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Longfor Properties Co. Ltd.
龍湖地產有限公司

(於開曼群島註冊成立的有限公司)

(股份代號：960)

海外監管公佈

本海外監管公佈乃根據香港聯合交易所有限公司(「聯交所」)證券上市規則(「上市規則」)第13.09(2)條的規定刊發。茲提述龍湖地產有限公司(「本公司」)於二零一二年十月十一日刊發關於票據發行的公佈(「票據發行公佈」)。除另行界定外，本文所採用的所有詞彙均具有票據發行公佈所界定的相同涵義。請參閱隨附關於票據的發售備忘錄(「發售備忘錄」)，該發售備忘錄已於二零一二年十月十九日於新加坡證券交易所有限公司的網站發佈。

發售備忘錄在聯交所的網站公佈只是為了便於向香港的投資者進行同等的資訊傳達，並遵守上市規則第13.09(2)條的規定，此外並無任何其他目的。

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承董事會命
龍湖地產有限公司
主席
吳亞軍

香港，二零一二年十月十九日

於本公佈刊發日期，董事會包括十名成員：執行董事吳亞軍女士、邵明曉先生、周德康先生、秦力洪先生、馮勁義先生及韋華寧先生；獨立非執行董事Frederick Peter Churchouse先生、陳志安先生、項兵先生及曾鳴博士。

IMPORTANT NOTICE

THIS OFFERING IS AVAILABLE ONLY TO INVESTORS WHO ARE NON-U.S. PERSONS OUTSIDE OF THE U.S.

IMPORTANT: You must read the following before continuing. The following applies to this offering memorandum following this page, and you are therefore advised to read this carefully before reading, accessing or making any other use of this offering memorandum. In accessing the offering memorandum, you agree to be bound by the following terms and conditions, including any modifications to them any time you receive any information from us as a result of such access.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION AND THE SECURITIES MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT), EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.

THE FOLLOWING OFFERING MEMORANDUM MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORIZED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS. IF YOU HAVE GAINED ACCESS TO THIS TRANSMISSION CONTRARY TO ANY OF THE FOREGOING RESTRICTIONS, YOU ARE NOT AUTHORIZED AND WILL NOT BE ABLE TO PURCHASE ANY OF THE SECURITIES DESCRIBED HEREIN.

Confirmation and your representation: In order to be eligible to view this offering memorandum or make an investment decision with respect to the securities, investors must be non-U.S. persons (as defined in Regulation S under the Securities Act) outside the United States. By accepting the e-mail and accessing this offering memorandum, you shall be deemed to have represented to us that (1) you and any customers you represent are non-U.S. persons outside the United States and that the e-mail address that you gave us and to which this e-mail has been delivered is not located in the United States and (2) that you consent to delivery of such offering memorandum by electronic transmission.

Within the United Kingdom, the offering memorandum is being directed solely at and may only be communicated to persons: who (i) fall within Article 19(5) or Article 49(2)(a)-(d) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, (ii) are outside the United Kingdom, or (iii) are persons to whom an invitation or inducement to engage in an investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000) in connection with the issue or sale of any securities may otherwise be lawfully communicated or caused to be communicated (all such persons collectively being referred to as "Relevant Persons"). The offering memorandum is directed only at Relevant Persons and must not be acted on or relied on by persons who are not Relevant Persons. Any investment or investment activity to which this offering memorandum relates is available only to Relevant Persons and will be engaged in only with Relevant Persons. The offering memorandum and its contents are confidential and should not be distributed, published or reproduced (in whole or in part) or disclosed by recipients to any other person. Any person who is not a Relevant Person should not act or rely on the offering memorandum or any of its contents. You are reminded that this offering memorandum has been delivered to you on the basis that you are a person into whose possession this offering memorandum may be lawfully delivered in accordance with the laws of jurisdiction in which you are located and you may not, nor are you authorized to, deliver or disclose the contents of this offering memorandum to any other person.

The materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the initial purchasers or any affiliate of the initial purchasers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the initial purchasers or such affiliate on behalf of the issuer in such jurisdiction.

This offering memorandum has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently, none of The Hongkong and Shanghai Banking Corporation Limited, Standard Chartered Bank, Barclays Bank PLC, Deutsche Bank AG, Singapore Branch and Morgan Stanley & Co. International plc, as Joint Bookrunners and Joint Lead Managers (collectively, the "Joint Bookrunners"), or any person who controls any of them or any director, officer, employee or agent of any of them or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the offering memorandum distributed to you in electronic format and the hard copy version available to you on request from the Joint Bookrunners.

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US\$400,000,000



Longfor Properties Co. Ltd.
龍湖地產有限公司

(Incorporated in the Cayman Islands with limited liability)

6.875% Senior Notes due 2019

Issue Price: 100%

plus, in each case, accrued interest, if any, from the issue date

Our 6.875% Senior Notes due 2019 (the “Notes”) will bear interest from October 18, 2012 at 6.875% per annum payable semiannually in arrears on April 18 and October 18 of each year, beginning April 18, 2013. The Notes will mature on October 18, 2019.

The Notes are unsecured, senior obligations of Longfor Properties Co. Ltd. (the “Company”), guaranteed by certain of our existing subsidiaries (the “Subsidiary Guarantors”), other than those organized under the laws of the PRC. We refer to the guarantees by the Subsidiary Guarantors as Subsidiary Guarantees. Under certain circumstances and subject to certain conditions, a Subsidiary Guarantee required to be provided by a subsidiary of the Company may be replaced by a limited-recourse guarantee (the “JV Subsidiary Guarantee”). We refer to the subsidiaries providing a JV Subsidiary Guarantee as JV Subsidiary Guarantors.

We may at our option redeem the Notes, in whole or in part, at any time and from time to time on or after October 18, 2016, at the redemption prices set forth in this offering memorandum plus accrued and unpaid interest, if any, to the redemption date. At any time and from time to time prior to October 18, 2016, we may redeem up to 35% of the Notes, at a redemption price of 106.875% of the principal amount, plus accrued and unpaid interest, if any, in each case, using the net cash proceeds from sales of certain kinds of capital stock. In addition, we may redeem the Notes at any time, in whole but not in part, at a price equal to 100% of the principal amount of such Notes plus (i) accrued and unpaid interest (if any) to the redemption date and (ii) a premium as set forth in this offering memorandum. Upon the occurrence of a Change of Control Triggering Event (as defined in the indenture governing the Notes (the “Indenture”)), we must make an offer to repurchase all Notes outstanding at a purchase price equal to 101% of their principal amount, plus accrued and unpaid interest, if any, to the date of repurchase.

The Notes will be (1) senior in right of payment to any existing and future obligations of the Company expressly subordinated in right of payment to the Notes, (2) at least *pari passu* in right of payment against the Company with all other unsecured, unsubordinated Indebtedness of the Company (subject to any priority rights of such unsubordinated Indebtedness pursuant to applicable law), (3) effectively subordinated to the other secured obligations of the Company, the Subsidiary Guarantors and the JV Subsidiary Guarantors (if any), to the extent of the value of the assets serving as security therefor, and (4) effectively subordinated to all existing and future obligations of the Non-Guarantor Subsidiaries (as defined herein). In addition, applicable law may limit the enforceability of the Subsidiary Guarantees and the JV Subsidiary Guarantees (if any). See “Risk Factors — Risks Relating to the Subsidiary Guarantees and the JV Subsidiary Guarantees.”

For a more detailed description of the Notes, see the section entitled “Description of the Notes” beginning on page 214.

Investing in the Notes involves risks. See the section entitled “Risk Factors” beginning on page 16.

Approval in-principle has been received for the listing and quotation of the Notes on the Official List of the Singapore Exchange Securities Trading Limited (the “SGX-ST”). The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained herein. Admission to the Official List of the SGX-ST or quotation of any Notes on the SGX-ST is not to be taken as an indication of the merits of the Company, the Subsidiary Guarantors, the JV Subsidiary Guarantors (if any) or any other subsidiary or associated company of the Company, the Notes, the Subsidiary Guarantees or the JV Subsidiary Guarantees.

The Notes, the Subsidiary Guarantees and the JV Subsidiary Guarantees (if any) have not been and will not be registered under the United States Securities Act of 1933, as amended (the “Securities Act”), and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Notes are being offered and sold only outside the United States to non-U.S. persons (as defined in Regulation S under the Securities Act) in offshore transactions in compliance with Regulation S under the Securities Act (“Regulation S”). For a description of certain restrictions on resale or transfer, see the section entitled “Transfer Restrictions” beginning on page 286.

It is expected that the delivery of the Notes will be made through the facilities of Euroclear Bank S.A./N.V. (“Euroclear”) and Clearstream Banking, société anonyme (“Clearstream”), on or about October 18, 2012 against payment therefor in immediately available funds.

Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers

HSBC

Standard Chartered Bank

Joint Bookrunners and Joint Lead Managers

Barclays

Deutsche Bank

Morgan Stanley

The date of this offering memorandum is October 11, 2012.

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This offering memorandum does not constitute an offer to sell to, or a solicitation of an offer to buy from, any person in any jurisdiction to whom it is unlawful to make the offer or solicitation in such jurisdiction. Neither the delivery of this offering memorandum nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in our affairs since the date of this offering memorandum or that the information contained in this offering memorandum is correct as of any time after that date.

