60.5%

The directors of the Company consider the Group's gearing ratio is healthy.

(c) Fair value estimation

The different levels are defined as follows:

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

Notes to the Consolidated Financial Statements

3 FINANCIAL RISK MANAGEMENT (continued)

(c) Fair value estimation (continued)

At 31 December 2011 and 2010, the Group had no level 1 or level 3 financial instruments; the only level 2 financial instrument represents the derivative financial instruments (note 23).

The fair value of the derivative financial instruments that are not traded in an active market is determined by using valuation techniques. The significant inputs required to fair value the derivative financial instruments represent the quoted market price of the Company's ordinary shares which is observable.

(d) Financial instruments by category

Group:

At 31 December 2011	
Assets as per balance sheet	Loans and receivables RMB'000
Trade and other receivables excluding prepayments	5,786,388
Restricted cash	4,649,017
Cash and cash equivalents	7,744,362
Total	18,179,767

Liabilities as per balance sheet	Financial liabilities at fair value RMB'000	Other financial liabilities at amortised cost RMB'000	Total RMB'000
Bank borrowings	—	13,877,291	13,877,291
Convertible bond	—	884,128	884,128
Senior notes	—	14,204,447	14,204,447
Derivative financial instruments	919,774	—	919,774
Trade and other payables (excluding other taxes payable and salaries payable)	—	11,287,603	11,287,603
Total	919,774	40,253,469	41,173,243

Notes to the Consolidated Financial Statements

3 FINANCIAL RISK MANAGEMENT (continued)

(d) Financial instruments by category (continued)

Group: (continued)

At 31 December 2010		Loans and receivables RMB'000
Assets as per balance sheet		
Trade and other receivables excluding prepayments		5,234,181
Restricted cash		4,758,815
Cash and cash equivalents		5,094,298
Total		15,087,294

Liabilities as per balance sheet	Financial liabilities at fair value RMB'000	Other financial liabilities at amortised cost RMB'000	Total RMB'000
Bank borrowings	—	9,864,906	9,864,906
Convertible bond	—	1,381,054	1,381,054
Senior notes	—	8,872,270	8,872,270
Derivative financial instruments	934,948	—	934,948
Trade and other payables (excluding other taxes payable and salaries payable)	—	8,197,583	8,197,583
Total	934,948	28,315,813	29,250,761

Notes to the Consolidated Financial Statements

3 FINANCIAL RISK MANAGEMENT (continued)

(d) Financial instruments by category (continued)

Company:

Assets as per balance sheet	Loans and receivables	
	2011 RMB'000	2010 RMB'000
Amounts due from subsidiaries	10,257,913	7,999,912
Restricted cash	1,575,225	1,658,452
Cash and cash equivalents	493,384	32,517
Total	12,326,522	9,690,881

At 31 December 2011			
Liabilities as per balance sheet	Financial liabilities at fair value RMB'000	Other financial liabilities at amortised cost RMB'000	Total RMB'000
Bank borrowings	—	162,140	162,140
Convertible bond	—	884,128	884,128
Senior notes	—	14,204,447	14,204,447
Derivative financial instruments	919,774	—	919,774
Amounts due to subsidiaries	—	1,357	1,357
Total	919,774	15,252,072	16,171,846

At 31 December 2010			
Liabilities as per balance sheet	Financial liabilities at fair value RMB'000	Other financial liabilities at amortised cost RMB'000	Total RMB'000
Bank borrowings	—	341,316	341,316
Convertible bond	—	1,381,054	1,381,054
Senior notes	—	8,872,270	8,872,270
Derivative financial instruments	934,948	—	934,948
Amounts due to subsidiaries	—	275,768	275,768
Total	934,948	10,870,408	11,805,356

Notes to the Consolidated Financial Statements

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements used in preparing the consolidated 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) Income taxes and deferred taxation

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.

(b) Revenue recognition

The Group has recognised revenue from the sale of properties held for sale as disclosed in note 5. The assessment of when an entity has transferred the significant risks and rewards of ownership to buyers requires the examination of the circumstances of the transaction. In most cases, the transfer of risks and rewards of ownership coincides with the date when the equitable interest in the property vests with the buyer upon release of the respective property to the buyer.

As disclosed in note 35, the Group provided guarantees in respect of mortgage facilities granted by certain banks relating to the mortgage loans arranged for certain purchasers of the Group's properties. These guarantees will normally be discharged upon issuance of the real estate ownership certificate which are generally be available within three months after the purchasers take possession of the relevant properties. In order to obtain mortgages, the purchasers would have settled no less than 30% of the total contract amount in accordance with related PRC regulations upon signing the sales contract. The directors of the Company are of the opinion that such settlements provide sufficient evidence of the purchasers' commitment to honour contractual obligation of the bank loans. In addition, based on the past experiences, defaults of mortgage facilities by the purchasers which resulted in the bank guarantees were called upon were rare and the financial impact was immaterial. Further, as disclosed in note 3(a)(iii), the credit risk of the Group under the circumstance that a purchaser defaults on the payment of its mortgage during the term of the guarantee is very low. Accordingly, the directors believe that significant risks and rewards associated to the ownership of the properties have been transferred to the purchasers.

Notes to the Consolidated Financial Statements

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

(c) Estimates for net realisable value of properties under development and properties held for sale

As at 31 December 2011, the carrying amounts of properties under development and properties held for sale are RMB54,921,422,000 (As at 31 December 2010: RMB41,159,927,000) and RMB12,876,349,000 (As at 31 December 2010: RMB8,079,369,000), respectively.

The Group assesses the carrying amounts of properties under development and properties held for sale according to their net realisable value based on the realisability of these properties. Net realisable value for properties under development is determined by reference to management's estimates of the selling price based on prevailing market conditions, less applicable variable selling expenses and the anticipated costs to completion (including land costs). Net realisable value for properties held for sale is determined by reference to management's estimates of the selling price based on prevailing market conditions, less applicable variable selling expenses. Based on management's best estimates, there is no material impairment for properties under development and properties held for sale at 31 December 2011.

(d) Estimates for impairment of hotel assets

At 31 December 2011, the total carrying amounts of hotel assets (mainly including land use rights, buildings and construction in progress) are RMB7,759,359,000 (As at 31 December 2010: RMB5,392,082,000), representing 7.2% (As at 31 December 2010: 6.6%) of the total consolidated assets of the Group. Management performs review for impairment of the hotel assets whenever events or changes in circumstances indicate that the carrying amounts of the hotel assets may not be recoverable. In such case, the recoverable amounts of hotel assets have been determined based on value-in-use method. The value-in-use calculations require the use of significant estimates and assumptions on the projections of cash flows from the continuous use of the hotel assets. The key assumptions used in determining the value-in-use of hotel assets mainly include:

- Post-tax discount rate of 12%;
- 4% growth rate after lease-up period;
- Occupancy rates of 60% to 70% after lease-up period; and
- Lease-up period of 6 years.

Based on management's best estimates, there is no material impairment for hotel assets at 31 December 2011.

Notes to the Consolidated Financial Statements

5 SEGMENT INFORMATION – GROUP

The Executive Directors review the Group's internal reporting in order to assess performance and allocate resources. The Executive Directors have determined the operating segments based on these reports.

The Executive Directors consider the business from product perspective. From a product perspective, the Executive Directors assess the performance of:

- Property development;
- Construction, fitting and decoration;
- Property management; and
- Hotel operation.

The Executive Directors assess the performance of the operating segments based on a measure of operating profit.

Segment assets consist primarily of property, plant and equipment, intangible assets, land use rights, investment property, properties under development, completed properties held for sale, inventories, receivables and operating cash. They exclude deferred income tax assets and collateral for equity swap. Segment liabilities consist primarily of operating liabilities. They exclude bank borrowings, convertible bond, senior notes, derivative financial instruments, deferred income tax liabilities and income taxes payable.

Capital expenditure comprises addition to property, plant and equipment (note 6), investment property (note 7) and intangible assets (note 8).

Revenue consists of the following:

	Year ended 31 December	
	2011	2010
	RMB'000	RMB'000
Sales of properties	33,193,982	24,637,843
Rendering of construction, fitting and decoration services	240,881	288,665
Rendering of property management services	511,719	405,377
Rendering of hotel services	801,723	472,220
	34,748,305	25,804,105

Sales between segments are carried out according to the terms and conditions agreed by both parties.

The Group's entire revenue is attributable to the market in Mainland China and over 90% of the Group's non-current assets are located in Mainland China. No geographical information is therefore presented.

The Group has a number of customers, no revenue from a customer exceed 5% or more of the Group's revenue.

Notes to the Consolidated Financial Statements

5 SEGMENT INFORMATION – GROUP (continued)

The segment information provided to the Executive Directors for the reportable segments for the year ended 31 December 2011 is as follows:

	Property development RMB'000	Construction, fitting and decoration RMB'000	Property management RMB'000	Hotel Operation RMB'000	Total Group RMB'000
For the year ended 31 December 2011					
Segment revenue	33,193,982	7,825,142	511,870	801,723	42,332,717
Inter-segment revenue	—	(7,584,261)	(151)	—	(7,584,412)
Revenue (from external customers)	33,193,982	240,881	511,719	801,723	34,748,305
Operating profit	9,527,525	28,906	69,576	(35,137)	9,590,870
At 31 December 2011					
Total segment assets	93,587,632	2,612,195	476,717	7,759,359	104,435,903
Capital expenditure	655,324	5,006	15,004	2,137,572	2,812,906
Total segment liabilities	37,509,289	2,201,791	490,196	663,600	40,864,876

The segment information provided to the Executive Directors for the reportable segments for the year ended 31 December 2010 is as follows:

	Property development RMB'000	Construction, fitting and decoration RMB'000	Property management RMB'000	Hotel Operation RMB'000	Total Group RMB'000
For the year ended 31 December 2010					
Segment revenue	24,637,843	8,138,917	405,677	472,220	33,654,657
Inter-segment revenue	—	(7,850,252)	(300)	—	(7,850,552)
Revenue (from external customers)	24,637,843	288,665	405,377	472,220	25,804,105
Operating profit	6,907,385	34,640	86,743	(91,332)	6,937,436
At 31 December 2010					
Total segment assets	72,049,141	1,591,634	252,735	5,392,082	79,285,592
Capital expenditure	664,053	14,526	3,536	1,317,301	1,999,416
Total segment liabilities	28,703,180	1,717,649	85,697	408,117	30,914,643

Notes to the Consolidated Financial Statements

5 SEGMENT INFORMATION – GROUP (continued)

Reportable operating profits are reconciled to net profit as follows:

	Year ended 31 December	
	2011	2010
	RMB'000	RMB'000
Total operating profit	9,590,870	6,937,436
Financial costs — net	(120,246)	(224,777)
Share of profit/(loss) of an associate	120,937	(48,050)
Fair value changes on derivative financial instruments	15,174	55,176
Profit before income tax	9,606,735	6,719,785
Income tax expenses	(3,768,582)	(2,402,011)
Profit for the year	5,838,153	4,317,774

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

	As at 31 December	
	2011	2010
	RMB'000	RMB'000
Total segment assets	104,435,903	79,285,592
Deferred income tax assets	1,299,297	1,137,203
Collateral for equity swap (note 16)	1,575,225	1,658,452
Total assets per consolidated balance sheet	107,310,425	82,081,247
Total segment liabilities	40,864,876	30,914,643
Deferred income tax liabilities	785,163	671,903
Income taxes payable	5,707,482	4,023,448
Derivative financial instruments	919,774	934,948
Bank borrowings	13,877,291	9,864,906
Convertible bond	884,128	1,381,054
Senior notes	14,204,447	8,872,270
Total liabilities per consolidated balance sheet	77,243,161	56,663,172

Notes to the Consolidated Financial Statements

6 PROPERTY, PLANT AND EQUIPMENT – GROUP

	Buildings RMB'000	Machinery RMB'000	Motor vehicles RMB'000	Furniture, fitting and equipment RMB'000	Construction in progress RMB'000	Total RMB'000
At 1 January 2010						
Cost	2,331,037	192,830	392,974	322,301	1,441,282	4,680,424
Accumulated depreciation	(289,748)	(118,138)	(245,161)	(146,010)	—	(799,057)
Accumulated impairment	(3,007)	—	—	—	—	(3,007)
Net book amount	2,038,282	74,692	147,813	176,291	1,441,282	3,878,360
Year ended 31 December 2010						
Opening net book amount	2,038,282	74,692	147,813	176,291	1,441,282	3,878,360
Additions	81,307	29,637	38,796	91,256	1,725,712	1,966,708
Reclassification	794,410	—	—	—	(794,410)	—
Disposals	(21,142)	(39)	(1,491)	(965)	—	(23,637)
Depreciation	(146,067)	(22,956)	(46,962)	(52,963)	—	(268,948)
Closing net book amount	2,746,790	81,334	138,156	213,619	2,372,584	5,552,483
At 31 December 2010						
Cost	3,184,544	222,419	392,434	411,483	2,372,584	6,583,464
Accumulated depreciation	(434,747)	(141,085)	(254,278)	(197,864)	—	(1,027,974)
Accumulated impairment	(3,007)	—	—	—	—	(3,007)
Net book amount	2,746,790	81,334	138,156	213,619	2,372,584	5,552,483
Year ended 31 December 2011						
Opening net book amount	2,746,790	81,334	138,156	213,619	2,372,584	5,552,483
Additions	156,405	101,450	79,925	182,175	2,253,430	2,773,385
Reclassification	2,149,466	—	—	—	(2,149,466)	—
Disposals	(4,981)	(1,497)	(1,269)	(1,692)	—	(9,439)
Depreciation	(122,025)	(15,618)	(53,067)	(70,422)	—	(261,132)
Closing net book amount	4,925,655	165,669	163,745	323,680	2,476,548	8,055,297
At 31 December 2011						
Cost	5,485,094	320,715	501,685	591,165	2,476,548	9,375,207
Accumulated depreciation	(556,432)	(155,046)	(337,940)	(267,485)	—	(1,316,903)
Accumulated impairment	(3,007)	—	—	—	—	(3,007)
Net book amount	4,925,655	165,669	163,745	323,680	2,476,548	8,055,297

Notes to the Consolidated Financial Statements

6 PROPERTY, PLANT AND EQUIPMENT – GROUP (continued)

Depreciation charge was capitalised or expensed in the following categories in the consolidated balance sheet or the consolidated statement of comprehensive income:

	Year ended 31 December	
	2011 RMB'000	2010 RMB'000
Properties under development	10,697	32,714
Cost of sales	141,841	153,843
Selling and marketing costs	11,345	7,766
Administrative expenses	97,249	74,625
	261,132	268,948

As at 31 December 2011, buildings with net book value of RMB1,118,577,000 (As at 31 December 2010: RMB577,732,000) were pledged as collateral for the Group's borrowings.