This offering memorandum is not a prospectus for the purposes of the European Union’s Directive 2003/71/EC (and any amendments thereto) as implemented in member states of the European Economic Area (the “EEA”) (the “EU Prospectus Directive”). This offering memorandum has been prepared on the basis that all offers of the Notes will be made pursuant to an exemption under the EU Prospectus Directive from the requirement to produce a prospectus in connection with offers of the Notes.

IN CONNECTION WITH THIS OFFERING, THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED, AS STABILIZING MANAGER, OR ANY PERSON ACTING FOR IT, MAY PURCHASE AND SELL THE NOTES IN THE OPEN MARKET. THESE TRANSACTIONS MAY, TO THE EXTENT PERMITTED BY APPLICABLE LAWS AND REGULATIONS, INCLUDE SHORT SALES, STABILIZING TRANSACTIONS AND PURCHASES TO COVER POSITIONS CREATED BY SHORT SALES. THESE ACTIVITIES MAY STABILIZE, MAINTAIN OR OTHERWISE AFFECT THE MARKET PRICE OF THE NOTES. AS A RESULT, THE PRICE OF THE NOTES MAY BE HIGHER THAN THE PRICE THAT OTHERWISE MIGHT EXIST IN THE OPEN MARKET. IF THESE ACTIVITIES ARE COMMENCED, THEY MAY BE

DISCONTINUED AT ANY TIME AND MUST IN ANY EVENT BE BROUGHT TO AN END AFTER A LIMITED TIME THAT IS NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE OF THE NOTES AND 60 DAYS AFTER THE DATE OF ALLOTMENT OF THE NOTES.

We, having made all reasonable inquiries, confirm that: (i) this offering memorandum contains all information with respect to us, our subsidiaries and affiliates referred to in this offering memorandum and the Notes, the Subsidiary Guarantees and the JV Subsidiary Guarantees (if any) that is material in the context of the issue and offering of the Notes; (ii) the statements contained in this offering memorandum relating to us and our subsidiaries and our affiliates are in every material respect true and accurate and not misleading; (iii) the opinions and intentions expressed in this offering memorandum with regard to us and our subsidiaries and affiliates are honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions; (iv) there are no other facts in relation to us, our subsidiaries and affiliates, the Notes, the Subsidiary Guarantees and the JV Subsidiary Guarantees (if any), the omission of which would, in the context of the issue and offering of the Notes, make this offering memorandum, as a whole, misleading in any material respect; and (v) we have made all reasonable enquiries to ascertain such facts and to verify the accuracy of all such information and statements. We accept responsibility accordingly.

This offering memorandum is highly confidential. We are providing it solely for the purpose of enabling you to consider a purchase of the Notes. You should read this offering memorandum before making a decision whether to purchase the Notes. You must not use this offering memorandum for any other purpose, or disclose any information in this offering memorandum to any other person.

We have prepared this offering memorandum, and we are solely responsible for its contents. You are responsible for making your own examination of us and your own assessment of the merits and risks of investing in the Notes. By purchasing the Notes, you will be deemed to have acknowledged that you have made certain acknowledgements, representations and agreements as set forth under the section entitled "Transfer Restrictions" below.

No representation or warranty, express or implied, is made by the Initial Purchasers or the Trustee or any of their respective affiliates or advisors as to the accuracy or completeness of the information set forth herein, and nothing contained in this offering memorandum is, or should be relied upon as, a promise or representation, whether as to the past or the future.

Each person receiving this offering memorandum acknowledges that: (i) such person has been afforded an opportunity to request from us and to review, and has received, all additional information considered by it to be necessary to verify the accuracy of, or to supplement, the information contained herein; (ii) such person has not relied on the Initial Purchasers or the Trustee or any person affiliated with the Initial Purchasers or the Trustee in connection with any investigation of the accuracy of such information or its investment decision; and (iii) no person has been authorized to give any information or to make any representation concerning us, our subsidiaries and affiliates, the Notes, the Subsidiary Guarantees or the JV Subsidiary Guarantees (other than as contained herein and information given by our duly authorized officers and employees in connection with investors' examination of us and the terms of the offering of the Notes) and, if given or made, any such other information or representation should not be relied upon as having been authorized by us, the Initial Purchasers or the Trustee.

We are not, and the Initial Purchasers are not, making an offer to sell the Notes, including the Subsidiary Guarantees and the JV Subsidiary Guarantees (if any), in any jurisdiction except where an offer or sale is permitted. The distribution of this offering memorandum and the offering of the Notes, including the Subsidiary Guarantees and the JV Subsidiary Guarantees (if any), may in certain jurisdictions be restricted by law. Persons into whose possession this offering memorandum comes are required by us and the Initial Purchasers to inform themselves about and

to observe any such restrictions. For a description of the restrictions on offers, sales and resales of the Notes, including the Subsidiary Guarantees and the JV Subsidiary Guarantees (if any), and distribution of this offering memorandum, see the sections entitled “Transfer Restrictions” and “Plan of Distribution” below.

This offering memorandum summarizes certain material documents and other information, and we refer you to them for a more complete understanding of what we discuss in this offering memorandum. In making an investment decision, you must rely on your own examination of us and the terms of the offering, including the merits and risks involved. We are not making any representation to you regarding the legality of an investment in the Notes by you under any legal, investment or similar laws or regulations. You should not consider any information in this offering memorandum to be legal, business or tax advice. You should consult your own professional advisors for legal, business, tax and other advice regarding an investment in the Notes.

We reserve the right to withdraw the offering of the Notes at any time, and the Initial Purchasers reserve the right to reject any commitment to subscribe for the Notes in whole or in part and to allot to any prospective purchaser less than the full amount of purchase of the Notes sought by such purchaser. The Initial Purchasers and certain related entities may acquire for their own account a portion of the Notes.

CERTAIN DEFINITIONS, CONVENTIONS AND CURRENCY PRESENTATION

We have prepared this offering memorandum using a number of conventions, which you should consider when reading the information contained herein. When we use the terms “we,” “us,” “our,” the “Company” and words of similar import, we are referring to Longfor Property Co. Ltd. itself, or to Longfor Property Co. Ltd. and its consolidated subsidiaries, as the context requires.

Market data, industry forecast and PRC and property industry statistics in this offering memorandum have been obtained from both public and private sources, including market research, publicly available information and industry publications. Although we believe this information to be reliable, it has not been independently verified by us or the Initial Purchasers or their respective directors and advisors, and neither we, the Initial Purchasers nor our or their respective directors and advisors make any representation as to the accuracy or completeness of that information. In addition, third-party information providers may have obtained information from market participants and such information may not have been independently verified. Due to possibly inconsistent collection methods and other problems, such statistics herein may be inaccurate. You should not unduly rely on such market data, industry forecast and PRC and property industry statistics.

In this offering memorandum, all references to “US\$” and “U.S. dollars” are to United States dollars, the official currency of the United States of America, or the United States or U.S.; all references to “HK\$” and “H.K. dollars” are to Hong Kong dollars, the official currency of the Hong Kong Special Administrative Region of the PRC, or Hong Kong; and all references to “RMB” or “Renminbi” are to Renminbi, the official currency of the People’s Republic of China, or China or the PRC. In this offering memorandum, all references to “2011 Notes” are to the 9.5% senior notes due 2016 in the aggregate principal amount of US\$750 million issued by us on April 7, 2011.

We record and publish our financial statements in Renminbi. Unless otherwise stated in this offering memorandum, all translations from Renminbi amounts to U.S. dollars were made at the rate of RMB6.3530 to US\$1.00, the noon buying rate in New York City for cable transfers payable in Renminbi as certified for customs purposes by the Federal Reserve Bank of New York on June 29, 2012, and all translations from H.K. dollars into U.S. dollars were made at the rate of HK\$7.7572 to US\$1.00, the noon buying rate in New York City for cable transfers payable in H.K. dollars as certified for customs purposes by the Federal Reserve Bank of New York on

June 29, 2012. All such translations in this offering memorandum are provided solely for your convenience and no representation is made that the Renminbi amounts referred to herein have been, could have been or could be converted into U.S. dollars or H.K. dollars, or vice versa, at any particular rate or at all. For further information relating to the exchange rates, see the section entitled “Exchange Rate Information.”

References to “PRC” and “China,” for the statistical purposes of this offering memorandum, except where the context otherwise requires, do not include Hong Kong, Macau Special Administrative Region of the PRC, or Macau, or Taiwan. “PRC government” or “State” means the central government of the PRC, including all political subdivisions (including provincial, municipal and other regional or local governments) and instrumentalities thereof, or, where the context requires, any of them.

References to “Pan Bohai Rim” mean the provinces of Liaoning, Shandong and Hebei of the PRC and the municipalities of Beijing and Tianjin of the PRC. References to “Southern China” mean the provinces of Fujian and Guangdong of the PRC. References to “Western China” mean the provinces of Yunnan, Sichuan and Shaanxi of the PRC and the municipality of Chongqing of the PRC. References to “Yangtze River Delta” mean the provinces of Jiangsu and Zhejiang of the PRC and the municipality of Shanghai of the PRC.

A property is considered sold after we have executed the purchase contract with a customer and have delivered the property to the customer. All site area and gross floor area, or GFA, information presented in this offering memorandum represent the site area and GFA of the entire project, including that attributable to the minority shareholders of our non-wholly owned project companies.

In this offering memorandum, unless the context otherwise requires, all references to “affiliate” are to a person or entity directly or indirectly controlled by, or under the direct or indirect common control of, another person or entity; all references to “subsidiary” are used with the meaning ascribed to it in the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange, as amended, or the Listing Rules.

In this offering memorandum, a land grant contract refers to a state-owned land use rights grant contract (國有土地使用權出讓合同) between a developer and the relevant PRC governmental land administrative authorities, typically the local state-owned land bureaus.

In this offering memorandum, a land use rights certificate refers to a state-owned land use rights certificate (國有土地使用證) issued by a local real estate and land resources bureau with respect to the land use rights; a construction land planning permit refers to a construction land planning permit (建設用地規劃許可證) issued by local urban zoning and planning bureaus or equivalent authorities in China; a construction works planning permit refers to a construction works planning permit (建設工程規劃許可證) issued by local urban zoning and planning bureaus or equivalent authorities in China; a construction permit refers to a construction works commencement permit (建築工程施工許可證) issued by local construction committees or equivalent authorities in China; a pre-sale permit refers to a commodity property pre-sale permit (商品房預售許可證) issued by local housing and building administrative bureaus or equivalent authorities with respect to the pre-sale of relevant properties; a certificate of completion refers to a construction project planning inspection and clearance certificate (建設工程規劃驗收合格證) issued by local urban zoning and planning bureaus or equivalent authorities or equivalent certificate issued by relevant authorities in China with respect to the completion of property projects subsequent to their on-site examination and inspection; and a property ownership certificate refers to a property ownership and land use rights certificate (房地產權證) issued by a local real estate and land resources bureau with respect to the land use rights and the ownership rights of the buildings on the relevant land.

Totals presented in this offering memorandum may not total correctly because of rounding of numbers.

FORWARD-LOOKING STATEMENTS

This offering memorandum contains forward-looking statements that are, by their nature, subject to significant risks and uncertainties. These forward-looking statements include statements relating to:

- our business and operating strategies;
- our capital expenditure and property development plans;
- the amount and nature of, and potential for, future development of our business;
- our operations and business prospects;
- various business opportunities that we may pursue;
- the interpretation and implementation of the existing rules and regulations relating to land appreciation tax and its future changes in enactment, interpretation or enforcement;
- the prospective financial information regarding our businesses;
- availability and costs of bank loans and other forms of financing;
- our dividend policy;
- projects under development or planning;
- the regulatory environment of our industry in general;
- the performance and future developments of the property market in China or any region in China in which we may engage in property development;
- changes in political, economic, legal and social conditions in China, including the specific policies of the PRC central and local governments affecting the regions where we operate, which affect land supply, types of property projects, availability and cost of financing, presale, pricing, foreign investments in property development, and volume of our property development projects;
- significant delay in obtaining the various permits, proper legal titles or approvals for our properties under development or planning;
- timely repayments by our purchasers of mortgage loans guaranteed by us;
- changes in competitive conditions and our ability to compete under these conditions;
- the performance of the obligations and undertakings of the third-party contractors under various construction, building, interior decoration, material and equipment supply and installation contracts;
- changes in currency exchange control and rates; and
- other factors beyond our control.

In some cases, you can identify forward-looking statements by such terminology as “may,” “will,” “should,” “could,” “would,” “expect,” “intend,” “plan,” “anticipate,” “going forward,” “ought to,” “seek,” “project,” “forecast,” “believe,” “estimate,” “predict,” “potential” or “continue” or the negative of these terms or other comparable terminology. Such statements reflect the current views of our management with respect to future events, operations, results, liquidity and capital resources and are not guarantee of future performance, some of which may not materialize or may change. Although we believe that the expectations reflected in these forward-looking statements are reasonable, we cannot assure you that those expectations will prove to be correct, and you are cautioned not to place undue reliance on such statements. In addition, unanticipated events may adversely affect the actual results we achieve. Important factors that could cause actual results to differ materially from our expectations are disclosed under the section entitled “Risk Factors” in this offering memorandum. Except as required by law, we undertake no obligation to update or otherwise revise any forward looking statements contained in this offering memorandum, whether as a result of new information, future events or otherwise after the date of this offering memorandum. All forward-looking statements contained in this offering memorandum are qualified by reference to the cautionary statements set forth in this section.

ENFORCEABILITY OF CIVIL LIABILITIES

We are an exempted company incorporated in the Cayman Islands with limited liability, and each Subsidiary Guarantor is also incorporated outside the United States. The Cayman Islands has a different body of securities laws from the United States and protections for investors may differ. All of our assets and assets of the Subsidiary Guarantors are located outside the United States. In addition, all of our directors and officers and the Subsidiary Guarantors’ directors and officers are nationals or residents of countries other than the United States (principally in the PRC), and all or a substantial portion of such persons’ assets are located outside the United States. As a result, it may be difficult for investors to effect service of process within the United States upon us, any of the Subsidiary Guarantors or such persons or to enforce against us or any of the Subsidiary Guarantors or such persons judgments obtained in United States courts, including judgments predicated upon the civil liability provisions of the securities laws of the United States or any state thereof.

Conyers Dill & Pearman (Cayman) Limited, our counsel as to Cayman Islands laws, has advised us that the courts of the Cayman Islands would recognize as a valid judgment, a final and conclusive judgment *in personam* obtained in the federal or state courts in the United States against us under which a sum of money is payable (other than a sum of money payable in respect of multiple damages, taxes or other charges of a like nature or in respect of a fine or other penalty) or, in certain circumstances, an *in personam* judgment for non-monetary relief, and would give a judgment based thereon provided that: (a) such courts had proper jurisdiction over the parties subject to such judgment; (b) such courts did not contravene the rules of natural justice of the Cayman Islands; (c) such judgment was not obtained by fraud; (d) the enforcement of the judgment would not be contrary to the public policy of the Cayman Islands; (e) no new admissible evidence relevant to the action is submitted prior to the rendering of the judgment by the courts of the Cayman Islands; and (f) there is due compliance with the correct procedures under the laws of the Cayman Islands.

Conyers Dill & Pearman, our counsel as to British Virgin Islands laws, has advised us that the courts of the British Virgin Islands would recognise as a valid judgment, a final and conclusive judgment *in personam* obtained in the federal or state courts in the United States against us under which a sum of money is payable (other than a sum of money payable in respect of multiple damages, taxes or other charges of a like nature or in respect of a fine or other penalty) and would give a judgment based thereon provided that (a) such courts had proper jurisdiction over the parties subject to such judgment, (b) such courts did not contravene the rules of natural justice of the British Virgin Islands, (c) such judgment was not obtained by fraud, (d)

the enforcement of the judgment would not be contrary to the public policy of the British Virgin Islands, (e) no new admissible evidence relevant to the action is submitted prior to the rendering of the judgment by the courts of the British Virgin Islands and (f) there is due compliance with the correct procedures under the laws of the British Virgin Islands.

Chancery Chambers, our counsel as to Barbados laws, has advised us that any final *in personam* judgement for recovery of a definite sum of money (other than a judgement for taxes, a fine or other penalty) against us obtained in the federal or state courts in the United States having personal jurisdiction over the parties to the action and having jurisdiction over the subject matter of the action, and which is valid, conclusive and enforceable in such jurisdiction, will not automatically be enforceable in Barbados. Proceedings to enforce such a judgement must be initiated by way of common law action before a court of competent jurisdiction in Barbados. A Barbados court will normally order summary judgement on the basis that there is no defence to the claim for payment without an investigation of the merits of the original action unless the court of Barbados to which such judgement is represented determines that (a) the judgement was not rendered under a system of due process of law; (b) the foreign court did not have personal jurisdiction over us; (c) the foreign court did not have jurisdiction over the subject matter; (d) we did not receive appropriate notice of the proceedings in sufficient time to enable it to defend; (e) the judgement was obtained by fraud; (f) the obligations upon which the judgement was obtained would have been subject to defence under the laws of Barbados; (g) the cause of action on which the judgement is based is repugnant to the public policy of Barbados; (h) the proceedings in the foreign court were contrary to an agreement between the parties under which the dispute in question was to be settled otherwise than by proceedings in that court; (i) the foreign court was a seriously inconvenient forum for the trial of the action; or (j) the judgement conflicts with another final and conclusive judgement.

We have been advised by Davis Polk & Wardwell, our Hong Kong legal adviser, that Hong Kong has no statutory or other arrangement for the reciprocal enforcement of judgments with the United States. Subject to the Foreign Judgments (Restriction on Recognition and Enforcement) Ordinance (Cap 46 of the Laws of Hong Kong) (the “FJO”), a judgment given by the courts of New York could form the basis of a claim in the Hong Kong courts in respect of the judgment debt for which an application for summary judgment could be made if:

- (a) recognition and/or enforcement of the judgment is not restricted by operation of the provisions of the FJO;
- (b) the judgment was not obtained by fraud, misrepresentation or mistake nor obtained in proceedings which contravene the rules of natural justice;
- (c) enforcement of the judgment would not be contrary to public policy in Hong Kong;
- (d) the relevant court in New York had jurisdiction in accordance with the Hong Kong rules on the conflict of laws;
- (e) the judgment is for a definite sum of money which is not payable in respect of taxes or other charges of a similar nature or in respect of a fine or other penalty; and
- (f) the judgment is final and conclusive between the parties, but if it is capable of being appealed or an appeal is pending, the proceedings in Hong Kong are likely to be stayed by the courts of Hong Kong pending any such appeal being heard.