As at 31 December 2011, title certificates of buildings with net book value of RMB979,395,000 (As at 31 December 2010: RMB967,564,000) were still in the progress of being obtained.

Also as at 31 December 2011, included in buildings were the hotels located in the PRC, which were classified as property, plant and equipment, with net book value of RMB4,713,284,000 (As at 31 December 2010: RMB2,624,281,000).

7 INVESTMENT PROPERTY – GROUP

	As at 31 December	
	2011 RMB'000	2010 RMB'000
At 31 December		
Cost	152,682	152,682
Accumulated depreciation	(26,719)	(19,085)
Net book amount	125,963	133,597

	As at 31 December	
	2011 RMB'000	2010 RMB'000
Year ended 31 December		
Opening net book amount	133,597	141,231
Depreciation	(7,634)	(7,634)
Net book amount	125,963	133,597

The Group's property interest held under operating leases for the purpose of earning rentals is measured using the cost model and accounted for as investment property. The investment property is located in the PRC.

Notes to the Consolidated Financial Statements

7 INVESTMENT PROPERTY – GROUP (continued)

The fair value of the Group's investment property of RMB185,000,000 as at 31 December 2011 (As at 31 December 2010: RMB176,000,000) has been determined by the directors of the Company with reference to the valuation performed by CB Richard Ellis Limited, an independent qualified professional valuer.

8 INTANGIBLE ASSETS – GROUP

	Computer software	
	As at 31 December 2011 RMB'000	2010 RMB'000
At 31 December		
Cost	35,146	30,555
Accumulated amortisation	(16,650)	(12,056)
Net book amount	18,496	18,499
Year ended 31 December		
Opening net book amount	18,499	13,425
Additions	4,591	9,252
Amortisation	(4,594)	(4,178)
Closing net book amount	18,496	18,499

9 LAND USE RIGHTS – GROUP

	As at 31 December	
	2011 RMB'000	2010 RMB'000
Opening net book amount	1,095,982	1,101,968
Additions	34,930	23,456
Reclassification	234,129	—
Amortisation	(38,963)	(29,442)
Closing net book amount	1,326,078	1,095,982
Outside Hong Kong, held on leases of:		
Between 50 to 70 years	—	57,686
Between 10 to 50 years	1,326,078	1,038,296
	1,326,078	1,095,982

Land use rights are all located in the PRC and for self-use.

As at 31 December 2011, land use rights with net book value of RMB247,346,000 (As at 31 December 2010: RMB96,095,000) were pledged as collateral for the Group's borrowings.

Notes to the Consolidated Financial Statements

10 PROPERTIES UNDER DEVELOPMENT – GROUP

	As at 31 December	
	2011 RMB'000	2010 RMB'000
Properties under development expected to be completed:		
– Within the normal operating cycle included under current assets	28,370,042	23,761,354
– Beyond normal operating cycle included under non-current assets	26,551,380	17,398,573
	54,921,422	41,159,927
Amounts comprise:		
– Construction cost	26,870,421	22,692,559
– Land use rights	26,831,403	17,676,443
– Interest capitalised	1,219,598	790,925
	54,921,422	41,159,927

The capitalisation rate used to determine the amount of interest incurred eligible for capitalisation in 2011 was 10.68% (2010: 11.04%). The properties under development are located in the PRC.

As at 31 December 2011, land use rights included in properties under development with net book value of RMB10,742,089,000 (As at 31 December 2010: RMB8,167,225,000) were pledged as collateral for the Group's borrowings.

11 INVESTMENT IN AN ASSOCIATE

	As at 31 December	
	2011 RMB'000	2010 RMB'000
At 1 January	83,825	—
Capital injection	—	217,600
Partial disposal	—	(85,725)
Share of profit/(loss)	120,937	(48,050)
At 31 December	204,762	83,825

In April 2010, the Group together with two PRC real estate developers jointly established Guangdong Li He Property Development Company Limited (“Li He”), a project company, to develop a piece of land located in Guangzhou (“Asian Games City”). The Group held 33% equity interest in Li He and made capital injection of HK\$247,500,000 (equivalent to RMB217,600,000) to Li He. Subsequently in June 2010, the Group entered into agreements with other two PRC real estate developers to transfer its 13% equity interest in Li He to them at a total consideration of HK\$97,500,000 (equivalent to RMB85,725,000).

Notes to the Consolidated Financial Statements

11 INVESTMENT IN AN ASSOCIATE (continued)

The Group's share of the results of its associate, which is unlisted, and its aggregated assets and liabilities, are as follows:

Name	Country of incorporation	Principal activities	Assets RMB'000	Liabilities RMB'000	Revenues RMB'000	Profit RMB'000	% interest held
Li He	PRC	Property Development	4,632,829	4,428,067	1,289,614	120,937	20%

12 INVESTMENTS IN SUBSIDIARIES, AMOUNTS DUE FROM/TO SUBSIDIARIES – COMPANY

	As at 31 December 2011 RMB'000	2010 RMB'000
Non-current asset		
– Unlisted investments at cost	22,046,832	19,672,582
Current assets		
– Amounts due from subsidiaries (note below)	10,257,913	7,999,912
Current liabilities		
– Amounts due to subsidiaries (note below)	(1,357)	(275,768)

Note:

Amounts due from/(to) subsidiaries are interest free, unsecured and repayable on demand. Details of the principal subsidiaries as at 31 December 2011 are set out in note 38.

13 COMPLETED PROPERTIES HELD FOR SALE – GROUP

	As at 31 December 2011 RMB'000	2010 RMB'000
Completed properties held for sale, at cost	12,876,349	8,079,369

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

Notes to the Consolidated Financial Statements

14 INVENTORIES – GROUP

	As at 31 December	
	2011	2010
	RMB'000	RMB'000
Construction materials, at cost	248,795	206,010

15 TRADE AND OTHER RECEIVABLES – GROUP

	As at 31 December	
	2011	2010
	RMB'000	RMB'000
Trade receivables (note (a))	1,181,362	593,812
Land auction deposits	1,195,382	1,801,055
Other receivables	1,865,709	974,444
Amounts due from customers for contract work (note (b))	404,190	342,774
Prepayments for land (note (c))	4,293,512	5,587,595
Amounts due from an associate (note 37(d))	1,139,745	1,522,096
Other prepayments	2,455,595	1,550,991
	12,535,495	12,372,767

As at 31 December 2011, the fair value of trade and other receivables approximate their carrying amounts.

- (a) Trade receivables are mainly arisen from sales of properties and rendering of construction services. Customers are generally granted credit terms of 1 to 3 months for construction business and there are basically no credit terms for property development business. The ageing analysis of trade receivables is as follows:

	As at 31 December	
	2011	2010
	RMB'000	RMB'000
Within 90 days	1,009,043	493,877
Over 90 days and within 180 days	110,161	67,350
Over 180 days and within 365 days	33,920	18,518
Over 365 days	28,238	14,067
	1,181,362	593,812

Notes to the Consolidated Financial Statements

15 TRADE AND OTHER RECEIVABLES – GROUP (continued)

(a) (continued)

Trade receivables are analysed as follows:

	As at 31 December	
	2011	2010
	RMB'000	RMB'000
Fully performing under credit terms	1,009,043	493,877
Past due but not impaired	172,319	99,935
	1,181,362	593,812

Past due but not impaired receivables mainly represent management fees receivable. The Directors consider that these receivables would be recovered and no provision was therefore made against past due receivables as at 31 December 2011 (As at 31 December 2010: nil).

There is no concentration of credit risk with respect to trade receivables as the Group has a large number of customers.

(b) Amounts due from customers for contract work at each of the balance sheet date are as follows:

	As at 31 December	
	2011	2010
	RMB'000	RMB'000
Cost incurred	4,077,952	3,877,449
Recognised profits (less recognised losses)	1,747,764	1,707,386
	5,825,716	5,584,835
Less: progress billings	(5,421,526)	(5,242,061)
	404,190	342,774
Represented by:		
Amounts due from customers	404,190	342,774
Including: Related companies (note 37(d))	381,992	325,010
Third parties	22,198	17,764

(c) Prepayments for land are related to acquisition of land use rights upon successfully bidding at the land auctions conducted by the PRC government. The relevant land use right certificates have not been obtained at 31 December 2011.

Notes to the Consolidated Financial Statements

16 RESTRICTED CASH

	Group		Company	
	As at 31 December		As at 31 December	
	2011	2010	2011	2010
	RMB'000	RMB'000	RMB'000	RMB'000
Guarantee deposits for construction of pre-sale properties (note below)	2,871,622	3,005,870	—	—
Collateral for equity swap (note 23)	1,575,225	1,658,452	1,575,225	1,658,452
Collateral for bank borrowings (note 20)	202,170	94,493	—	—
	4,649,017	4,758,815	1,575,225	1,658,452

Note:

In accordance with relevant documents issued by the PRC State-Owned Land and Resource Bureau, certain property development companies of the Group are required to place in designated bank accounts certain amount of presale proceeds of properties as guarantee deposits for constructions of related properties. The deposits can only be used for purchases of construction materials and the payments of construction fee of the relevant property projects when approval from PRC State-Owned Land and Resource Bureau is obtained. Such guarantee deposits will only be released after completion of related pre-sold properties or issuance of the real estate ownership certificate, whichever is the earlier.

17 CASH AND CASH EQUIVALENTS

	Group		Company	
	As at 31 December		As at 31 December	
	2011	2010	2011	2010
	RMB'000	RMB'000	RMB'000	RMB'000
Cash at bank and in hand:				
Denominated in RMB	9,720,308	6,731,748	93,403	—
Denominated in H.K. dollar	57,215	57,002	3,041	802
Denominated in U.S. dollar	2,615,856	3,064,363	1,972,165	1,690,167
Less: restricted cash (note 16)	(4,649,017)	(4,758,815)	(1,575,225)	(1,658,452)
	7,744,362	5,094,298	493,384	32,517

The conversion of Renminbi 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 regulations of foreign exchange control promulgated by the PRC government.

Notes to the Consolidated Financial Statements

18 SHARE CAPITAL AND PREMIUM

	Note	Number of ordinary shares	Nominal value of ordinary shares HK\$'000	Group Equivalent nominal value of ordinary shares RMB'000	Share premium RMB'000	Treasury shares RMB'000	Total RMB'000
Authorised							
Ordinary shares of HK\$0.10 each upon incorporation		3,800,000	380	384	—	—	384
Increase in authorised share capital		99,996,200,000	9,999,620	9,904,624	—	—	9,904,624
At 31 December 2010 and 2011		100,000,000,000	10,000,000	9,905,008	—	—	9,905,008
Issued and fully paid							
Opening balance at 1 January 2010		16,451,419,578	1,645,142	1,625,831	13,663,559	(363,739)	14,925,651
Treasury shares purchased		—	—	—	—	(6,589)	(6,589)
Issue of shares as a result of the scrip dividend scheme	(a)	247,718,465	24,772	21,699	451,343	—	473,042
At 31 December 2010 and 1 January 2011		16,699,138,043	1,669,914	1,647,530	14,114,902	(370,328)	15,392,104
Treasury shares purchased	(b)	—	—	—	—	(9,908)	(9,908)
Closing balance at 31 December 2011		16,699,138,043	1,669,914	1,647,530	14,114,902	(380,236)	15,382,196

Notes to the Consolidated Financial Statements

18 SHARE CAPITAL AND PREMIUM (continued)

	Number of ordinary shares	Nominal value of ordinary shares HK\$000	Company Equivalent nominal value of ordinary shares RMB'000	Share premium RMB'000	Total RMB'000
Authorised					
Ordinary shares of HK\$0.10 each upon incorporation	3,800,000	380	384	—	384
Increase in authorised share capital	99,996,200,000	9,999,620	9,904,624	—	9,904,624
At 31 December 2010 and 2011	100,000,000,000	10,000,000	9,905,008	—	9,905,008
Issued and fully paid					
Opening balance at 1 January 2010	16,451,419,578	1,645,142	1,625,831	13,663,559	15,289,390
Issue of shares as a result of the scrip dividend scheme (note a)	247,718,465	24,772	21,699	451,343	473,042
At 31 December 2010 and 2011	16,699,138,043	1,669,914	1,647,530	14,114,902	15,762,432

Notes:

- (a) On 4 June 2010, a scrip dividend scheme was issued whereas shareholders may elect to receive cash dividend of RMB4.5 cents per share or an allotment of such number of new shares credited as fully paid and having an aggregate market value equal to, save for adjustment for fractions, the total amount of 2009 final dividend which such shareholder could receive in cash. On 2 July 2010, 247,718,465 new shares were issued as a result of the above scrip dividend scheme at a price of HK\$2.18 per share representing the average of the closing prices of the Company's ordinary shares for the five consecutive trading days up to and including 28 May 2010.
- (b) During the year, the Group, through its wholly owned subsidiary, acquired 5,584,000 of the Company's shares from the market for the purpose of setting up an employee incentive plan for the benefit of the senior management and employees of the Company (which excludes connected persons of the Company). The purpose of the employee incentive scheme is to provide the participants with an opportunity to hold a personal stake in the Company so as to motivate such participants and to enhance performance and efficiency. The shares are held as treasury shares and have been deducted from shareholders' equity.