Further, we have been advised by our PRC legal counsel, Commerce & Finance Law Offices, that there is uncertainty as to whether the courts of the PRC would (a) enforce judgments of the U.S. courts obtained against us or our directors and officers predicated upon the civil liability

provisions of the federal securities laws of the United States or the securities laws of any state or territory within the United States or (b) entertain original actions brought in the courts of the PRC, against us or our directors and officers predicated upon the federal securities laws of the United States or the securities laws of any state or territory within the United States.

PRESENTATION OF FINANCIAL INFORMATION

Our financial statements are prepared in accordance with International Financial Reporting Standards (“IFRS”).

SUMMARY

This summary does not contain all the information that may be important to you in deciding to invest in the Notes. You should read the entire offering memorandum, including the section entitled “Risk Factors” and our consolidated financial statements and related notes thereto, before making an investment decision.

Overview

We are a national leader in China’s real estate market engaged in property development, investment and management across the country with strong presence in Western China, the Pan Bohai Rim and the Yangtze River Delta, and a growing presence in Southern China. For the six months ended June 30, 2012, we ranked eighth among all PRC real estate developers with contract sales of RMB17.5 billion (US\$2.8 billion)*. As of June 30, 2012, we had 69 projects in 15 different cities under development or planning with a total land bank of approximately 35.0 million sq.m. in GFA. We have a wide product spectrum and a broad customer base. We offer residences for the mass market, the middle class and the affluent, and our residential property development projects cover a wide range of middle- to high-end products, including high-rise apartment buildings, low-rise garden apartments, townhouses and luxury stand-alone houses. We have also built various middle- to large-scale shopping malls and other investment properties. Our aim is to become one of the most respected and trusted national market leaders in the property industry in China.

Our business originated in Chongqing, the largest and most populous municipality in Western China, in 1994. Under our “Multiple Products, Selected Regional Focus and Compounding Profit” strategy, we first expanded our business into the Pan Bohai Rim, the Yangtze River Delta and then Southern China. In 2005, we established our presence in Beijing, China’s capital and the top-tier city of the Pan Bohai Rim. In 2007, we expanded into Shanghai, the top-tier city of the Yangtze River Delta. In 2012, we expanded into Xiamen, one of the most populous cities in Southern China. Within each of these geographical regions, we have strategically aimed to initially capture the region’s top-tier city, which we believe to be of strategic significance to establish our national presence, and then leveraged our success in that city to expand into the next-tier cities. In Western China, leveraging our success in Chongqing, we subsequently expanded into Chengdu in 2005, Xi’an in 2007 and Yuxi in 2010. In the Pan Bohai Rim, we entered into Shenyang and Qingdao in 2009, as well as Dalian and Yantai in 2010. In the Yangtze River Delta, we expanded our presence to Wuxi, Changzhou and Hangzhou in 2009 and Ningbo in 2011. We chose Xiamen, one of the most populous cities in Southern China, to expand our presence into the region in 2012.

We have established strong market positions in our strategically focused regions. We are the market leader in Chongqing and ranked first in terms of both contract sales and GFA sold from 2005 to 2011 and through the six months ended June 30, 2012*. We are also a leading player in Chengdu, the capital city of Sichuan province, the most populous province in Western China. In Chengdu, we ranked eighth in terms of contract sales in the six months ended June 30, 2012*. In the Beijing residential property market, we ranked third in terms of contract sales in 2011*. We also achieved considerable success in various other regions across China. We ranked first in Yantai, second in Changzhou, sixth in Qingdao, sixth in Xi’an, eighth in Wuxi and tenth in Hangzhou, respectively, in terms of contract sales for the six months ended June 30, 2012*.

In 2009, 2010 and 2011 and the six months ended June 30, 2012, we entered into sales contracts for our property development projects (including those undertaken by our jointly controlled entities) with an aggregate contract value of approximately RMB18.4 billion, RMB33.3 billion, RMB38.3 billion and RMB17.5 billion (US\$2.8 billion), respectively. We believe that our

* Source: China Real Estate Information Corporation, or CRIC.

strategic geographic expansion from Western China to the Pan Bohai Rim, the Yangtze River Delta and Southern China, together with organic growth of our business in cities in which we have already established a presence, have contributed to our overall growth in contract sales and reduced the geographic concentration of our business. As a percentage of our total contract sales, our contract sales from Western China decreased from 53.6% in 2009 to 51.7% in the six months ended June 30, 2012, and our contract sales from the Pan Bohai Rim decreased from 33.2% to 25.1% during the same period, while contract sales from the Yangtze River Delta increased from 13.2% to 23.2% during the same period. Our revenue from property investment increased from RMB198.0 million in 2009 to RMB402.2 million in 2011 at a CAGR of 42.5% and increased by 34.8% from RMB168.2 million in the six months ended June 30, 2011 to RMB226.7 million (US\$35.7 million) in the same period in 2012.

As of June 30, 2012, we had total completed GFA remaining unsold of 1,173,489 sq.m. from 29 projects, of which 19 were development properties and 10 were investment properties. As of the same date, our total GFA under development or planning was 35,028,973 sq.m., covering 69 projects, of which 58 were development properties and 11 were investment properties. For further information regarding the GFA breakdown of our portfolio of projects under various stages of development, see “Business — Our Business — Overview of Our Land Bank and Our Completed Projects.” The following table provides a summary of our GFA by city as of June 30, 2012:

CITIES	Completed GFA Remaining Unsold (sq.m.)	GFA Under Development (sq.m.)	GFA Under Planning (sq.m.)
Western China			
Chongqing	819,273	3,171,047	3,319,453
Chengdu	264,002	2,088,323	1,917,293
Xi'an	501	1,016,432	1,371,761
Yuxi	—	—	821,619
<i>Subtotal</i>	<i>1,083,776</i>	<i>6,275,802</i>	<i>7,430,126</i>
Pan Bohai Rim			
Beijing	13,160	971,681	546,685
Yantai	—	533,538	7,166,528
Dalian	—	—	669,724
Shenyang	33,579	522,694	2,590,937
Qingdao	2,517	519,949	549,186
<i>Subtotal</i>	<i>49,256</i>	<i>2,547,862</i>	<i>11,523,060</i>
Yangtze River Delta			
Shanghai	24,146	375,998	290,800
Wuxi	1,031	367,698	862,622
Changzhou	1,106	1,108,383	1,150,714
Hangzhou	14,175	577,940	963,392
Ningbo	—	495,171	529,675
<i>Subtotal</i>	<i>40,458</i>	<i>2,925,191</i>	<i>3,797,203</i>
Southern China			
Xiamen	—	—	529,730
<i>Subtotal</i>	<i>—</i>	<i>—</i>	<i>529,730</i>
Total GFA	<i>1,173,489</i>	<i>11,748,854</i>	<i>23,280,119</i>

We believe we enjoy brand and product recognition among certain regulators (such as those mentioned below), customers and suppliers. Over the past decade, we have received a multitude of recognition and awards, including the following:

- In 2012, we were named “Most Valuable Public Company in the Real Estate Industry in China” (中國最具價值地產上市企業) jointly by Bo’ao Forum Real Estate Committee and The Guandian Real Estate New Media. We were also named one of “The Best 50 Public Companies in Asia Pacific” by Forbes Magazine in 2012;
- In 2011, we were included in the top-ten lists for “The Best Real Estate Companies in China” (中國房地產開發企業10強) and “The Most Stable Real Estate Companies in China,” (中國房地產開發企業穩健經營10強) both jointly issued by The Real Estate Association of China, The Real Estate Research Committee of China and the Real Estate Evaluation Center of China;
- In 2010, our North Paradise Walk project in Chongqing was named “Best Landlord” in 2010 (together with CR Land’s Shenzhen Mixc City and Hang Lung Properties’ Shanghai Grand Gateway) by the China Shopping Center Development Association of Mall China (中國購物中心產業資訊中心和中購聯中國購物中心);
- For the years in which we were surveyed (2003, 2005, 2006 and 2009), we were consistently ranked number one in the “National Residential Customers’ Satisfaction Survey” (全國住宅用戶滿意度調查), a survey conducted by the China Association for Quality (中國質量協會). For instance, in 2006, we scored 92.3 points in user satisfaction and 89.5 points in customer loyalty, out of a total of 100 points, the highest among more than 20 property companies surveyed;
- In 2009, our King Land project in Chengdu was awarded the Gold Prize of the “Zhan Tianyou Prize for Excellent Residential Project Areas 2009” (2009中國土木工程詹天佑獎優秀住宅小區金獎) by the China Civil Engineering Society;
- In 2008, our “Longhu” (龍湖) brand name was accredited by the State Administration for Industry and Commerce as a “Well-known Trademark in China” (中國馳名商標);
- In 2007, our Crystal Town project in Chongqing was granted the “China Construction Project Luban Prize” (中國建築工程魯班獎), a prize given in recognition of the highest quality of construction work, by the Ministry of Construction and the Architecture Association of China (中國建築業協會);
- In 2007, we were recognized as one of the “Top 500 in 2006 China Enterprise Information” (2006年度中國企業信息化500強) by the National Information Evaluation Center of the China Electronic Commerce Association (CECA國家信息化測評中心) (one of the only two real estate companies in China winning such recognition); and
- In 2004, our Chunsen Land project in Chongqing won the “Next LA Citation Award” by the American Institute of Architects, Los Angeles in connection with its design.