The aforesaid employee incentive scheme has not been launched as at date of this report.

Notes to the Consolidated Financial Statements

19 OTHER RESERVES AND RETAINED EARNINGS

	Group					
	Merger reserve RMB'000 (note (a))	Statutory reserves RMB'000 (note (b))	Conversion option reserves RMB'000 (note 21)	Sub-total RMB'000	Retained earnings RMB'000	Total RMB'000
Balance at 1 January 2010	(149,801)	818,161	424,821	1,093,181	5,151,232	6,244,413
Repurchase of convertible bond	—	—	(365,354)	(365,354)	—	(365,354)
Profit for the year	—	—	—	—	4,290,578	4,290,578
Transfer to statutory reserves	—	265,185	—	265,185	(265,185)	—
Dividends (note 31)	—	—	—	—	(740,320)	(740,320)
Balance at 31 December 2010	(149,801)	1,083,346	59,467	993,012	8,436,305	9,429,317
Representing:						
— 2010 proposed final dividend					1,604,790	
— Others					6,831,515	
					<u>8,436,305</u>	
Balance at 1 January 2011	(149,801)	1,083,346	59,467	993,012	8,436,305	9,429,317
Redemption of convertible bond (note 21)	—	—	(29,666)	(29,666)	—	(29,666)
Profit for the year	—	—	—	—	5,813,180	5,813,180
Transfer to statutory reserves	—	404,552	—	404,552	(404,552)	—
Dividends (note 31)	—	—	—	—	(1,604,790)	(1,604,790)
Balance at 31 December 2011	(149,801)	1,487,898	29,801	1,367,898	12,240,143	13,608,041
Representing:						
— 2011 proposed final dividend					2,163,450	
— Others					10,076,693	
					<u>12,240,143</u>	

Notes to the Consolidated Financial Statements

19 OTHER RESERVES AND RETAINED EARNINGS (continued)

	Conversion option reserves RMB'000	Company Retained earnings RMB'000	Total RMB'000
Balance at 1 January 2010	424,821	756,901	1,181,722
Repurchase of convertible bond	(365,354)	—	(365,354)
Profit for the year (note 33)	—	1,719,627	1,719,627
Dividend (note 31)	—	(740,320)	(740,320)
Balance at 31 December 2010	59,467	1,736,208	1,795,675
Representing:			
— 2010 proposed final dividend		1,604,790	
— Others		<u>131,418</u>	
		1,736,208	
Balance at 1 January 2011	59,467	1,736,208	1,795,675
Redemption of convertible bond (note 21)	(29,666)	—	(29,666)
Profit for the year (note 33)	—	2,277,857	2,277,857
Dividend (note 31)	—	(1,604,790)	(1,604,790)
Balance at 31 December 2011	29,801	2,409,275	2,439,076
Representing:			
— 2011 proposed final dividend		2,163,450	
— Others		<u>245,825</u>	
		2,409,275	

Notes:

- (a) Merger reserve of the Group represents the difference between the share capital of subsidiaries, acquired pursuant to a group reorganisation undertaken for the listing of company on the main board of the Stock Exchange in 2007, over the nominal value of shares of the Company issue in exchange thereof.
- (b) Pursuant to the relevant rules and regulations governing foreign investment enterprise established in the PRC and the articles of association of certain PRC subsidiaries of the Group, the subsidiaries are required to transfer an amount of their profit after taxation to the statutory reserve fund, until the accumulated total of the fund reaches 50% of their registered capital. The statutory reserve fund may be distributed to equity holders in the form of bonus issue.

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

Notes to the Consolidated Financial Statements

20 BANK BORROWINGS

	Group		Company	
	As at 31 December 2011	2010	As at 31 December 2011	2010
	RMB'000	RMB'000	RMB'000	RMB'000
Bank borrowings included in non-current liabilities:				
– secured	9,910,250	6,539,228	–	170,658
– unsecured	2,859,501	2,841,020	162,140	–
Less: current portion	(5,361,450)	(4,699,878)	(162,140)	(170,658)
	7,408,301	4,680,370	–	–
Bank borrowings included in current liabilities:				
– secured	885,400	100,000	–	–
– unsecured	222,140	384,658	–	170,658
Current portion of non-current borrowings	5,361,450	4,699,878	162,140	170,658
	6,468,990	5,184,536	162,140	341,316

The Group's borrowings of RMB9,122,750,000 as at 31 December 2011 (As at 31 December 2010: RMB5,809,228,000), were jointly secured by certain properties and land use rights of the Group (notes 6 and 9) with total carrying values of RMB12,108,012,000 as at 31 December 2011 (As at 31 December 2010: RMB8,841,052,000). The Group's borrowings of RMB1,330,000,000 as at 31 December 2011 (As at 31 December 2010: RMB730,000,000) were guaranteed by the Company and secured by the Group's equity interest in certain subsidiaries. The Group's remaining secured borrowings of RMB342,900,000 at 31 December 2011 (As at 31 December 2010: RMB100,000,000) were secured by certain bank deposits of the Group (note 16).

The Company's borrowings of RMB162,140,000 as at 31 December 2011 (As at 31 December 2010: RMB170,658,000) were guaranteed by its fellow subsidiaries.

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

	Group 6 months or less RMB'000
Borrowings included in non-current liabilities: At 31 December 2011	7,408,301
At 31 December 2010	4,680,370
Borrowings included in current liabilities: At 31 December 2011	6,468,990
At 31 December 2010	5,184,536

Notes to the Consolidated Financial Statements

20 BANK BORROWINGS (continued)

	Company 6 months or less RMB'000
Borrowings included in current liabilities: At 31 December 2011	162,140
At 31 December 2010	341,316

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

	Group As at 31 December	
	2011 RMB'000	2010 RMB'000
Between 1 and 2 years	4,348,751	2,775,570
Between 2 and 5 years	2,661,350	1,504,800
Over 5 years	398,200	400,000
	7,408,301	4,680,370

The weighted average effective interest rates as at 31 December were as follows:

	Group As at 31 December		Company As at 31 December	
	2011	2010	2011	2010
– Bank borrowings	7.21%	5.52%	3.08%	3.49%

The carrying amounts of the borrowings approximate their fair values.

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

	Group As at 31 December		Company As at 31 December	
	2011 RMB'000	2010 RMB'000	2011 RMB'000	2010 RMB'000
RMB	13,715,151	9,523,590	—	—
H.K. dollar	162,140	341,316	162,140	341,316
	13,877,291	9,864,906	162,140	341,316

Notes to the Consolidated Financial Statements

21 CONVERTIBLE BOND

In 2008, the Company issued a RMB denominated USD settled 2.5% convertible bond (the “Bond”) due 2013, of an initial principal amount of US\$600 million (equivalent to approximately RMB4,314 million). The Bond is listed on the Singapore Exchange Securities Trading Limited. At the option of bond holders, the aggregate amount of RMB4,314 million will be convertible into fully paid shares with a par value of HK\$0.1 each of the Company. The value of the liability component of RMB3,781.3 million and the equity conversion component of RMB424.8 million, net of transaction cost of RMB107.9 million, were determined at issuance of the Bond.

The Bond matures in five years (February 2013) from the issue date at 121.306% of the nominal value or can be converted into ordinary shares of the Company on or after 3 April 2009 at contracted price (the initial conversion price is HK\$9.05 per share) at a fixed exchange rate of RMB0.922 to HK\$1.

Also, at the option of the bond holders, the Company would redeem some or all of the Bond on 22 February 2011 at the U.S. dollar equivalent of their principal amount in RMB multiplied by 111.997%, together with accrued but unpaid interest to the date of redemption (the “Put Option”). As the above Put Option has been expired, the Bond is classified as a non-current liability at 31 December 2011.

The fair value of the liability component included in long-term borrowings was calculated using a market interest rate for an equivalent non-convertible bond. The liability component is subsequently stated at amortised cost until extinguished on conversion or maturity of the Bond. The residual amount, representing the value of the equity conversion component, is accounted for as a conversion option reserve included in other reserves (note 19).

During the year, the Company redeemed the Bond totaling approximately RMB522.6 million out of the RMB1,303.6 million of remaining principal amount as a result of the exercise of the above Put Option by certain bond holders (the “Redemption”).

The total consideration (including transaction costs) paid to redeem the Bond is allocated to liability and equity components at the date of redemption. The difference between the consideration allocated to the liability component and its carrying value at the date of redemption is recognised in profit or loss. The amount of consideration allocated to the equity component is recognised in equity.

The Redemption resulted in a loss of approximately RMB243,000 and a decrease of RMB29,666,000 in the conversion option reserve.

Notes to the Consolidated Financial Statements

21 CONVERTIBLE BOND (continued)

The Bond recognised in the balance sheet was calculated as follows:

	Group and Company RMB'000
For the year ended 31 December 2010	
Liability component as at 1 January 2010	4,278,511
Interest expenses (note 29)	249,436
Coupon paid	(78,651)
Repurchase	(3,068,242)
Liability component as at 31 December 2010	1,381,054
For the year ended 31 December 2011	
Liability component as at 1 January 2011	1,381,054
Interest expenses (note 29)	84,518
Coupon paid	(26,057)
Redemption	(555,387)
Liability component as at 31 December 2011	884,128

Interest expenses on the liability component of the Bond are calculated using the effective interest method, applying the effective interest rate of 9.24% per annum to the liability component.

The fair value of the liability component of the Bond at 31 December 2011 amount to RMB844,261,000. The fair value is calculated using the market price of the Bond on the balance sheet date.

22 SENIOR NOTES

The Group issued the following senior notes in the current and prior years:

- (i) On 2 September 2009, the Company issued senior notes in an aggregate principal amount of US\$300,000,000. On 16 September 2009, the Company made an additional issue of senior notes in an aggregated principal amount of US\$75,000,000 (collectively the "2014 Notes"). The 2014 Notes are listed on the Singapore Exchange Securities Trading Limited. The 2014 Notes carry interest at the rate of 11.75% per annum, payable semi-annually on March 10 and September 10 in arrears, and will mature on 10 September 2014, unless redeemed earlier.

At any time, the Company may at its option redeem the 2014 Notes, in whole or in part, at a redemption price equal to 100% of the principal amount of the 2014 Notes plus certain premium as of, and accrued and unpaid interest, if any, to the redemption date.

At any time prior to 10 September 2012, the Company may redeem up to 35% of the aggregate principal amount of the 2014 Notes with the net cash proceeds of one or more sales of common stock of the Company in an equity offering at a redemption price of 111.75% of the principal amount of the 2014 Notes, plus accrued and unpaid interest, if any, to (but not including) the redemption date.

Notes to the Consolidated Financial Statements

22 SENIOR NOTES (continued)

- (ii) On 15 April 2010, the Company issued senior notes in an aggregate principal amount of US\$550,000,000 (the "2017 Notes"). The 2017 Notes are listed on the Singapore Exchange Securities Trading Limited. The 2017 Notes carry interest at the rate of 11.25% per annum, payable semi-annually on April 22 and October 22 in arrears, and will mature on 22 April 2017, unless redeemed earlier.

At any time on or after 22 April 2014, the Company may redeem the 2017 Notes, in whole or in part, at a redemption price equal to the percentage of principal amount set forth below plus accrued and unpaid interest to (but not including) the redemption date if redeemed during the twelve month period beginning on 22 April of each of the years indicated below.

Period	Redemption price
2014	105.625%
2015	102.8125%
2016 and thereafter	100.00%

At any time prior to 22 April 2014, the Company may at its option redeem the 2017 Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the 2017 Notes plus the applicable premium as of, and accrued and unpaid interest, if any, to (but not including) the redemption date. The Company will give not less than 30 days' nor more than 60 days' notice of any redemption.

At any time and from time to time prior to 22 April 2013, the Company may redeem up to 35% of the aggregate principal amount of the 2017 Notes with the proceeds from sales of certain kinds of the Company's capital stock at a redemption price of 111.25% of the principal amount of the 2017 Notes, plus accrued and unpaid interest, if any, to (but not including) the redemption date, provided that at least 65% of the aggregate principal amount of the 2017 Notes originally issued remains outstanding after each such redemption and any such redemption takes place within 60 days after the closing of the related sale of the Company's capital stock and subject to certain conditions.

- (iii) On 4 August 2010, the Company issued senior notes in an aggregate principal amount of US\$400,000,000 (the "2015 Notes"). The 2015 Notes are listed on the Singapore Exchange Securities Trading Limited. The 2015 Notes carry interest at the rate of 10.50% per annum, payable semi-annually on February 11 and August 11 in arrears, and will mature on 11 August 2015, unless redeemed earlier.

At any time prior to 11 August 2015, the Company may at its option redeem the 2015 Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the 2015 Notes plus the applicable premium as of, and accrued and unpaid interest, if any, to (but not including) the redemption date.

At any time prior to 11 August 2013, the Company may redeem up to 35% of the aggregate principal amount of the 2015 Notes with the net cash proceeds of one or more sales of common stock of the Company in an equity offering at a redemption price of 110.50% of the principal amount of the 2015 Notes, plus accrued and unpaid interest, if any, to (but not including) the redemption date; provided that at least 65% of the aggregate principal amount of the 2015 Notes originally issued on the original issue date remains outstanding after each such redemption and any such redemption takes place within 60 days after the closing of the related equity offering.

Notes to the Consolidated Financial Statements

22 SENIOR NOTES (continued)

- (iv) On 23 February 2011, the Company issued senior notes in an aggregate principal amount of US\$900,000,000 (the “2018 Notes”). The 2018 Notes are listed on the Singapore Exchange Securities Trading Limited. The 2018 Notes carry interest at the rate of 11.125% per annum, payable semi-annually on February 23 and August 23 in arrears, and will mature on 23 February 2018, unless redeemed earlier.

At any time and from time to time on or after 23 February 2015, the Company may redeem the Notes, in whole or in part, at a redemption price equal to the percentage of principal amount set forth below plus accrued and unpaid interest to (but not including) the redemption date if redeemed during the twelve month period beginning on 23 February of each of the years indicated below.