Aside from our contract sales, we have access to diversified funding channels, thereby enabling us to increase liquidity and optimize our financing capabilities. Within the PRC, we have formed relationships with major domestic banks including Agricultural Bank of China (“ABC”), China Construction Bank (“CCB”) and Industrial and Commercial Bank of China (“ICBC”). As of June 30, 2012, we had total credit facilities of approximately RMB47 billion (US\$7.4 billion) from a group of major PRC banks including CCB, ABC and ICBC, among which approximately RMB33 billion (US\$5.2 billion) were undrawn. In May 2009, our RMB1.4 billion corporate bond was listed on the Shanghai Stock Exchange, which was the only such issuance approved by the National Development and Reform Commission (“NDRC”) for non-State Owned Enterprise PRC real estate developers. We also have funding sources outside of China. Prior to our initial public

offering, or IPO, in Hong Kong in 2009, we obtained a HK\$2.52 billion term loan provided by various banking institutions and affiliates of real estate developers to pay up capital contributions to certain of our subsidiaries and as general working capital for our offshore subsidiaries. We fully repaid this term loan prior to our IPO in 2009. We completed a successful IPO in Hong Kong in November 2009 despite difficult market conditions at that time. Listing on the Hong Kong Stock Exchange provided us with a ready source of financing through public market fundraising. In April 2010, we obtained a HK\$2.15 billion four-year syndicated loan on an unsecured basis from a number of international and domestic banking institutions in Hong Kong. In March 2011, we obtained a HK\$1.20 billion four-year club loan in Hong Kong from three banks. On April 7, 2011, we issued the 2011 Notes in an aggregate principal amount of US\$750 million. In April 2012, we obtained a three-year syndicated loan of HK\$2.43 billion in Hong Kong from nine banks.

Recent Developments

On July 13, 2012, we acquired a parcel of land in Chengyang District is north-east of Qingdao, for total consideration of RMB475 million (US\$74.8 million). The total site area is 210,500 sq.m. and the planned total GFA is 302,700 sq.m. The land is planned for residential/commercial mixed use.

On July 14, 2012, we acquired a parcel of land in Jinjiang, Quanzhou, which is centrally located and adjacent to the largest park in Quanzhou, for total consideration of RMB2,624 million (US\$413.0 million). The total site area is 461,400 sq.m. and the planned total GFA is 1,220,000 sq.m. The land is planned for construction of a large residential and commercial community.

On July 26, 2012, we succeeded in our bid for a parcel of land in Dalian, situated in the core of Dalian Zhongshan District and next to a subway station, for total consideration of RMB1,652 million (US\$260.0 million). The total site area is 62,800 sq.m. and the planned total GFA is 188,400 sq.m. The land is planned for high-end residential and commercial use.

On August 8, 2012, we succeeded in our bids for two parcels of land in Chongqing, situated in the core district of Liangjiang New District of Chongqing and next to a subway station, for total consideration of RMB4,220 million (US\$664.3 million). The total site area is 879,000 sq.m. and the planned total GFA is 1,985,000 sq.m. The land is planned for low-density residential/commercial mixed use.

On August 22, 2012, we succeeded in our bid for the Dongjiu New Town project in Yixing, Jiangsu for total consideration of RMB1,257 million (US\$197.9 million). The total site area is 309,000 sq.m. and the planned total GFA is 312,000 sq.m. The land is planned for high-end residential use.

On August 27, 2012, we acquired a parcel of land in Xidong, Wuxi for total consideration of RMB400 million (US\$63.0 million). The total site area is 123,900 sq.m. and the planned total GFA is 148,700 sq.m. The land is planned for construction of medium- to high-end residential properties.

On August 27, 2012, we acquired a parcel of land in Binjiang District, Hangzhou for total consideration of RMB2,352 million (US\$370.2 million). The total site area is 77,300 sq.m. and the planned total GFA is 247,500 sq.m. The land is planned for medium- to high-end high-rise residential buildings.

On September 6, 2012, we succeeded in our bid for a parcel of land in Tiexi District, Shenyang for consideration of RMB474 million (US\$74.6 million). The total site area is 81,000 sq.m. and the planned total GFA is 171,000 sq.m.

On September 18, 2012, we conducted a placing of our existing shares and top-up subscriptions of our new shares to raise HK\$3,088.8 million (US\$398.2 million) in gross proceeds.

On September 26, 2012, we succeeded in our bid for a parcel of land in Chaoyang District, Beijing for total consideration of RMB1,470 million (US\$231.4 million). The total site area is 66,300 sq.m. and the planned total GFA is 72,900 sq.m. The land is planned for low-density residential use.

Our Competitive Strengths

We believe that our success and future prospects are supported by a combination of the following competitive strengths:

- We are a national leader in the PRC real estate market with strong presence in Western China, the Pan Bohai Rim and the Yangtze River Delta and a growing presence in Southern China.
- We deliver a wide spectrum of quality products through our proprietary product design bank and quick-turnover execution capabilities.
- We have built a well-known premium brand supported by our quality product offerings and well-regarded property management services, as evidenced by our loyal customer base and superior pricing power.
- We have a well-diversified and quality land bank across China to ensure our healthy growth.
- We have continued to broaden our funding sources and maintained strong liquidity.
- We have an efficient operation enabled by our decentralized decision-making structure, outstanding workforce and robust information technology system.

You should refer to the section entitled “Business — Our Strengths” for further information about these strengths.

Our Business Strategies

To stabilize our growth, our principal business strategies are:

- Further implement our region-by-region growth strategy.
- Prudently expand our investment property portfolio.
- Maintain our short development cycle to further strengthen our cash flow.
- Further strengthen our well-recognized brand by providing value to our customers through innovative design.
- Continue to align the interest of our management with shareholders and cultivate leadership and entrepreneurship qualities among our senior management team.

You should refer to the section entitled “Business — Our Strategies” for further information about these strategies.

General Information

Our Company was incorporated as an exempted company with limited liability in the Cayman Islands under the Companies Law on December 21, 2007. Our registered address is Longfor Properties Co. Ltd., Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

THE OFFERING

Terms used in this summary and not otherwise defined shall have the meanings given to them in “Description of the Notes.”

Issuer.....	Longfor Properties Co. Ltd. (the “Company”)
Notes Offered	US\$400 million aggregate principal amount of 6.875% Senior Notes due 2019 (the “Notes”)
Offering Price	100% of the principal amount of the Notes
Maturity Date	October 18, 2019
Interest	The Notes will bear interest at a rate of 6.875% per annum, payable semiannually in arrears on April 18 and October 18 of each year, commencing April 18, 2013.
Ranking of the Notes	<p>The Notes are:</p> <ul style="list-style-type: none">• general obligations of the Company;• senior in right of payment to any existing and future obligations of the Company expressly subordinated in right of payment to the Notes;• at least <i>pari passu</i> in right of payment with all other unsecured, unsubordinated Indebtedness of the Company (subject to any priority rights of such unsubordinated Indebtedness pursuant to applicable law);• guaranteed by the Subsidiary Guarantors and the JV Subsidiary Guarantors (if any) on a senior basis, subject to the limitations described below under the caption “— The Subsidiary Guarantees” and in “Risk Factors — Risks Relating to the Subsidiary Guarantees and the JV Subsidiary Guarantees”;• effectively subordinated to the other secured obligations of the Company, the Subsidiary Guarantors and the JV Subsidiary Guarantors, to the extent of the value of the assets serving as security therefor; and• effectively subordinated to all existing and future obligations of the Non-Guarantor Subsidiaries (as defined below).
Subsidiary Guarantees.....	Each of the Subsidiary Guarantors will, jointly and severally, guarantee the due and punctual payment of the principal of, premium, if any, and interest on, and all other amounts payable under, the Notes. The initial Subsidiary Guarantors will consist of all of the Restricted Subsidiaries other than those Restricted Subsidiaries organized under the laws of the PRC.

All of the Subsidiary Guarantors are holding companies that do not have significant operations. See “Risk Factors — Risks Relating to the Subsidiary Guarantees and the JV Subsidiary Guarantees — Our initial Subsidiary Guarantors do not currently have significant operations and certain Subsidiary Guarantees may in some cases be replaced by limited-recourse guarantees.”

The Company will cause each of its future Restricted Subsidiaries (other than Persons organized under the laws of the PRC) to guarantee the payment of the Notes as either a Subsidiary Guarantor or a JV Subsidiary Guarantor. Notwithstanding the foregoing, the Company may elect to have any future Restricted Subsidiary organized outside the PRC not provide a Subsidiary Guarantee or a JV Subsidiary Guarantee at the time such entity becomes a Restricted Subsidiary, *provided* that, after giving effect to the Consolidated Assets of such Restricted Subsidiary, the Consolidated Assets of all Restricted Subsidiaries organized outside the PRC that are not Subsidiary Guarantors or JV Subsidiary Guarantors do not account for more than 20% of the Total Assets of the Company.

A Subsidiary Guarantee may be released or replaced in certain circumstances. See “Description of the Notes — The Subsidiary Guarantees and the JV Subsidiary Guarantees — Release of the Subsidiary Guarantees and JV Subsidiary Guarantees” and “Description of the Notes — The Subsidiary Guarantees and the JV Subsidiary Guarantees — Replacement of Subsidiary Guarantees with JV Subsidiary Guarantees.”

Ranking of Subsidiary
Guarantees.....