Period	Redemption price
2015	105.5625%
2016	102.7813%
2017 and thereafter	100.0000%

At any time prior to 23 February 2015, the Company may at its option redeem the 2018 Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the 2018 Notes plus the applicable premium as of, and accrued and unpaid interest, if any, to (but not including) the redemption date. The Company will give not less than 30 days' nor more than 60 days' notice of any redemption.

At any time and from time to time prior to 23 February 2014, the Company may redeem up to 35% of the aggregate principal amount of the 2018 Notes with the proceeds from sales of certain kinds of the Company's capital stock at a redemption price of 111.125% of the principal amount of the 2018 Notes, plus accrued and unpaid interest, if any, to (but not including) the redemption date, provided that at least 65% of the aggregate principal amount of the 2018 Notes originally issued remains outstanding after each such redemption and any such redemption takes place within 60 days after the closing of the related sale of the Company's capital stock and subject to certain conditions.

The 2014 Notes, 2017 Notes, 2015 Notes and 2018 Notes contain a liability component and the above early redemption options:

- (i) Liability component represents the present value of the contractually determined stream of future cash flows discounted at the prevailing market interest rate at that time applicable to instruments of comparable credit status and providing substantially the same cash flows, on the same terms, but without the embedded derivatives.

The interest charged for the period is calculated by applying an effective interest rate of approximately 12.11%, 11.81%, 11.23% and 11.69% per annum to the liability component of the 2014 Notes, 2017 Notes, 2015 Notes and 2018 Notes, respectively, since they were issued.

- (ii) Early redemption options are regarded as embedded derivatives not closely related to the host contract. The directors consider that the fair value of the above early redemption options is insignificant on initial recognition and at 31 December 2011.

Notes to the Consolidated Financial Statements

22 SENIOR NOTES (continued)

(iv) (continued)

The 2014 Notes, 2017 Notes, 2015 Notes and 2018 Notes recognised in the balance sheet were calculated as follows:

	Group and Company RMB'000
Carrying amount as at 1 January 2010	2,602,423
Additions	6,294,734
Exchange gains	(203,259)
Interest expenses (note 29)	684,288
Coupon paid	(505,916)
Carrying amount as at 31 December 2010	8,872,270
Additions	5,770,437
Exchange gains	(664,889)
Interest expenses (note 29)	1,503,628
Coupon paid	(1,276,999)
Carrying amount as at 31 December 2011	14,204,447

The fair value of the senior notes at 31 December 2011 amount to RMB12,655,332,000. The fair value is calculated using the market price of the senior notes on the balance sheet date.

23 DERIVATIVE FINANCIAL INSTRUMENTS

Upon the issue of the RMB denominated USD settled 2.5% convertible bond as disclosed in note 21, the Company entered into a cash settled equity swap transaction (the "Equity Swap") for the Company's shares up to a value of US\$250 million (equivalent to approximately HK\$1,950 million) on 22 February 2008. Under the Equity Swap, the Company will either receive a payment from or settle a payment to Merrill Lynch International if the final price is higher or lower than the initial price upon termination of the Equity Swap. The initial price was determined in accordance with the formula as set out in the Equity Swap contract, and the final price will be determined with reference to the arithmetic mean of the relevant prices of the Company's shares on specified averaging dates upon termination of the Equity Swap. Besides, the termination date of the Equity Swap will be determined based on the earlier of 2013 or a date when certain condition as stipulated in the Equity Swap contract is fulfilled. According to the Equity Swap contract, both the Company and Merrill Lynch International have the option to early terminate the Equity Swap upon the occurrence of any holder of the Bond exercises the Put Option on the Put Option date, which was 22 February 2011.

On 5 January 2011, the Company entered into an amendment and restatement agreement with Merrill Lynch International (the "Amendment"). Pursuant to the Amendment, Merrill Lynch International no longer has the above option to early terminate the Equity Swap and only the Company has the option to terminate the Equity Swap early on any scheduled trading day, at its election, prior to the termination of the Equity Swap.

Notes to the Consolidated Financial Statements

23 DERIVATIVE FINANCIAL INSTRUMENTS (continued)

According to the equity swap transactions entered with Merrill Lynch International, Merrill Lynch International would pay the Company an amount equivalent to the number of shares under equity swap multiplied by the dividend per Company's share as a return of the Equity Swap (note 26).

Derivative financial instruments liabilities as at balance sheet date are as follows:

	Group and Company As at 31 December	
	2011 RMB'000	2010 RMB'000
Equity Swap	919,774	934,948

During the effective period of the Equity Swap, the Company has put up collateral in the amount of US\$250 million (equivalent to approximately RMB1,575 million) (the "Collateral") to Merrill Lynch International. Prior to the termination date of the Equity Swap, the change in fair value of the Equity Swap caused by fluctuation in the share price shall not pose any effect on the cash flow or normal operation of the Company. As at the termination date of the Equity Swap, the maximum loss caused by the Equity Swap due to decrease in the share price shall not exceed the value of the Collateral.

24 DEFERRED INCOME TAX – GROUP

The analysis of deferred tax assets and liabilities is as follows:

	As at 31 December	
	2011 RMB'000	2010 RMB'000
Deferred income tax assets:		
– to be realised after more than 12 months	806,808	776,354
– to be realised within 12 months	492,489	360,849
	1,299,297	1,137,203
Deferred income tax liabilities:		
– to be settled after more than 12 months	(785,163)	(671,903)
	514,134	465,300

	As at 31 December	
	2011 RMB'000	2010 RMB'000
The net movement on the deferred income tax account is as follows:		
Beginning of the year	465,300	509,482
Recognised in profit or loss (note 30)	48,834	(44,182)
End of the year	514,134	465,300

Notes to the Consolidated Financial Statements

24 DEFERRED INCOME TAX – GROUP (continued)

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

Deferred income tax assets:

	Impairment of assets RMB'000	Recognition of expenses RMB'000	Elimination of unrealised profits RMB'000	Tax losses RMB'000	Total RMB'000
At 1 January 2010	536	127,442	482,912	282,005	892,895
(Charged)/credited to profit or loss	—	(12,463)	176,150	80,621	244,308
At 31 December 2010	536	114,979	659,062	362,626	1,137,203
At 1 January 2011	536	114,979	659,062	362,626	1,137,203
(Charged)/credited to profit or loss	—	(22,717)	29,633	155,178	162,094
At 31 December 2011	536	92,262	688,695	517,804	1,299,297

Deferred income tax assets are recognised for tax losses carried forward to the extent that the realisation of the related benefit through the future taxable profits is probable. The Group did not recognise deferred income tax assets as at 31 December 2011 of RMB18,830,000 (As at 31 December 2010: RMB16,212,000) in respect of accumulated losses amounting to RMB75,318,000 as at 31 December 2011 (As at 31 December 2010: RMB64,847,000). Accumulated losses amounting to RMB15,266,000, RMB37,372,000, RMB6,962,000, RMB3,089,000 and RMB12,629,000 as at 31 December 2011 will expire in 2012, 2013, 2014, 2015 and 2016 respectively.

Deferred income tax liabilities:

	Fair value gain on assets acquired RMB'000	Recognition of construction contract revenue and contract costs RMB'000	Withholding tax on profit to be distributed in future RMB'000 (note)	Total RMB'000
At 1 January 2010	(63,586)	(215,627)	(104,200)	(383,413)
Credited/(charged) to profit or loss	13,751	(171,277)	(130,964)	(288,490)
At 31 December 2010	(49,835)	(386,904)	(235,164)	(671,903)
At 1 January 2011	(49,835)	(386,904)	(235,164)	(671,903)
Credited/(charged) to profit or loss	11,149	117,394	(241,803)	(113,260)
At 31 December 2011	(38,686)	(269,510)	(476,967)	(785,163)

Notes to the Consolidated Financial Statements

24 DEFERRED INCOME TAX – GROUP (continued)

Note:

The amount of profits on which withholding tax has not been recognised at 31 December 2011 is RMB8,181,859,000 (As at 31 December 2010: RMB4,786,709,000).

25 TRADE AND OTHER PAYABLES – GROUP

	As at 31 December	
	2011	2010
	RMB'000	RMB'000
Trade payables (note below)	8,629,421	7,058,506
Other payables – third parties	2,305,622	1,004,533
Other taxes payable	604,993	340,578
Salaries payable	917,749	539,087
Accrued expenses	352,560	134,544
	12,810,345	9,077,248

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

Note: The aging analysis of trade payables was as follows:

	As at 31 December	
	2011	2010
	RMB'000	RMB'000
Within 90 days	8,115,814	6,685,400
Over 90 days and within 180 days	200,181	150,163
Over 180 days and within 365 days	199,549	124,925
Over 365 days	113,877	98,018
	8,629,421	7,058,506

26 OTHER GAINS – NET

	Year ended 31 December	
	2011	2010
	RMB'000	RMB'000
Forfeiture income	18,351	15,205
Return on equity swap (note 23)	26,604	12,918
Gain on disposals of property, plant and equipment (note 32)	896	4,735
Others	(2,736)	8,092
	43,115	40,950

Notes to the Consolidated Financial Statements

27 EXPENSES BY NATURE

	Year ended 31 December	
	2011	2010
	RMB'000	RMB'000
Auditor's remuneration	6,500	6,500
Advertising costs	548,517	234,814
Amortisation of intangible assets (note 8)	4,594	4,178
Business taxes and other levies (note)	2,193,236	1,618,350
Costs of completed properties sold	20,378,225	15,472,507
Donations	133,547	91,958
Depreciation (notes 6 and 7)	268,766	276,582
Employee benefit expenses	1,245,013	541,904
Land use rights amortisation (note 9)	38,963	29,442
Surveillance charges	39,563	21,455
Rental expenses	27,156	18,351
Others	316,470	591,578
Total cost of sales, selling and marketing costs and administrative expenses	25,200,550	18,907,619

Note:

Business tax

The PRC subsidiaries of the Group are subject to business taxes on their revenues at the following rates:

Category	Rate
Sale of properties	5%
Property construction, fitting and decoration	3%
Property management	5%
Hotel service	5%

Notes to the Consolidated Financial Statements

28 EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS)

	Year ended 31 December	
	2011 RMB'000	2010 RMB'000
Wages and salaries	3,446,915	2,766,271
Retirement scheme contribution (note a)	23,636	18,969
Staff welfare	54,027	43,358
Medical benefits	47,273	37,938
Other allowances and benefits	13,506	10,839
	3,585,357	2,877,375

For the year ended 11 December 2011, employee benefit expenses of RMB2,340,344,000 (2010: RMB 2,052,770,000) was capitalised in properties under development.

(a) Retirement scheme contribution

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 fund 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.

(b) Directors' and senior management's emoluments

The remuneration of every director for the year ended 31 December 2011 is set out below:

Name of director	Fees RMB'000	Salary RMB'000	Discretionary bonuses RMB'000	Inducement fees RMB'000	Other benefits RMB'000	Employer's contribution to pension scheme RMB'000	Compensation for loss of office as director RMB'000	Total RMB'000
Mr. Yeung Kwok Keung	—	3,500	—	—	—	32	—	3,532
Mr. Mo Bin	—	2,500	—	—	—	28	—	2,528
Mr. Yang Erzhu	—	2,000	—	—	—	24	—	2,024
Ms. Yang Huiyan	—	1,700	—	—	—	41	—	1,741
Mr. Su Rubo	—	2,000	—	—	—	32	—	2,032
Mr. Zhang Yaoyuan	—	1,900	—	—	—	21	—	1,921
Mr. Ou Xueming	—	1,800	—	—	—	21	—	1,821
Mr. Yang Zhicheng	—	1,700	—	—	—	29	—	1,729
Mr. Yang Yongchao	—	1,900	—	—	—	31	—	1,931
Ms. Yang Ziyang	—	852	—	—	—	41	—	893
Mr. Lai Ming, Joseph*	300	—	—	—	—	—	—	300
Mr. Shek Lai Him, Abraham*	300	—	—	—	—	—	—	300
Mr. Tong Wui Tung, Ronald*	300	—	—	—	—	—	—	300
	900	19,852	—	—	—	300	—	21,052

* Independent non-executive directors.

Notes to the Consolidated Financial Statements

28 EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS) (continued)

(b) Directors' and senior management's emoluments (continued)

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

Name of director	Fees RMB'000	Salary RMB'000	Discretionary bonuses RMB'000	Inducement fees RMB'000	Other benefits RMB'000	Employer's contribution to pension scheme RMB'000	Compensation for loss of office as director RMB'000	Total RMB'000
Mr. Yeung Kwok Keung	—	3,500	—	—	—	9	—	3,509
Mr. Mo Bin (appointed on 22 July 2010)	—	1,250	—	—	—	2	—	1,252
Mr. Cui Jianbo (resigned on 20 January 2011)	—	2,000	—	—	—	7	—	2,007
Mr. Yang Erzhu	—	2,000	—	—	—	9	—	2,009
Ms. Yang Huiyan	—	1,700	—	—	—	7	—	1,707
Mr. Su Rubo	—	2,000	—	—	—	9	—	2,009
Mr. Zhang Yaoyuan	—	1,900	—	—	—	—	—	1,900
Mr. Ou Xueming	—	1,800	—	—	—	—	—	1,800
Mr. Yang Zhicheng	—	1,700	—	—	—	7	—	1,707
Mr. Yang Yongchao	—	1,900	—	—	—	7	—	1,907
Mr. Lai Ming, Joseph*	300	—	—	—	—	—	—	300
Mr. Shek Lai Him, Abraham*	300	—	—	—	—	—	—	300
Mr. Tong Wui Tung, Ronald*	300	—	—	—	—	—	—	300
	900	19,750	—	—	—	57	—	20,707

* Independent non-executive directors.

During 2011 and 2010, no directors received any emoluments from the Group as an inducement to join or leave the Group or compensation for loss of office; no directors waived or have agreed to waive any emoluments.

(c) Five highest individuals

The five individuals whose emoluments were the highest in the Group for the year including two (2010: two) directors whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining three (2010: three) individual during the year are as follows:

	Year ended 31 December	
	2011 RMB'000	2010 RMB'000
Salaries and other benefits	7,863	8,123
Retirement scheme contributions	177	335
	8,040	8,458

Notes to the Consolidated Financial Statements

28 EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS) (continued)

(c) Five highest individuals (continued)

The emoluments fell within the following band:

	Number of individuals	
	2011	2010
HK\$2,000,000 to HK\$3,000,000	2	2
HK\$3,000,000 to HK\$4,000,000	1	—
HK\$4,000,000 to HK\$5,000,000	—	1

29 FINANCE COSTS — NET

	Year ended 31 December	
	2011	2010
	RMB'000	RMB'000
Interest expense:		
— Bank borrowings	860,679	545,755
— The Bond (note 21)	84,518	249,436
— Senior notes (note 22)	1,503,628	684,288
	2,448,825	1,479,479
Loss on redemption of the Bond (note 21)	243	—
Less:		
— Net foreign exchange gains on financing activities	(437,998)	(110,144)
— Amounts capitalised on qualifying assets	(1,789,506)	(1,006,093)
Finance costs	221,564	363,242
Finance income:		
— Interest income on short-term bank deposits	(101,318)	(76,592)
— Gain on repurchase of the Bond	—	(61,873)
Finance costs — net	120,246	224,777

Notes to the Consolidated Financial Statements

30 INCOME TAX EXPENSES

	Year ended 31 December	
	2011	2010
	RMB'000	RMB'000
Current income tax		
– PRC corporate income tax (note (a))	2,368,788	1,484,462
– Hong Kong profits tax (note (b))	–	–
– Land appreciation tax (note (c))	1,448,628	873,367
Deferred income tax (note 24)		
– PRC corporate income tax	(290,637)	(86,782)
– Withholding tax on profit to be distributed in future (note (a))	241,803	130,964
	3,768,582	2,402,011

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 companies as follows:

	Year ended 31 December	
	2011	2010
	RMB'000	RMB'000
Profit before income tax	9,606,735	6,719,785
Tax calculated at PRC corporate income tax rate of 25% (2010: 25%)	2,401,684	1,679,946
Land appreciation tax deductible for calculation of income tax purpose	(362,157)	(218,342)
Effect of different tax rate	–	36
Effect of tax exemption (note a)	–	(202,476)
Tax losses not recognised as deferred income tax assets	18,830	16,212
Income not subject to tax	(118,181)	(57,429)
Expenses not deductible for tax	137,975	179,733
	2,078,151	1,397,680
Withholding tax on profit to be distributed in future (note a)	241,803	130,964
Land appreciation tax	1,448,628	873,367
Income tax expenses	3,768,582	2,402,011

Notes to the Consolidated Financial Statements

30 INCOME TAX EXPENSES (continued)

Notes:

- (a) PRC enterprise income tax is provided at the rate of 25% (2010: 25%) of the profits for the PRC statutory financial reporting purpose, adjusted for those items, which are not assessable or deductible for the PRC enterprise income tax purpose.

As approved by the local tax authority in August 2006, Guangdong Giant Leap Construction Co., Ltd. ("Giant Leap"), a subsidiary of the Group, has enjoyed a tax holiday of "two years exemption and followed by three years of a 50% tax reduction" since 2006. The preferential tax rate adopted by Giant Leap Ltd. will also be gradually transited to the unified tax rate of 25% over a five-year transitional period. In light of the clarification for the transition to the new tax rate issued by the State Administration of Taxation issued on 6 December 2008, the preferential tax rate adopted by Giant Leap Ltd. was expired at 31 December 2010.

Furthermore, in accordance with the PRC Enterprise Income Tax Law and the "Implementation Rules of the People's Republic of China on the Enterprise Income Tax Law" promulgated by the State Council on 6 December 2008 and effective 1 January 2009, an income tax rate of 10% shall be applicable to any dividends payable to non-PRC enterprise investors from foreign invested enterprises.

- (b) No Hong Kong profits tax was provided for the year as the Group did not have any assessable profit in Hong Kong (2010: nil).
- (c) PRC land appreciation tax is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including cost of land use rights and all property development expenditures.

31 DIVIDENDS

	Year ended 31 December	
	2011 RMB'000	2010 RMB'000
Proposed final dividend of RMB12.96 cents per share (2010: RMB9.61 cents) (note)	2,163,450	1,604,790

Note:

The dividends paid in 2011 and 2010 were RMB1,604,790,000 (RMB9.61 cents per ordinary share) and RMB740,320,000 (RMB4.50 cents per ordinary share) respectively. The Directors recommend the payment of a 2011 final dividend of RMB12.96 cents per ordinary share, totaling RMB2,163,450,000. Such dividend is to be approved by the shareholders at the Annual General Meeting on 26 April 2012. These financial statements do not reflect this dividend payable.

Notes to the Consolidated Financial Statements

32 CASH GENERATED FROM OPERATIONS

	Year ended 31 December	
	2011 RMB'000	2010 RMB'000
Profit for the year	5,838,153	4,317,774
Adjustments for:		
Income tax expenses (note 30)	3,768,582	2,402,011
Interest income (note 29)	(101,318)	(76,592)
Interest expense (note 29)	659,319	473,386
Net foreign exchange gains (note 29)	(437,998)	(110,144)
Depreciation (notes 6 and 7)	268,766	276,582
Amortisation of land use rights (note 9)	38,963	29,442
Amortisation of intangible assets (note 8)	4,594	4,178
Gain on disposals of property, plant and equipment (note 26)	(896)	(4,735)
Share of (profit)/loss of an associate (note 11)	(120,937)	48,050
Fair value changes on derivative financial instruments	(15,174)	(55,176)
Loss/(gain) on redemption and repurchase of the Bond (note 29)	243	(61,873)
Changes in working capital:		
Property under development and completed properties held for sale	(18,363,934)	(10,154,641)
Inventories	(42,785)	123,346
Restricted cash	109,798	(943,481)
Trade and other receivables	(144,725)	(3,364,502)
Prepaid taxes	(182,005)	(394,446)
Trade and other payables	5,071,854	3,068,985
Advanced proceeds received from customers	6,135,396	7,689,908
Cash generated from operations	2,485,896	3,268,072

Note:

In the statement of cash flows, proceeds from sale of property, plant and equipment comprise:

	2011 RMB'000	2010 RMB'000
Net book amount disposed (note 6)	9,439	23,637
Gain on disposals	896	4,735
Proceeds from disposal of property, plant and equipment	10,335	28,372

Notes to the Consolidated Financial Statements

33 PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

The profit attributable to owners of the Company is dealt with in the financial statements of the Company to the extent of RMB2,277,857,000 (2010: RMB1,719,627,000).

34 EARNINGS PER SHARE

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year, excluding ordinary shares purchased by the Group and held as treasury shares (note 18(b)).

	Year ended 31 December	
	2011	2010
Profit attributable to owners of the Company (RMB'000)	5,813,180	4,290,578
Weighted average number of ordinary shares in issue (thousands)	16,610,447	16,574,939
Earnings per share — Basis (RMB cents per share)	35.00	25.89

(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 only dilutive potential ordinary shares is the Bond. The Bond is assumed to have been converted into ordinary shares, and the net profit is adjusted to eliminate the interest expenses. Since the impact of conversion of Bond on earnings per share is anti-dilutive for the years ended 31 December 2011 and 2010, diluted earnings per share equalled to basic earnings per share.

35 CONTINGENCIES

The Group had the following contingent liabilities:

	As at 31 December	
	2011	2010
	RMB'000	RMB'000
Guarantees in respect of mortgage facilities for certain purchasers (note (a))	15,782,991	18,664,113
Guarantee to an associate in respect of borrowings (note (b))	1,500,400	1,024,578
	17,283,391	19,688,691

Notes to the Consolidated Financial Statements

35 CONTINGENCIES (continued)

Note:

- (a) It represented the guarantees in respect of mortgage facilities granted by certain banks relating to the mortgage loans arranged for certain purchasers of the Group's properties. Pursuant to the terms of the guarantees, upon default 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 legal title and possession of the related properties. As at 31 December 2011, the amount of RMB106,354,000 (As at 31 December 2010: RMB751,558,000) was to be discharged two years from the day the mortgaged loans become due; and RMB15,676,637,000 (As at 31 December 2010: RMB17,912,555,000) was to be discharged upon earlier of (i) issuance of the real estate ownership certificate which are generally be available within three months after the purchasers take possession of the relevant properties; and (ii) the satisfaction of mortgaged loan by the purchasers of properties.

The directors consider that in case of default in payments, the net realisable value of the related properties can cover the repayment of the outstanding mortgage principals together with the accrued interest and penalty (see note 4(b)) and therefore no provision has been made in the financial statements for the guarantees.

- (b) This represents the maximum exposure of the guarantee provided for Li He for its bank borrowings.

36 COMMITMENTS – GROUP

(a) Commitments for capital and property development expenditures

	As at 31 December	
	2011	2010
	RMB'000	RMB'000
Contracted but not provided for		
Property, plant and equipment	16,687	25,029
Property development expenditure (including land premium)	19,179,413	12,256,870
	19,196,100	12,281,899

(b) Operating lease commitments

The future aggregate minimum lease payments under non-cancellable operating leases in respect of land and buildings are as follows:

	As at 31 December	
	2011	2010
	RMB'000	RMB'000
Not later than one year	16,414	6,449
Later than one year and not later than five years	55,623	17,762
Later than five years	134,438	10,451
	206,475	34,662

Notes to the Consolidated Financial Statements

36 COMMITMENTS — GROUP (continued)

(c) Operating lease rentals receivable

The future aggregate minimum lease rentals receivable under non-cancellable operating leases in respect of land and buildings are as follows:

	As at 31 December	
	2011 RMB'000	2010 RMB'000
Not later than one year	48,113	42,998
Later than one year and not later than five years	196,006	165,671
Later than five years	42,047	59,850
	286,166	268,519

37 RELATED PARTY TRANSACTION

(a) Name and relationship with related parties

Shareholders

Mr. Yang Erzhu, Ms. Yang Huiyan, Mr. Su Rubo, Mr. Zhang Yaoyuan and Mr. Ou Xueming.

Close family members of Shareholders

Mr. Yeung Kwok Keung, Mr. Zhang Chibiao, Ms. Zhang Yingyan, Mr. Yang Minsheng, Mr. Su Zhixian, Mr. Yang Zhicheng, Mr. Yang Zhigang, Ms. Yang Ziyang, Ms. Ou Jieping, Ms. Ou Jieling and Mr. Wu Weizhong.

Controlled by Shareholders

Guangdong Elite Architectural Co., Ltd.	廣東博意建築設計院有限公司
Qingyuan Country Garden	清遠碧桂園物業發展有限公司

Controlled by Shareholders and their close family members

Foshan Shunde Jiangkou Water Plant Co., Ltd.	佛山市順德區江口自來水有限公司
Zengcheng Crystal Water Plant Co., Ltd.	增城市清源自來水廠有限公司
Guangdong Grand Pipe Pile Co., Ltd. ("Grand Pipe")	廣東鴻業管樁有限公司 (原「佛山市順德區鴻業管樁製品有限公司」)

Associate

Li He	廣州利合房地產開發有限公司
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The English names of certain of the companies referred to above in this note represent management's best efforts at translating the Chinese names of these companies as no English names have been registered or available.

Notes to the Consolidated Financial Statements

37 RELATED PARTY TRANSACTION (continued)

(b) Transactions with related parties

During the year, the Group had the following significant transactions with related parties:

	Year ended 31 December	
	2011	2010
	RMB'000	RMB'000
(i) Construction and decoration service income (note (i)):		
Controlled by Shareholders:		
清遠碧桂園物業發展有限公司		
Qingyuan Country Garden	230,495	244,017

	Year ended 31 December	
	2011	2010
	RMB'000	RMB'000
(ii) Purchase of design service (note (ii)):		
Controlled by Shareholders:		
廣東博意建築設計院有限公司		
Guangdong Elite Architectural Co., Ltd.	255,511	203,270

	Year ended 31 December	
	2011	2010
	RMB'000	RMB'000
(iii) Purchase of construction materials and water (note (iii)):		
Controlled by Shareholders and their close family members:		
佛山市順德區江口自來水有限公司		
Foshan Shunde Jiangkou Water Plant Co., Ltd.	4,379	3,722
增城市清源自來水廠有限公司		
Zengcheng Crystal Water Plant Co., Ltd.	5,666	11,801
廣東鴻業管樁有限公司		
Grand Pipe	27,243	106,505
	37,288	122,028

Notes to the Consolidated Financial Statements

37 RELATED PARTY TRANSACTION (continued)

(b) Transactions with related parties (continued)

	Year ended 31 December	
	2011 RMB'000	2010 RMB'000
(iv) Provide guarantee for borrowings:		
Associate:		
廣州利合房地產開發有限公司		
Li He (note 35)	1,500,400	1,024,578

Notes:

- (i) Construction and decoration fees were charged in accordance with the terms of the underlying agreements.
- (ii) Design service fees were charged in accordance with the terms of the underlying agreements.
- (iii) Construction materials and water charges were charged in accordance with the terms of the underlying agreements. In the opinion of the directors, the fees were determined with reference to the market price in the prescribed year.