The Subsidiary Guarantee of each Subsidiary Guarantor:

- is a general obligation of such Subsidiary Guarantor;
- is effectively subordinated to secured obligations of such Subsidiary Guarantor, to the extent of the value of the assets serving as security therefor;
- is senior in right of payment to all future obligations of such Subsidiary Guarantor expressly subordinated in right of payment to such Subsidiary Guarantee; and
- ranks at least *pari passu* with all other unsecured, unsubordinated Indebtedness of such Subsidiary Guarantor (subject to any priority rights of such unsubordinated Indebtedness pursuant to applicable law).

See “Risk Factors — Risks Relating to the Subsidiary Guarantees and the JV Subsidiary Guarantees.”

JV Subsidiary Guarantees.....

A JV Subsidiary Guarantee is required to be delivered by a Subsidiary Guarantor if the Company wishes to release such Subsidiary Guarantor from its Subsidiary Guarantee following a sale or issuance by the Company or any of its Restricted Subsidiaries of Capital Stock in (a) such Subsidiary Guarantor or (b) any other Subsidiary Guarantor that, directly or indirectly, owns a majority of the Capital Stock of such Subsidiary Guarantor, in each case where such sale or issuance, whether through the sale of existing shares or the issuance of new shares, is for no less than 20% and no more than 49.9% of the issued Capital Stock of the relevant Subsidiary Guarantor, provided that certain specified conditions are satisfied or complied with. See “Description of the Notes — The Subsidiary Guarantees and JV Subsidiary Guarantees — Replacement of Subsidiary Guarantees with JV Subsidiary Guarantees.” No JV Subsidiary Guarantee exists as of the Original Issue Date. The JV Subsidiary Guarantee of each JV Subsidiary Guarantor:

- will be a general obligation of such JV Subsidiary Guarantor;
- will be enforceable only up to the JV Entitlement Amount;
- will be effectively subordinated to secured obligations of such JV Subsidiary Guarantor, to the extent of the value of the assets serving as security therefor;
- will be limited to the JV Entitlement Amount and will be senior in right of payment to all future obligations of such JV Subsidiary Guarantor expressly subordinated in right of payment to such JV Subsidiary Guarantee; and
- will be limited to the JV Entitlement Amount and will rank at least *pari passu* with all other unsecured, unsubordinated Indebtedness of such JV Subsidiary Guarantor (subject to any priority rights of such unsubordinated Indebtedness pursuant to applicable law).

The Company may also deliver a JV Subsidiary Guarantee instead of a Subsidiary Guarantee on substantially similar conditions for certain Restricted Subsidiaries that are established after the Original Issue Date.

Use of Proceeds	We intend to use the net proceeds from this offering to finance our existing and new property projects and for general corporate purposes. We may adjust our development plans in response to changing market conditions and therefore reallocate the use of the proceeds. Pending application of the net proceeds of this offering, we intend to invest the net proceeds in Temporary Cash Investments (as defined under “Description of the Notes — Definitions”).
Optional Redemption of the Notes.....	<p>At any time and from time to time after October 18, 2016, the Company may at its option redeem the Notes, in whole or in part, at the redemption prices set forth in “Description of the Notes — Optional Redemption” plus accrued and unpaid interest, if any, to (but not including) the redemption date.</p> <p>At any time prior to October 18, 2016, the Company may at its option redeem the Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the Notes plus the Applicable Premium as of, and accrued and unpaid interest, if any, to (but not including) the redemption date.</p> <p>At any time and from time to time prior to October 18, 2016, the Company may redeem up to 35% of the aggregate principal amount of the 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 106.875% of the principal amount of the Notes, plus accrued and unpaid interest, if any, to (but not including) the redemption date; <i>provided that</i> at least 65% of the aggregate principal amount of the 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.</p>
Repurchase of Notes Upon a Change of Control Triggering Event.....	Upon the occurrence of a Change of Control Triggering Event, the Company will make an offer to repurchase all outstanding Notes at a purchase price equal to 101% of their principal amount plus accrued and unpaid interest, if any, to (but not including) the Offer to Purchase Payment Date. See “Description of the Notes — Repurchase of Notes Upon a Change of Control Triggering Event.”

Redemption for Taxation Reason.. Subject to certain exceptions and as more fully described herein, the Company may redeem the Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount thereof, together with accrued and unpaid interest, if any, to the date fixed by the Company for redemption, if the Company or a Subsidiary Guarantor would become obliged to pay certain additional amounts as a result of certain changes in specified tax laws. See “Description of the Notes — Redemption for Taxation Reasons.”

Covenants The Notes, the Indenture governing the Notes and the Subsidiary Guarantees will limit the Company’s ability and the ability of its Restricted Subsidiaries to, among other things:

- incur or guarantee additional indebtedness and issue disqualified or preferred stock;
- declare dividends on its capital stock or purchase or redeem capital stock;
- make investments or other specified restricted payments;
- issue or sell capital stock of Restricted Subsidiaries;
- guarantee indebtedness of Restricted Subsidiaries;
- sell assets;
- create liens;
- enter into sale and leaseback transactions;
- enter into agreements that restrict the Restricted Subsidiaries’ ability to pay dividends, transfer assets or make intercompany loans;
- enter into transactions with shareholders or affiliates; and
- effect a consolidation or merger.

These covenants are subject to a number of important qualifications and exceptions described in “Description of the Notes — Certain Covenants.”

Transfer Restrictions The Notes will not be registered under the Securities Act or under any state securities laws of the United States and will be subject to customary restrictions on transfer and resale. See “Transfer Restrictions.”

Form, Denomination and Registration	The Notes will be issued only in fully registered form, without coupons, in denominations of US\$200,000 and integral multiples of US\$1,000 in excess thereof and will be initially represented by one or more global notes registered in the name of the common depository of Euroclear and Clearstream.	
Book-Entry Only	The Notes will be issued in book-entry form through the facilities of Euroclear and Clearstream for the accounts of its participants. For a description of certain factors relating to clearance and settlement, see “Description of the Notes — Book-Entry; Delivery and Form.”	
Delivery of the Notes.....	The Company expects to make delivery of the Notes, against payment in same-day funds on or about October 18, 2012, which the Company expects will be the fifth business day following the date of this offering memorandum referred to as “T+5.” You should note that initial trading of the Notes may be affected by the T+5 settlement. See “Plan of Distribution.”	
Trustee.....	The Hongkong and Shanghai Banking Corporation Limited	
Principal Paying, Transfer Agent and Registrar	The Hongkong and Shanghai Banking Corporation Limited	
Listing and Trading.....	Approval in-principle has been received for the listing and quotation of the Notes on the Official List of the SGX-ST. The Notes will be traded on the SGX-ST in a minimum board lot size of S\$200,000 (or its Dollar Equivalent) for as long as the Notes are listed on the Official List of the SGX-ST and for so long as the rules of the SGX-ST so require.	
Ratings	The Notes have been provisionally rated “BB” by Standard and Poor’s Ratings Services and “Ba3” by Moody’s Investors Service. We cannot assure investors that these ratings will be confirmed or they will not be adversely revised or withdrawn either before or after delivery of the Notes.	
Governing Law	The Notes and the Indenture will be governed by and will be construed in accordance with the laws of the State of New York.	
Risk Factors.....	For a discussion of certain factors that should be considered in evaluating an investment in the Notes, see “Risk Factors.”	
ISIN/Common Code	ISIN	Common Code
	XS0844323930	084432393

SUMMARY CONSOLIDATED FINANCIAL DATA

The summary consolidated income statement data for the years ended December 31, 2009, 2010 and 2011 and the summary consolidated balance sheet data as of December 31, 2009, 2010 and 2011 below have been derived from our audited consolidated financial statements for the years ended December 31, 2010 and 2011, which have been audited by Deloitte Touche Tohmatsu, Certified Public Accountants, and are included elsewhere in this offering memorandum. The summary consolidated income statement data for the six months ended June 30, 2011 and 2012 and the summary consolidated balance sheet data as of June 30, 2012 have been derived from our unaudited condensed consolidated financial statements as of and for the six months ended June 30, 2012, which have been reviewed by Deloitte Touche Tohmatsu, Certified Public Accountants, in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants, and are included elsewhere in this offering memorandum. You should read the summary financial data below in conjunction with “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and our consolidated financial statements and the related notes included elsewhere in this offering memorandum. Historical results are not necessarily indicative of results that may be achieved in any future period. Our consolidated financial statements have been prepared and presented in accordance with IFRS, which differ in certain respects from U.S. GAAP and generally accepted accounting principles in other jurisdictions.