(c) Key management compensation

	Year ended 31 December	
	2011 RMB'000	2010 RMB'000
Salaries and other short-term employee benefits	31,540	30,115
Retirement scheme contributions	494	396
	32,034	30,511

Notes to the Consolidated Financial Statements

37 RELATED PARTY TRANSACTION (continued)

(d) Balances with related parties

As at 31 December 2011 and 2010, the Group had the following significant balances with related parties:

	As at 31 December	
	2011	2010
	RMB'000	RMB'000
(i) Balances due from related parties		
– included in amount due from customers of contract work:		
Controlled by Shareholders:		
清遠碧桂園物業發展有限公司 Qingyuan Country Garden	381,992	325,010
– included in other receivables and prepayments:		
Controlled by Shareholders:		
廣東博意建築設計院有限公司 Guangdong Elite Architectural Co., Ltd.	53,392	106,383
Controlled by Shareholders and their close family members:		
廣東鴻業管樁有限公司 Grand Pipe	53,030	—
Associate:		
廣州利合房地產開發有限公司 Li He	1,139,745	1,522,096
	1,246,167	1,628,479
(ii) Balances due to related parties		
– included in trade payables:		
Controlled by Shareholders:		
廣東博意建築設計院有限公司 Guangdong Elite Architectural Co., Ltd.	75,019	36,754
Controlled by Shareholders and their close family members:		
增城市清源自來水廠有限公司 Zengcheng Crystal Water Plant Co., Ltd.	—	753
廣東鴻業管樁有限公司 Grand Pipe	9,329	2,335
	84,348	39,842

Balances due from/to related parties are unsecured, interest-free and settled according to the contract terms.

Notes to the Consolidated Financial Statements

38 PARTICULARS OF PRINCIPAL SUBSIDIARIES

The following is a list of principal subsidiaries at 31 December 2011:

Name	Date of incorporation/ establishment	Nominal value of issued and fully paid share capital/ paid-in capital	Percentage of attributable equity interest	Principal activities
Incorporated in the BVI, all of which are limited liability companies, operate in the PRC and directly held by the Company:				
Smart World Development Holdings Ltd	28 March 2006	US\$300	100%	Investment holding
Incorporated in Hong Kong, a limited liability company, operates in Hong Kong and indirectly held by the Company:				
Country Garden (Hong Kong) Development Company Limited	21 September 2005	HK\$1	100%	Investment holding
Incorporated in the BVI, all of which are limited liability companies and operate in the PRC and indirectly held by the Company:				
Estonia Development Ltd	21 March 2006	US\$200	100%	Investment holding
Falcon Investments Development Ltd	21 March 2006	US\$300	100%	Investment holding
United Gain Group Ltd	28 March 2006	US\$200	100%	Investment holding
Wise Fame Group Ltd	28 March 2006	US\$300	100%	Investment holding
Angel View International Limited	7 April 2006	US\$200	100%	Investment holding
Boavista Investments Limited	7 April 2006	US\$200	100%	Investment holding
Impreza Group Limited	7 April 2006	US\$300	100%	Investment holding
Infiniti Holdings Development Limited	7 April 2006	US\$300	100%	Investment holding

Notes to the Consolidated Financial Statements

38 PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

Name	Date of incorporation/ establishment	Nominal value of issued and fully paid share capital/ paid-in capital	Percentage of attributable equity interest	Principal activities
Bright Start Group Limited	19 July 2011	US\$1	100%	Investment holding
Pure Smart Enterprises Limited	19 July 2011	US\$1	100%	Investment holding
Top Favor Holding Limited	19 July 2011	US\$1	100%	Investment holding
Golden Favor Investments Limited	19 July 2011	US\$1	100%	Investment holding
Established and operate in the PRC, all of which are foreign investment enterprises:				
Guangdong Giant Leap Construction Co., Ltd. ("Giant Leap Construction Co.") 廣東騰越建築工程有限公司	25 March 1997	RMB 900,000,000	100%	Construction
Foshan Shunde Country Garden Property Development Co., Ltd. 佛山市順德區碧桂園物業發展有限公司	2 April 1997	RMB 1,387,500,000	100%	Property development
Guangzhou Country Garden Property Development Co., Ltd. 廣州碧桂園物業發展有限公司	30 July 1998	RMB 506,000,000	100%	Property development
Foshan Shunde Finest Decoration & Design Enterprise 佛山市順德區雅駿裝飾設計工程有限公司	9 August 1999	RMB 300,000,000	100%	Decoration and design
Foshan Shunde Jun'an Country Garden Property Development Co., Ltd. 佛山市順德區均安碧桂園物業發展有限公司	28 June 2000	RMB 10,000,000	90%	Property development
Guangzhou Country Garden Commerce Service Co., Ltd. 廣州市碧桂園商務服務有限公司	18 September 2000	RMB 500,000	100%	Club operation

Notes to the Consolidated Financial Statements

38 PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

Name	Date of incorporation/ establishment	Nominal value of issued and fully paid share capital/ paid-in capital	Percentage of attributable equity interest	Principal activities
Zengcheng Country Garden Property Development Co., Ltd. 增城市碧桂園物業發展有限公司	22 September 2000	RMB 1,250,000,000	100%	Property development
Guangzhou Nansha Economic and Technological Development Zone Country Garden Property Development Co., Ltd. 廣州南沙經濟技術開發區碧桂園物業發展有限公司	2 August 2001	RMB 1,764,473,626	100%	Property development
Guangzhou Huadou Country Garden Property Development Co., Ltd. 廣州市花都碧桂園物業發展有限公司	24 January 2002	RMB 462,500,000	100%	Property development
Huizhou Huiyang Qishan Holiday Resorts Development Co., Ltd. 惠州市惠陽區岐山度假村發展有限公司	29 March 2002	RMB 60,000,000	90%	Property development
Heshan Country Garden Property Development Co., Ltd. 鶴山市碧桂園物業發展有限公司	9 July 2003	RMB 963,000,000	100%	Property development
Changsha Venice Palace Property Development Co., Ltd. 長沙威尼斯城房地產開發有限公司	1 August 2003	RMB 233,000,000	100%	Property development
Jiangmen East Coast Country Garden Property Development Co., Ltd. 江門市東岸房地產發展有限公司	13 August 2003	RMB 650,000,000	100%	Property development
Jiangmen Xinhui Country Garden Phoenix Hotel Co., Ltd. 江門新會碧桂園鳳凰酒店有限公司	13 August 2003	RMB 130,100,000	100%	Hotel operation
Jiangmen Wuyi Country Garden Property Development Co., Ltd. 江門市五邑碧桂園房地產開發有限公司	28 September 2003	RMB 863,000,000	100%	Property development

Notes to the Consolidated Financial Statements

38 PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

Name	Date of incorporation/ establishment	Nominal value of issued and fully paid share capital/ paid-in capital	Percentage of attributable equity interest	Principal activities
Guangzhou Huanan Country Garden Property Development Co., Ltd. ("Huanan Property Development") 廣州華南碧桂園房地產開發有限公司 ¹	15 October 2003	RMB 8,000,000	50%	Property development
Heshan Country Garden Phoenix City Hotel Co., Ltd. 鶴山市碧桂園鳳凰酒店有限公司	29 September 2003	RMB 116,300,000	100%	Hotel operation
Foshan Gaoming Country Garden Property Development Co., Ltd. 佛山市高明區碧桂園房地產開發有限公司	13 January 2004	RMB 1,162,500,000	100%	Property development
Zengcheng Country Garden Phoenix City Hotel Co., Ltd. 增城市碧桂園鳳凰城酒店有限公司	13 January 2004	RMB 500,700,000	100%	Hotel operation
Shenyang Hua Rui Real Estate Co., Ltd. 瀋陽華銳置業有限公司	25 March 2004	RMB 580,000,000	100%	Property development
Qingyuan Country Garden Holiday Islands Hotel Co., Ltd. 清遠市碧桂園假日半島酒店有限公司	5 April 2004	RMB 131,300,000	100%	Hotel operation
Guangdong Country Garden Property Management Co., Ltd. 廣東碧桂園物業管理有限公司	19 April 2004	RMB 12,100,000	100%	Property management
Changsha Economic and Technological Development Area Venice Palace Hotel Co., Ltd. 長沙經濟技術開發區威尼斯酒店有限公司	6 December 2004	RMB 110,800,000	100%	Hotel operation
Guangzhou Lychee Cultural Park Co., Ltd. 廣州市紅荔文化村有限公司	7 December 2004	RMB 12,300,000	100%	Theme park operation

Notes to the Consolidated Financial Statements

38 PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

Name	Date of incorporation/ establishment	Nominal value of issued and fully paid share capital/ paid-in capital	Percentage of attributable equity interest	Principal activities
Foshan Nanhai Country Garden Property Development Co., Ltd. 佛山市南海區碧桂園房地產開發有限公司	24 December 2004	RMB 365,200,000	100%	Property development
Jiangmen Wuyi Country Garden Phoenix Hotel Co., Ltd. 江門市五邑碧桂園鳳凰酒店有限公司	14 January 2005	RMB 103,800,000	100%	Hotel operation
Yangjiang Country Garden Phoenix Hotel Co., Ltd. 陽江市碧桂園鳳凰酒店有限公司	2 February 2005	RMB 130,750,624	100%	Hotel operation
Yangdong Country Garden Property Development Co., Ltd. 陽東縣碧桂園房地產開發有限公司	2 February 2005	RMB 197,351,958	100%	Property development
Taishan Country Garden Property Development Co., Ltd. 台山市碧桂園房地產開發有限公司	21 March 2005	RMB 322,288,631	100%	Property development
Taishan Country Garden Phoenix Hotel Co., Ltd. 台山市碧桂園鳳凰酒店有限公司	4 August 2005	RMB 87,764,151	100%	Hotel operation
Foshan Gaoming Country Garden Phoenix Hotel Co., Ltd. 佛山市高明區碧桂園鳳凰酒店有限公司	30 September 2005	RMB 163,100,000	100%	Hotel operation
Tianjin Phoenix Investment Development Co., Ltd. 天津鳳凰投資發展有限公司	5 July 2006	RMB 30,000,000	70%	Property development
Zhaoqing Gaoxin Country Garden Property Development Co., Ltd. 肇慶市高新區碧桂園房地產開發有限公司	10 July 2006	RMB 5,000,000	100%	Property development
Shaoguan Shunhong Property Development Co., Ltd. 韶關市順宏房地產開發有限公司	12 July 2006	RMB 747,800,000	100%	Property development

Notes to the Consolidated Financial Statements

38 PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

Name	Date of incorporation/ establishment	Nominal value of issued and fully paid share capital/ paid-in capital	Percentage of attributable equity interest	Principal activities
Gaoyao Biyi Property Development Co., Ltd. 高要市碧頤房地產開發有限公司	15 September 2006	RMB 20,000,000	51%	Property development
Manzhouli Country Garden Property Development Co., Ltd. 滿洲里碧桂園房地產開發有限公司	12 December 2006	RMB 357,900,000	100%	Property development
Chaochu Country Garden Property Development Co., Ltd. 巢湖市碧桂園房地產開發有限公司	18 December 2006	RMB 1,115,200,000	100%	Property development
Tianjin Country Garden Phoenix Hotel Co., Ltd. 天津碧桂園鳳凰酒店有限公司	26 December 2006	RMB 10,000,000	100%	Hotel operation
Tianjin Country Garden Investment Development Co., Ltd. 天津碧桂園投資發展有限公司	26 December 2006	RMB 10,000,000	100%	Property development
Zhaoqing Gaoyao Country Garden Phoenix Hotel Co., Ltd. 肇慶市高要碧桂園鳳凰酒店有限公司	31 December 2006	RMB 5,000,000	100%	Hotel operation
Taizhou Country Garden Property Development Co., Ltd. 泰州市碧桂園房地產開發有限公司	5 January 2007	RMB 548,300,000	100%	Property development
Shenyang Country Garden Property Development Co., Ltd. 瀋陽市碧桂園房地產開發有限公司	11 January 2007	RMB 1,350,000,000	100%	Property development
Lechang Country Garden Property Development Co., Ltd. 樂昌市碧桂園房地產開發有限公司	15 February 2007	RMB 124,800,000	100%	Property development

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38 PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

Name	Date of incorporation/ establishment	Nominal value of issued and fully paid share capital/ paid-in capital	Percentage of attributable equity interest	Principal activities
Shenyang Hunnan Xincheng Country Garden Property Development Co., Ltd. 瀋陽渾南新城碧桂園房地產開發有限公司	25 April 2007	RMB 1,540,000,000	100%	Property development
Shenyang Yidong Real Estate Co., Ltd 瀋陽伊東置業有限公司	25 April 2007	RMB 460,512,978	100%	Property development
Enping Country Garden Property Development Co., Ltd. 恩平市碧桂園房地產開發有限公司	28 April 2007	RMB 220,000,000	100%	Property development
Zhangjiajie Country Garden Property Development Co., Ltd. 張家界碧桂園置業有限公司	8 May 2007	RMB 330,000,000	100%	Property development
Huizhou Huiyang Country Garden Phoenix Hotel Co., Ltd 惠州市惠陽區碧桂園鳳凰酒店有限公司	9 May 2007	RMB 5,000,000	100%	Hotel operation
Anhui Hexian Country Garden Property Development Co., Ltd. 安徽和縣碧桂園房地產開發有限公司	15 May 2007	RMB 750,000,000	100%	Property development
Anhui Hexian Huarui Real Estate Co., Ltd 安徽和縣華瑞置業有限公司	15 May 2007	RMB 218,842,923	100%	Property development
Shenyang Shenbei Xincheng Yidong Real Estate Co., Ltd 瀋陽瀋北新城伊東置業有限公司	18 May 2007	RMB 750,000,000	100%	Property development
Tianjin Xinbi Investment Development Co., Ltd 天津新碧投資發展有限公司	25 May 2007	RMB 460,000,000	100%	Investment holding
Yangjiang Hengda Real Estate Co., Ltd 陽江市恒達置業有限公司	30 May 2007	RMB 75,965,094	100%	Property development

Notes to the Consolidated Financial Statements

38 PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

Name	Date of incorporation/ establishment	Nominal value of issued and fully paid share capital/ paid-in capital	Percentage of attributable equity interest	Principal activities
Shaoguan Country Garden Property Development Co., Ltd. 韶關市碧桂園房地產開發有限公司	5 June 2007	RMB 750,000,000	100%	Property development
Changsha Ningxiang Country Garden Property Development Co., Ltd. 長沙市寧鄉碧桂園房地產開發有限公司	5 June 2007	RMB 230,000,000	100%	Property development
Shaoguan Country Garden Phoenix Hotel Co., Ltd 韶關市碧桂園鳳凰酒店有限公司	5 June 2007	RMB 80,000,000	100%	Hotel operation
Anhui Zhongmiao Country Garden Property Development Co., Ltd. 安徽中廟碧桂園房地產開發有限公司	8 June 2007	RMB 420,000,000	100%	Property development
Anhui Hexian Country Garden Phoenix Hotel Co., Ltd 安徽和縣碧桂園鳳凰酒店有限公司	8 June 2007	RMB 200,000,000	100%	Hotel operation
Shanwei Country Garden Property Development Co., Ltd. 汕尾市碧桂園房地產開發有限公司	12 June 2007	RMB 100,000,000	100%	Property development
Sichuan Rongxin Investment Co., Ltd. 四川榮欣投資有限公司	14 June 2007	RMB 10,000,000	85%	Investment holding
Sihui Country Garden Phoenix Hotel Co., Ltd 四會市碧桂園鳳凰酒店有限公司	21 June 2007	RMB 29,996,827	100%	Hotel operation
Zhaoqing Sihui Huaping Real Estate Co., Ltd 肇慶四會華平置業有限公司	21 June 2007	RMB 216,167,341	100%	Property development
Sihui Country Garden Property Development Co., Ltd. 四會市碧桂園房地產開發有限公司	22 June 2007	RMB 150,045,599	100%	Property development

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38 PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

Name	Date of incorporation/ establishment	Nominal value of issued and fully paid share capital/ paid-in capital	Percentage of attributable equity interest	Principal activities
Wuhan Country Garden Property Development Co., Ltd. 武漢市碧桂園房地產開發有限公司	26 June 2007	RMB 97,091,000	100%	Property development
Wuhan Country Garden Phoenix Hotel Co., Ltd 武漢市碧桂園鳳凰酒店有限公司	26 June 2007	RMB 26,971,140	100%	Hotel operation
Shaoguan Country Garden Fujingwan Hotel Co., Ltd 韶關市碧桂園芙蓉灣酒店有限公司	28 June 2007	RMB 6,029,351	100%	Hotel operation
Keyou Qianqi Country Garden Property Development Co., Ltd. 科右前旗碧桂園房地產開發有限公司	29 July 2007	RMB 180,000,000	100%	Property development
Keyou Qianqi Country Garden Phoenix Hotel Co., Ltd 科右前旗碧桂園鳳凰酒店有限公司	29 July 2007	RMB 10,000,000	100%	Hotel operation
Chizhou Country Garden Property Development Co., Ltd. 池州市碧桂園房地產開發有限公司	30 July 2007	RMB 251,000,000	100%	Property development
Chizhou Country Garden Phoenix Hotel Co., Ltd 池州市碧桂園鳳凰酒店有限公司	30 July 2007	RMB 45,000,000	100%	Hotel operation
Chaohu Country Garden Le Phoenix Hotel Co., Ltd 巢湖碧桂園鳳城酒店有限公司	31 July 2007	RMB 20,000,000	100%	Hotel operation
Chongqing Country Garden Property Development Co., Ltd. 重慶市碧桂園房地產開發有限公司	3 August 2007	RMB 310,000,000	100%	Property development
Chongqing Country Garden Phoenix Hotel Co., Ltd 重慶市碧桂園鳳城酒店有限公司	3 August 2007	RMB 100,000,000	100%	Hotel operation

Notes to the Consolidated Financial Statements

38 PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

Name	Date of incorporation/ establishment	Nominal value of issued and fully paid share capital/ paid-in capital	Percentage of attributable equity interest	Principal activities
Xianning Country Garden Property Development Co., Ltd. 咸寧碧桂園房地產開發有限公司	8 August 2007	RMB 250,000,000	100%	Property development
Xianning Country Garden Hotsprings Hotel Co., Ltd 咸寧碧桂園溫泉酒店有限公司	8 August 2007	RMB 20,000,000	100%	Hotel operation
Yiyang Country Garden Property Development Co., Ltd. 益陽市碧桂園房地產開發有限公司	10 August 2007	RMB 150,000,000	100%	Property development
Yiyang Country Garden Phoenix Hotel Co., Ltd 益陽市碧桂園鳳凰酒店有限公司	10 August 2007	RMB 50,000,000	100%	Hotel operation
Lechang Country Garden Phoenix Hotel Co., Ltd 樂昌市碧桂園鳳凰酒店有限公司	17 August 2007	RMB 10,000,000	100%	Hotel operation
Shenyang Nanying Country Garden Hotel Co., Ltd 瀋陽南營碧桂園酒店有限公司	21 August 2007	RMB 8,044,487	100%	Hotel operation
Shenyang Binhe Country Garden Hotel Co., Ltd 瀋陽濱河碧桂園酒店有限公司	21 August 2007	RMB 34,003,688	100%	Hotel operation
Shenyang Huashan Country Garden Hotel Co., Ltd 瀋陽花山碧桂園酒店有限公司	27 August 2007	RMB 11,967,102	100%	Hotel operation
Shenyang Daoyi Country Garden Hotel Co., Ltd 瀋陽道義碧桂園酒店有限公司	27 August 2007	RMB 8,993,110	100%	Hotel operation
Haicheng Country Garden Property Development Co., Ltd. 海城市碧桂園房地產開發有限公司	30 August 2007	RMB 350,000,000	100%	Property development
Lufeng Country Garden Property Development Co., Ltd. 陸豐碧桂園房地產開發有限公司	30 August 2007	RMB 100,000,000	100%	Property development

Notes to the Consolidated Financial Statements

38 PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

Name	Date of incorporation/ establishment	Nominal value of issued and fully paid share capital/ paid-in capital	Percentage of attributable equity interest	Principal activities
Haicheng Country Garden Phoenix Hotel Co., Ltd 海城市碧桂園鳳凰酒店有限公司	30 August 2007	RMB 1,000,000	100%	Hotel operation
Suizhou Country Garden Phoenix Hotel Co., Ltd 隨州碧桂園鳳凰酒店有限公司	30 August 2007	RMB 40,000,000	100%	Hotel operation
Maoming Country Garden Property Development Co., Ltd. 茂名市碧桂園房地產開發有限公司	31 August 2007	RMB 350,000,000	100%	Property development
Suizhou Country Garden Property Development Co., Ltd. 隨州碧桂園房地產開發有限公司	31 August 2007	RMB 580,000,000	100%	Property development
Ningxiang Country Garden Phoenix Hotel Co., Ltd 寧鄉碧桂園鳳凰酒店有限公司	3 September 2007	RMB 20,000,000	100%	Hotel operation
Yangshan Country Garden Property Development Co., Ltd. 陽山碧桂園房地產開發有限公司	5 September 2007	RMB 130,000,000	100%	Property development
Chaohu Country Garden Phoenix Hotel Co., Ltd 巢湖碧桂園鳳凰酒店有限公司	7 September 2007	RMB 20,000,000	100%	Hotel operation
Manzhouli Country Garden Phoenix Hotel Co., Ltd 滿洲里碧桂園鳳凰酒店有限公司	19 September 2007	RMB 50,000,000	100%	Hotel operation
Anqing Country Garden Property Development Co., Ltd. 安慶碧桂園房地產開發有限公司	27 September 2007	RMB 740,000,000	100%	Property development
Anqing Country Garden Phoenix Hotel Co., Ltd 安慶碧桂園鳳凰酒店有限公司	29 September 2007	RMB 150,000,000	100%	Hotel operation

Notes to the Consolidated Financial Statements

38 PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

Name	Date of incorporation/ establishment	Nominal value of issued and fully paid share capital/ paid-in capital	Percentage of attributable equity interest	Principal activities
Huangshan Country Garden Property Development Co., Ltd. 黃山碧桂園房地產開發有限公司	30 September 2007	RMB 180,000,000	100%	Property development
Huangshan Country Garden Phoenix Hotel Co., Ltd 黃山碧桂園鳳凰酒店有限公司	30 September 2007	RMB 40,000,000	100%	Hotel operation
Shenyang Huiying Real Estate Co., Ltd 瀋陽匯盈置業有限公司	9 October 2007	RMB 358,416,054	100%	Property development
Shenyang Dedi Real Estate Co., Ltd 瀋陽德地置業有限公司	9 October 2007	RMB 369,851,683	100%	Property development
Tianjin Shunyin Greening Co., Ltd 天津市順茵綠化工程有限公司	10 October 2007	RMB 500,000	100%	Environmental protection
Tongliao Country Garden Property Development Co., Ltd. 通遼碧桂園房地產開發有限公司	15 October 2007	RMB 500,000,000	100%	Property development
Tongliao Country Garden Hotel Co., Ltd 通遼碧桂園酒店有限公司	15 October 2007	RMB 30,000,000	100%	Hotel operation
Wuhu Country Garden Property Development Co., Ltd. 蕪湖晉智房地產開發有限公司	5 November 2007	RMB 800,000,000	100%	Property development
Wuhu Country Garden Phoenix Hotel Co., Ltd 蕪湖碧桂園鳳凰酒店有限公司	5 November 2007	RMB 60,000,000	100%	Hotel operation
Guangzhou Country Garden Shuttle Bus Services Co., Ltd 廣州碧桂園樓巴服務有限公司	19 November 2007	RMB 5,000,000	100%	Transportation
Tianjin Deyu Investment Development Co., Ltd 天津德域投資發展有限公司	28 November 2007	RMB 10,000,000	100%	Investment holding

Notes to the Consolidated Financial Statements

38 PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

Name	Date of incorporation/ establishment	Nominal value of issued and fully paid share capital/ paid-in capital	Percentage of attributable equity interest	Principal activities
Liuyang Country Garden Property Development Co., Ltd. 瀏陽碧桂園房地產開發有限公司	4 December 2007	RMB 150,000,000	100%	Property development
Zhaoqing Deye Construction Co., Ltd. 肇慶德業建築有限公司	6 December 2007	RMB 2,999,172	100%	Construction
Zhaoqing Country Garden Furniture Co., Ltd 肇慶市碧桂園現代家居有限公司	12 December 2007	RMB 210,376,103	100%	Manufacturing of furniture
Shenyang Bifeng Greening Co., Ltd 瀋陽市碧豐綠化工程有限公司	25 December 2007	RMB 500,000	100%	Environmental protection
Sichuan Hongyu Real Estate Co., Ltd 四川弘毓實業發展有限公司	11 January 2008	RMB 15,110,000	85%	Property development
Huidong Country Garden Property Development Co., Ltd. 惠東碧桂園房地產開發有限公司	23 January 2008	RMB 450,000,000	100%	Property development
Taizhou Country Garden Phoenix Hotel Co., Ltd 泰州市碧桂園鳳凰酒店有限公司	19 February 2008	RMB 50,000,000	100%	Hotel operation
Guangdong Guosheng Project Management Co., Ltd. 廣東國晟建設監理有限公司	6 March 2008	RMB 3,000,000	100%	Construction
Yangchun Country Garden Property Development Co., Ltd. 陽春碧桂園房地產開發有限公司	13 March 2008	RMB 40,623	100%	Property development
Yangjiang Shun'an Construction Co., Ltd. 陽江市順安建築工程有限公司 (廣東國良建築工程有限公司)	13 March 2008	RMB 10,000,000	100%	Construction

Notes to the Consolidated Financial Statements

38 PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

Name	Date of incorporation/ establishment	Nominal value of issued and fully paid share capital/ paid-in capital	Percentage of attributable equity interest	Principal activities
Yangshan Country Garden Phoenix Hotel Co., Ltd 陽山碧桂園鳳凰酒店有限公司	30 April 2008	RMB 10,000,000	100%	Hotel operation
Foshan Shunde Biri Safeguard Monitor Engineering Co., Ltd 佛山市順德區碧日安防工程 有限公司	8 July 2008	RMB 8,000,000	100%	Safeguard Monitor
Suihua Country Garden Property Development Co., Ltd. 綏化碧桂園房地產開發 有限公司	17 July 2008	RMB 100,000,000	100%	Property development
Chaohu Zhongmiao Country Garden Water Service Co., Ltd 巢湖市中廟碧桂園水務 有限公司	19 August 2008	RMB 500,000	100%	Water Service
Jingmen Country Garden Property Development Co., Ltd. 荊門碧桂園房地產開發 有限公司	10 September 2008	RMB 130,000,000	100%	Property development
Jingmen Country Garden Phoenix Hotel Co., Ltd 荊門碧桂園鳳凰酒店有限公司	10 September 2008	RMB 5,000,000	100%	Hotel operation
Tianjin Balizhou Country Garden Phoenix Hotel Co., Ltd 天津八里洲碧桂園鳳凰酒店 有限公司	22 September 2008	RMB 5,000,000	100%	Hotel operation
Tianjin Balizhou Country Garden Property Development Co., Ltd. 天津八里洲碧桂園房地產開發 有限公司	25 September 2008	RMB 183,000,000	100%	Property development
Hexian Country Garden Water Service Co., Ltd 和縣碧桂園水務有限公司	9 October 2008	RMB 500,000	100%	Water Service
Foshan Shunde Bijing Electronics Technologic Co., Ltd 佛山市順德區碧晶電子科技 有限公司	19 November 2008	RMB 2,000,000	100%	Technologic development for household appliance