Summary Consolidated Statements of Comprehensive Income

	<u>For the year ended December 31,</u>			<u>For the Six Months Ended June 30,</u>		
	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2011</u>	<u>2012</u>	<u>2012</u>
	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)	(US\$'000)
		(audited)			(unaudited)	
Consolidated statement of comprehensive income:						
Revenue	11,373,962	15,093,122	24,092,893	7,852,226	14,551,699	2,290,524
Cost of sales	(8,042,326)	(9,995,934)	(14,324,313)	(3,558,859)	(7,842,850)	(1,234,511)
Gross profit	3,331,636	5,097,188	9,768,580	4,293,367	6,708,849	1,056,013
Other income	421,188	91,531	168,934	52,470	80,711	12,704
Other gains and losses	13,990	34,652	106,653	65,410	(65,662)	(10,336)
Fair value gain upon transfer to investment properties	—	777,023	916,115	63,521	167,573	26,377
Change in fair value of investment properties	920,945	1,713,090	1,714,447	754,783	501,607	78,956
Selling and marketing costs	(314,119)	(327,880)	(642,736)	(200,206)	(219,277)	(34,516)
Administrative expenses	(421,099)	(433,488)	(709,148)	(199,534)	(293,557)	(46,208)
Finance costs	(27,499)	(66,677)	(202,141)	(73,954)	(40,897)	(6,437)
Share of results of jointly controlled entities	135,998	183,035	323,526	11,515	72,003	11,334
Profit before taxation	4,061,040	7,068,474	11,444,230	4,767,372	6,911,350	1,087,887
Income tax expense	(1,568,581)	(2,051,101)	(4,523,942)	(2,002,146)	(2,789,685)	(439,113)
Profit for the year and total comprehensive income for the year	<u>2,492,459</u>	<u>5,017,373</u>	<u>6,920,288</u>	<u>2,765,226</u>	<u>4,121,665</u>	<u>648,774</u>

	For the year ended December 31,			For the Six Months Ended June 30,		
	2009	2010	2011	2011	2012	2012
	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)	(US\$'000)
		(audited)			(unaudited)	
Attributable to:						
Owners of the Company	2,209,207	4,130,155	6,327,560	2,523,942	3,810,157	599,741
Non-controlling interests . . .	283,252	887,218	592,728	241,284	311,508	49,033
	<u>2,492,459</u>	<u>5,017,373</u>	<u>6,920,288</u>	<u>2,765,226</u>	<u>4,121,665</u>	<u>648,774</u>
Earnings per share in RMB cents						
Basic	<u>53.5</u>	<u>80.2</u>	<u>123.0</u>	<u>49.0</u>	<u>73.9</u>	<u>11.63</u>
Diluted	<u>53.2</u>	<u>79.8</u>	<u>122.0</u>	<u>48.7</u>	<u>73.5</u>	<u>11.57</u>
Other financial data (unaudited):						
EBITDA ⁽¹⁾	2,618,281	4,359,839	8,443,620	3,904,651	6,210,386	997,551
EBITDA margin ⁽²⁾	23.0%	28.9%	35.0%	49.7%	42.7%	42.7%

- (1) EBITDA consists of profit for the year before income tax expenses, finance costs, share of results of jointly controlled entities, other gains and losses, other income, depreciation, amortization, net gain or loss upon transfer to investment properties and net gain or loss from fair value of investment properties. EBITDA is not a standard measure under IFRS. EBITDA is a widely used financial indicator of a company's ability to service and incur debt. EBITDA should not be considered in isolation or construed as an alternative to cash flows, net income or any other measure of financial performance or as an indicator of our operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities. In evaluating EBITDA, we believe that investors should consider, among other things, the components of EBITDA such as sales and operating expenses and the amount by which EBITDA exceeds capital expenditures and other charges. We have included EBITDA because we believe it is a useful supplement to cash flow data as a measure of our performance and our ability to generate cash flow from operations to cover debt service and taxes. EBITDA presented herein may not be comparable to similarly titled measures presented by other companies. Investors should not compare our EBITDA to EBITDA presented by other companies because not all companies use the same definition. See the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations — Non-GAAP Financial Measures" for a reconciliation of our profit for the year or period under IFRS to our definition of EBITDA. Investors should also note that EBITDA as presented herein may be calculated differently from Consolidated EBITDA as defined and used in the Indenture governing the Notes. Interest expense excludes amounts capitalized. See the section entitled "Description of the Notes — Definitions" for a description of the manner in which Consolidated EBITDA is defined for purposes of the Indenture governing the Notes.
- (2) EBITDA margin is calculated by dividing EBITDA by revenue.

Summary Consolidated Statement of Financial Position

	As of December 31,			As of June 30,	
	2009	2010	2011	2012	2012
	(RMB'000)	(RMB'000) (audited)	(RMB'000)	(RMB'000) (unaudited)	(US\$'000) (unaudited)
Consolidated statement of financial position:					
Non-current assets					
Investment properties	4,698,300	8,041,000	13,198,200	16,436,500	2,587,203
Property, plant and equipment . . .	171,861	171,741	175,083	173,654	27,334
Properties under development . . .	—	—	—	—	—
Prepaid lease payments	3,194,207	7,882,002	6,721,986	4,632,863	729,240
Interests in associates	1	1	1	1	1
Interests in jointly controlled entities	2,373,834	2,464,099	1,873,215	1,945,218	306,189
Available-for-sale investments . . .	8,600	8,600	8,600	8,600	1,354
Deposits paid for acquisition of land use rights	3,264,561	4,274,216	5,837,699	6,487,514	1,021,173
Deposits paid for acquisition of additional interest in a subsidiary	34,000	—	—	—	—
Deferred taxation assets	227,702	436,035	669,202	973,482	153,232
Amount due from a minority shareholder	—	—	—	—	—
	<u>13,973,066</u>	<u>23,277,694</u>	<u>28,483,986</u>	<u>30,657,832</u>	<u>4,825,726</u>
Current assets					
Inventories	301,048	415,939	594,065	794,383	125,041
Properties under development for sales	18,312,478	31,590,625	46,197,041	50,163,594	7,896,048
Properties held for sale	1,008,296	3,004,066	3,019,488	3,122,617	491,518
Accounts and other receivables, deposits and prepayments	1,382,897	2,516,293	3,344,296	3,567,940	561,615
Amounts due from jointly controlled entities	35,271	7,362	13,084	33,552	5,281
Taxation recoverable	134,265	539,034	1,081,031	1,747,745	275,105
Pledged bank deposits	496,208	499,419	406,125	420,990	66,266
Bank balances and cash	6,801,573	9,863,132	14,120,925	17,047,393	2,683,361
	<u>28,472,036</u>	<u>48,435,870</u>	<u>68,776,055</u>	<u>76,898,214</u>	<u>12,104,235</u>
Current liabilities					
Accounts payable, deposits received and accrued charges . .	16,362,320	31,474,867	41,410,676	41,146,946	6,476,774
Amounts due to jointly controlled entities	363,879	1,319,490	803,170	389,294	61,277
Amounts due to directors	—	—	—	—	—
Taxation payable	1,616,029	2,635,182	4,788,074	6,588,316	1,037,040
Bank and other borrowings					
— due within one year	3,710,200	2,859,870	3,580,372	4,531,168	713,233
	<u>22,052,428</u>	<u>38,289,409</u>	<u>50,582,292</u>	<u>52,655,724</u>	<u>8,288,324</u>
Net current assets	<u>6,419,608</u>	<u>10,146,461</u>	<u>18,193,763</u>	<u>24,242,490</u>	<u>3,815,912</u>
Total assets less current liabilities	<u>20,392,674</u>	<u>33,424,155</u>	<u>46,677,749</u>	<u>54,900,322</u>	<u>8,641,637</u>

	As of December 31,			As of June 30,	
	2009	2010	2011	2012	2012
	(RMB'000)	(RMB'000) (audited)	(RMB'000)	(RMB'000)	(US\$'000) (unaudited)
Capital and reserves					
Share capital	452,972	453,410	453,415	453,948	71,454
Reserves	11,685,706	15,526,846	21,487,126	24,483,152	3,853,794
Equity attributable to owners of the Company	12,138,678	15,980,256	21,940,541	24,937,100	3,925,248
Non-controlling interests	1,099,884	1,385,564	2,154,129	2,465,637	388,106
Total equity	13,238,562	17,365,820	24,094,670	27,402,737	4,313,354
Non-current liabilities					
Bank and other borrowings					
— due after one year	6,055,305	14,464,489	15,645,880	20,350,079	3,203,223
2011 Notes	—	—	4,740,473	4,767,662	750,458
Deferred taxation liabilities	1,098,807	1,593,846	2,196,726	2,379,844	374,602
	7,154,112	16,058,335	22,583,079	27,497,585	4,328,283
	<u>20,392,674</u>	<u>33,424,155</u>	<u>46,677,749</u>	<u>54,900,322</u>	<u>8,641,637</u>

RISK FACTORS

RISKS RELATING TO OUR BUSINESS

We are heavily dependent on the performance of the PRC property market. Any market downturn or implementation of government regulations or control measures affecting medium- to high-end properties in the PRC may have an adverse impact on us.

Although we have been pursuing and will continue to pursue opportunities in different regions of the PRC, as of June 30, 2012, our projects were primarily located in 15 cities, namely Chongqing, Chengdu, Xi'an, Yuxi, Beijing, Shenyang, Qingdao, Yantai, Dalian, Shanghai, Wuxi, Changzhou, Hangzhou, Ningbo and Xiamen. As such, our business is heavily affected by the performance of the PRC property market, particularly that of the cities where we operate. Since last year, the PRC government has taken measures to control inflation and slow the price increases in the property market, as the economy and the real estate market recovered. Any government measures aiming to regulate the pace of economic growth in China may affect the real estate markets where we operate.

We have exposure to the mid- to high-end sectors of property markets in the PRC. As the future demand for different types of properties in the PRC is uncertain, any change in customer preferences and market conditions may materially and adversely affect our business, results of operations and financial condition if we fail to respond to such changes in a timely manner. Any adverse development in the supply of or demand for properties and any measures that the PRC government may take in restricting the growth of the property market in the PRC, particularly in the cities where our projects are located, may also materially and adversely affect our business, results of operations and financial condition. For example, our main sources of land for development are public tender, auction or listing-for-sale. Any change in the regulations or policies related to such processes, or our ability to participate in any such processes, may materially and adversely affect our business, results of operations and financial condition.