Notes to the Consolidated Financial Statements

38 PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

Name	Date of incorporation/ establishment	Nominal value of issued and fully paid share capital/ paid-in capital	Percentage of attributable equity interest	Principal activities
Qingyuan Zhuoyue Hongjian Real Estate Investment Co., LTD 清遠市卓越弘建置業投資有限公司	27 October 2009	RMB 130,000,000	100%	Property development
Shenyang Giant Leap Construction Co., Ltd 瀋陽騰越建築工程有限公司	10 December 2009	RMB 130,000,000	100%	Construction
Yunfu Country Garden Phoenix Hotel Co., Ltd. 雲浮市碧桂園鳳凰酒店有限公司	4 January 2010	RMB 10,000,000	100%	Hotel operation
Foshan Shunde Teng'an Fire Design Engineering Co., Ltd. 佛山市順德區騰安消防設計工程有限公司	6 January 2010	RMB 15,000,000	100%	Construction
Jiangmen Xinhui Country Garden Property Development Co., Ltd. 江門市新會區碧桂園房地產開發有限公司	12 January 2010	RMB 180,000,000	100%	Property development
Maoming Shuidongwan Country Garden Property Development Co., Ltd. 茂名市水東灣碧桂園房地產開發有限公司	20 January 2010	RMB 100,000,000	100%	Property development
Jiangmen Jianghai Country Garden Property Development Co., Ltd. 江門市江海區碧桂園房地產開發有限公司	13 January 2010	RMB 120,000,000	100%	Property development
Wuhan Country Garden Anhua Real Estate Co., Ltd. 武漢碧桂園聯發投資有限公司	21 January 2010	RMB 151,250,000	52%	Property development

Notes to the Consolidated Financial Statements

38 PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

Name	Date of incorporation/ establishment	Nominal value of issued and fully paid share capital/ paid-in capital	Percentage of attributable equity interest	Principal activities
Dongguan Shuntang Country Garden Property Development Co., Ltd. 東莞市順塘碧桂園房地產開發有限公司	24 December 2010	RMB 10,000,000	51%	Property development
Jurong Country Garden Property Development Co., Ltd. 句容碧桂園房地產開發有限公司	12 August 2010	RMB 1,493,244,337	100%	Property development
Chuzhou Country Garden Property Development Co., Ltd. 滁州碧桂園房地產開發有限公司	17 August 2010	RMB 250,000,000	100%	Property development
Fengkai Country Garden Property Development Co., Ltd. 封開碧桂園房地產開發有限公司	14 October 2010	RMB 10,000,000	100%	Property development
Haifeng Country Garden Property Development Co., Ltd. 海豐碧桂園房地產開發有限公司	26 October 2010	RMB 80,000,000	100%	Property development
Heshan Zhishan Country Garden Property Development Co., Ltd. 鶴山市址山碧桂園房地產開發有限公司	13 November 2010	RMB 250,000,000	80%	Property development
Heyuan Country Garden Property Development Co., Ltd. 河源市碧桂園房地產開發有限公司	7 December 2010	RMB 300,000,000	100%	Property development
Dongguan Country Garden Property Development Co., Ltd. 東莞市碧桂園房地產開發有限公司	25 September 2010	RMB 600,000,000	100%	Property development
Foshan Chancheng Country Garden Property Development Co., Ltd. 佛山市禪城區碧桂園房地產開發有限公司	13 November 2010	RMB 1,000,000,000	90%	Property development

Notes to the Consolidated Financial Statements

38 PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

Name	Date of incorporation/ establishment	Nominal value of issued and fully paid share capital/ paid-in capital	Percentage of attributable equity interest	Principal activities
Shenyang Qipanshan Country Garden Property Development Co., Ltd. 瀋陽市棋盤山碧桂園房地產開發有限公司	28 September 2010	RMB 176,134,163	100%	Property development
Wuhan eco-city Country Garden Investment Co., Ltd. 武漢生態城碧桂園投資有限公司	4 December 2010	RMB 500,000,000	55%	Property development
Kaiping Xinzhihe Property Development Co., Ltd. 開平市新智合房地產開發有限公司	6 November 2006	RMB 40,000,000	100%	Property development
Foshan Nanhai Shanshuitaoyuan Property Development Co., Ltd. 佛山市南海山水桃園房地產有限公司	22 March 2004	RMB 60,000,000	100%	Property development
Huajji Country Garden Property Development Co., Ltd. 懷集碧桂園房地產開發有限公司	2 November 2010	RMB 30,000,000	100%	Property development
Zhongshan Country Garden Property Development Co., Ltd. 中山市碧桂園房地產開發有限公司	28 October 2010	RMB 20,000,000	100%	Property development
Deqing Country Garden Property Development Co., Ltd. 德慶碧桂園房地產開發有限公司	24 November 2010	RMB 30,000,000	100%	Property development
Beiliu Property Development Co., Ltd. 北流市房地產開發有限公司	1 December 2010	RMB 50,000,000	100%	Property development
Laian Country Garden Property Development Co., Ltd. 來安碧桂園房地產開發有限公司	15 December 2010	RMB 50,000,000	100%	Property development
Yunfu Country Garden Property Development Co., Ltd. 雲浮市碧桂園房地產開發有限公司	18 December 2010	RMB 50,000,000	100%	Property development

Notes to the Consolidated Financial Statements

38 PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

Name	Date of incorporation/ establishment	Nominal value of issued and fully paid share capital/ paid-in capital	Percentage of attributable equity interest	Principal activities
Foshan Shunde Xinbi Trading Co., Ltd. 佛山市順德區新碧貿易有限公司	16 January 2010	RMB 200,000,000	100%	Trading
Shenyang Qipanshan Country Garden Hotel Co., Ltd. 瀋陽市棋盤山碧桂園酒店有限公司	27 November 2010	RMB 1,000,000	100%	Hotel operation
Foshan Shunde Longjiang Country Garden Phoenix Hotel Co., Ltd. 佛山市順德區龍江鎮碧桂園鳳凰酒店有限公司	11 November 2010	RMB 30,000,000	100%	Hotel operation
Fogang Huaxin Property Co., Ltd. 佛岡華欣置業有限公司	26 October 2010	RMB 52,818,000	100%	Decoration Afforestation Land consolidation
Qingyuan Holiday Islands Country Garden Property Development Co., Ltd. 清遠假日半島碧桂園置業發展有限公司	7 July 2010	RMB 120,000,000	100%	Property development
Hubei Lianzhi Country Garden Zhishanhu Property Development Co., Ltd. 湖北聯置碧桂園梓山湖房地產開發有限公司	29 December 2011	RMB 100,000,000	51%	Property development
Jiangmen Xinhui Daze Country Garden Property Development Co., Ltd. 江門市新會區大澤碧桂園房地產開發有限公司	2 December 2011	RMB 10,000,000	100%	Property development
Hubei Liantou Country Garden Investment Co., Ltd. 湖北聯投碧桂園投資有限公司	23 November 2011	RMB 100,000,000	51%	Property development
Xiangtan Country Garden Property Development Co., Ltd. 湘潭碧桂園房地產開發有限公司	12 January 2011	RMB 200,000,000	100%	Property development
Meizhou Country Garden Property Development Co., Ltd. 梅州市碧桂園房地產開發有限公司	4 January 2011	RMB 100,000,000	100%	Property development

Notes to the Consolidated Financial Statements

38 PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

Name	Date of incorporation/ establishment	Nominal value of issued and fully paid share capital/ paid-in capital	Percentage of attributable equity interest	Principal activities
Qingyuan Country Garden Xinya Property Development Co., Ltd 清遠碧桂園新亞房地產開發有限公司	25 January 2011	RMB 300,000,000	51%	Property development
Wuxi Country Garden Property Development Co., Ltd 無錫市碧桂園房地產開發有限公司	14 January 2011	RMB 50,000,000	100%	Property development
Guangzhou Shilou Country Garden Property Development Co., Ltd 廣州市石樓碧桂園物業發展有限公司	02 April 2011	RMB 10,000,000	100%	Property development
Hangzhou Country Garden Property Development Co., Ltd 杭州碧桂園房地產開發有限公司	01 April 2011	RMB 571,577,400	100%	Property development
Shenzhen Country Garden Property Development Co., Ltd 深圳碧桂園房地產開發有限公司	04 March 2011	RMB 20,000,000	70%	Property development
Dongguan Dexia Country Garden Property Development Co., Ltd 東莞市德廈碧桂園房地產開發有限公司	13 April 2011	RMB 10,000,000	100%	Property development
Yingde Country Garden Property Development Co., Ltd 英德市碧桂園房地產開發有限公司	28 April 2011	RMB 20,000,000	100%	Property development
Sihui Jianggu Country Garden Property Development Co., Ltd 四會市江谷碧桂園房地產開發有限公司	01 April 2011	RMB 20,000,000	100%	Property development
Kaiping Country Garden Property Development Co., Ltd 開平市碧桂園房地產開發有限公司	09 June 2011	RMB 300,000,000	100%	Property development

Notes to the Consolidated Financial Statements

38 PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

Name	Date of incorporation/ establishment	Nominal value of issued and fully paid share capital/ paid-in capital	Percentage of attributable equity interest	Principal activities
Meizhou Shejiang Country Garden Property Development Co., Ltd 梅州畚江碧桂園房地產開發有限公司	04 July 2011	RMB 50,000,000	100%	Property development
Chenzhou Country Garden Property Development Co., Ltd 郴州碧桂園房地產開發有限公司	07 July 2011	RMB 100,000,000	100%	Property development
Guangdong Wanbo Decoration & Design Enterprise 廣東萬博裝飾工程有限公司	17 June 2011	RMB 10,000,000	55%	Decoration
Hainan Wenchang Country Garden Property Development Co., Ltd 海南文昌碧桂園房地產開發有限公司	17 January 1994	RMB 50,000,000	100%	Property development
Tianjing Binhai New District Country Garden Property Development Co., Ltd 天津濱海新區碧桂園房地產開發有限公司	19 October 2011	RMB 30,000,000	100%	Property development
Zhangqiu Country Garden Property Development Co., Ltd 章丘市碧桂園房地產開發有限公司	17 August 2011	RMB 100,000,000	100%	Property development

- ¹ The directors of the Company are of the opinion that the Group has the power to govern the financial and operating policies of Huanan Property Development, therefore, it is regarded as a subsidiary of the Group.

The English names of the PRC companies referred to above in this note represent management's best efforts in translating the Chinese names of those companies as no English names haven been registered or available

Financial Summary

CONSOLIDATED RESULTS

	Year ended 31 December				
	2007 RMB'000	2008 RMB'000	2009 RMB'000	2010 RMB'000	2011 RMB'000
Revenue	17,735,011	15,712,790	17,585,704	25,804,105	34,748,305
Profit before income tax	6,810,882	3,261,325	3,385,938	6,719,785	9,606,735
income tax expense	(2,607,141)	(1,846,310)	(1,149,807)	(2,402,011)	(3,768,582)
Profit for the year	4,203,741	1,415,015	2,236,131	4,317,774	5,838,153
Attributable to:					
Owners of the Company	4,135,908	1,378,207	2,190,199	4,290,578	5,813,180
Non-controlling interests	67,833	36,808	45,932	27,196	24,973
	4,203,741	1,415,015	2,236,131	4,317,774	5,838,153
Earnings per Share					
Basic	26.63 cents	8.45 cents	13.41 cents	25.89 cents	35.00 cents

CONSOLIDATED ASSETS, EQUITY AND LIABILITIES

	As of 31 December				
	2007 RMB'000	2008 RMB'000	2009 RMB'000	2010 RMB'000	2011 RMB'000
ASSETS					
Non-current assets	14,088,504	15,672,621	21,263,208	25,420,162	37,581,273
Current assets	24,545,511	34,442,439	42,676,580	56,661,085	69,729,152
Total assets	38,634,015	50,115,060	63,939,788	82,081,247	107,310,425
EQUITY AND LIABILITIES					
Total equity	19,399,120	19,380,669	21,540,922	25,418,075	30,067,264
Non-current liabilities	4,394,187	10,602,458	16,000,254	14,332,323	23,471,559
Current liabilities	14,840,708	20,131,933	26,398,612	42,330,849	53,771,602
Total liabilities	19,234,895	30,734,391	42,398,866	56,663,172	77,243,161
Total equity and liabilities	38,634,015	50,115,060	63,939,788	82,081,247	107,310,425

Corporate Information

DIRECTORS

Executive Directors

Mr. YEUNG Kwok Keung (*Chairman*)
Mr. MO Bin
Ms. YANG Huiyan
Ms. YANG Ziyang
Mr. YANG Erzhu
Mr. SU Rubo
Mr. ZHANG Yaoyuan
Mr. OU Xueming
Mr. YANG Zhicheng
Mr. YANG Yongchao

Independent Non-executive Directors

Mr. LAI Ming, Joseph
Mr. SHEK Lai Him, Abraham
Mr. TONG Wui Tung, Ronald

CHIEF FINANCIAL OFFICER

Ms. NG Yi Kum, Estella

COMPANY SECRETARY

Mr. HUEN Po Wah

AUTHORIZED REPRESENTATIVES

Ms. YANG Huiyan
Mr. MO Bin
Ms. NG Yi Kum, Estella (alternate to Ms. YANG Huiyan)
Ms. NG Chi Man (alternate to Mr. MO Bin)

AUDIT COMMITTEE

Mr. LAI Ming, Joseph (*Chairman*)
Mr. SHEK Lai Him, Abraham
Mr. TONG Wui Tung, Ronald

REMUNERATION COMMITTEE

Mr. YEUNG Kwok Keung (*Chairman*)
Mr. MO Bin
Mr. LAI Ming, Joseph
Mr. SHEK Lai Him, Abraham
Mr. TONG Wui Tung, Ronald

REGISTERED OFFICE

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

PRINCIPAL PLACE OF BUSINESS IN THE PEOPLE'S REPUBLIC OF CHINA

Shunde Country Garden
Beijiao Town
Shunde District
Foshan
Guangdong 528312
PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Rooms 901-904
9/F Manulife Provident Funds Place
345 Nathan Road
Kowloon
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Butterfield Fund Services (Cayman) Limited
Butterfield House
68 Fort Street
George Town
Grand Cayman
KY1-1107
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
26/F, Tesbury Centre
28 Queen's Road East
Wanchai
Hong Kong

Corporate Information

PRINCIPAL BANKERS

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

AUDITOR

PricewaterhouseCoopers

LEGAL ADVISORS

As to Hong Kong law:

Woo Kwan Lee & Lo
lu, Lai & Li

As to PRC law:

Jingtian & Gongcheng

STOCK CODE

The Stock Exchange of Hong Kong Limited
Stock Code: 2007

WEBSITE

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