We generate revenue primarily from the sale of properties, which in turn depends on the schedule of development of our property projects. Our results of operations may therefore vary significantly from period to period.

At present, we derive our revenue primarily from the sale of properties that we have developed and derive a relatively small portion from income on investment properties including rental income and property management fees. We generated 97.0%, 96.7%, 97.0% and 97.1% of our revenue for the financial years ended December 31, 2009, 2010, 2011, and the six months ended June 30, 2012, respectively, from the sale of properties. Our future revenue is difficult to predict and may be volatile due to the nature of our business.

Our results of operations may fluctuate due to factors such as the schedule of development of our property projects, the timing of the sale of properties that we have developed, the level of acceptance of our properties by prospective customers and any fluctuation in expenses such as land costs and construction costs. Any delay in obtaining or failure to obtain the relevant PRC governmental approvals or permits for any of our development projects may delay the completion of such property development, which may materially and adversely affect our results of operations. See "Risk Factors — Risks Relating to Our Business — Our business, results of operations and financial condition may be materially and adversely affected if we fail to obtain, or there is any material delay in obtaining, any of the relevant PRC governmental approvals for our development projects."

Furthermore, we recognize revenue from sales of property only upon the completion and delivery of the property to the buyer, which is when we believe the significant risks and rewards of ownership are transferred to the buyer. For further details, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Critical Accounting Policies — Revenue Recognition.” Since the completion and delivery of our properties vary according to our development timetable, our revenue and results of operations may vary significantly from period to period. Furthermore, the completion and delivery of any project development may be materially and adversely affected by a combination of factors, including adverse weather conditions, delays in obtaining requisite permits and approvals from relevant government authorities, as well as other factors beyond our control. Any of these factors may affect the timing of completion and delivery of our projects, as well as our cash flow position and recognition of revenue from our projects, thus materially and adversely affecting our business, results of operations and financial condition and rendering us unable to fulfil the payment obligations under the terms of the Notes.

Due to capital requirements for acquiring land and project construction and due to limited supply of land and the time required for completing a project, we can only undertake a limited number of property development projects at any one time. Any delay in the schedule of completion of our property development may materially and adversely affect our business, results of operations and financial condition.

Our financial results for each of the three financial years ended December 31, 2009, 2010 and 2011 and each of the six-month periods ended June 30, 2011 and 2012 included the changes in fair value of investment properties and our results may fluctuate due to such changes.

We reassess the fair value of our investment properties at every reported statement of financial position date based on the market value for which the property could be exchanged between knowledgeable and willing parties in an arm’s-length transaction. For the financial years ended December 31, 2009, 2010 and 2011, and the six-month periods ended June 30, 2011 and 2012, we had revaluation surplus on our investment properties representing 36.9%, 34.1%, 24.8%, 27.3% and 12.2%, respectively, of the net profit of the Company for the respective period. During the financial years ended December 31, 2009, 2010 and 2011 and the six-month periods ended June 30, 2011 and 2012, we have recorded a change in fair value of investment properties that amounted to approximately RMB920.9 million, RMB1,713.1 million, RMB1,714.4 million, RMB754.8 million and RMB501.6 million (US\$79.0 million), respectively, in our consolidated statements of comprehensive income. According to the International Accounting Standard for investment properties issued by the IASB or IAS 40, investment properties may be recognized by using either the fair value model or the cost model. We have selected the fair value model to report the value of investment properties because we take the view that periodic fair value adjustments in accordance with the then prevailing market conditions, irrespective of whether such market trend moves upwards or downwards, should be recorded so that our financial statements present a more updated picture of the fair value of our investment properties. However, an upward change in the fair value only reflects unrealized capital gain of such investment properties at the relevant statement of financial position dates and not profit generated from day to day rentals of our investment properties, which in turn are largely dependent on the prevailing property markets. Property values are subject to market fluctuation and there can be no assurance that we will continue to record gains in the fair value of investment properties in the future. Should there be any material downward change in the fair value of our investment properties in the future, our business, results of operations and financial condition may be materially and adversely affected.

Our future growth depends on our ability to develop our business in other areas of the PRC.

A substantial portion of our revenue during the three years ended December 31, 2011 and the six months ended June 30, 2012 was derived principally from the sale of properties in Chongqing, Chengdu, Xi'an, Beijing, Shenyang, Qingdao, Shanghai, Wuxi, Changzhou and Hangzhou. We expanded into the markets of Chengdu and Beijing in 2005, Shanghai and Xi'an in 2007, Wuxi, Shenyang, Changzhou, Hangzhou and Qingdao in 2009, Dalian, Yantai and Yuxi in 2010, Ningbo in 2011 and recently Xiamen in 2012. Our business is expanding and we continue to seek development opportunities in selected regions in the PRC where we see a potential for growth. However, our experience as primarily a residential property developer in our established regions may not be applicable in other regions. When we enter new markets, we may face intense competition from local developers with experience or an established presence in those markets, and from other developers with similar expansion plans. In addition, expansion or acquisition requires a significant amount of capital investment and human resources, and may divert the resources and time of our management. We may not be able to hire or train sufficient talent to manage our operations in new markets. Our ability to manage and integrate new projects and businesses may affect our operating efficiency. The possible failure of our expansion plans may materially and adversely affect our business, results of operations and financial condition.

Our business relies on the availability of suitable land sites at commercially acceptable prices and our ability to identify and acquire suitable sites for future development.

Our revenue is dependent upon our ability to identify and acquire suitable sites at appropriate prices and our ability to sell our projects. Our revenue is mainly derived from the sale of properties that we have developed. For the financial years ended December 31, 2009, 2010 and 2011 and the six months ended June 30, 2012, 97.0%, 96.7%, 97.0% and 97.1%, respectively, of our revenue was generated from the sale of properties. We need to build up our land reserve in order to grow our business and we may incur significant costs in identifying, evaluating and acquiring suitable new sites for future development. Our future growth prospects and results of operation may be materially and adversely affected should we fail to identify and acquire sufficient and appropriate new sites for development at commercially acceptable prices.

The PRC government's policies on land supply may affect our land acquisition costs and our ability to acquire land use rights for future developments. The PRC government controls land supply and regulates the ways in which property developers obtain land for property development. In July 2002, regulations were introduced to require land use rights for residential and commercial property developments be granted by public tender, auction or listing-for-sale effective from July 1, 2002. In addition, the PRC government may limit the supply of land available for commodity housing development in the PRC generally or in cities in which we conduct or intend to conduct business. For example, on May 30, 2006, the Ministry of Land and Resources announced that the overall land supply for low density, large sized housing would be restricted and, in particular, the supply of new land for villa projects would be discontinued. When supplying residential land, the minimum plot ratios, the number of residential units on unit land area and the model of residential constructions shall be indicated in the land use right grant contracts or land transfer certificates, so as to ensure that no less than 70% of the residential land shall be used for the construction of low-rent housing, economic housing, restricted-price housing and medium and small ordinary commodity housing of under 90 sq.m. Financial institutions should be cautious in extending loans and approving financings for enterprises, the real estate projects of which have exceeded one full year from the construction commencement dates as agreed in the land use right grant contracts, and which have completed development of less than one-third of the total land area to be developed or which have invested less than one quarter of any given building's total investment directly in the construction of the building, and should also strictly control loan extensions and rolling credit. On January 26, 2011, the State Council issued the notice to further strengthen the principle that no less than 70% of the residential land shall be used for the construction of low-rent housing, economic housing, restricted-price housing and medium and small ordinary commodity housing. The notice also imposed more stringent fines on

the idle land. Such measures and any other similar measures in the future may limit our ability to develop a wide variety of products in our future property developments. Changes in government policy which reduce land supply for our future projects and failure in tendering for land may materially and adversely affect our business, results of operations and financial conditions.

Our business is capital intensive and our business nature may expose us to unstable and unpredictable cash flow. We may not be able to obtain sufficient funding for our business expansion.

Our business requires substantial capital outlay during construction and it is not unusual for a property developer to generate negative operating cash flow over a period when the cash outflows for land acquisition and construction, after offsetting changes in other working capital items, exceed the cash inflows from property sales over the same period.

For the six months ended June 30, 2012, we generated a positive operating cash flow of RMB1,069.1 million (US\$168.3 million), down from RMB4,950.1 million for the corresponding period in 2011. We cannot assure you that we will not experience negative cash flow in the future or that external financing means will be available to fund any such negative operating cash flow.

We require significant funding to acquire land and develop property. Our property development projects are generally funded through, shareholders' contributions, internally generated funds from pre-sale of properties, bank loans and other funds we raise from capital markets. Our PRC subsidiary, Chongqing Longhu Development, raised gross proceeds of RMB1.4 billion in May 2009 by issuing the RMB Bonds, to fund our development projects in Chongqing and Chengdu. As of June 30, 2012, our aggregate borrowings (including the 2011 Notes) were RMB29,648.9 million (US\$4,666.9 million). For further information on our indebtedness, see "Description of Other Material Indebtedness." We expect to continue to fund our projects through such sources. We cannot assure you that additional financing can, in the future, be obtained on satisfactory or commercially acceptable terms, or at all. A number of factors such as general economic conditions, our financial strength and performance, credit availability from financial institutions and monetary policies in the PRC may affect our ability to obtain adequate financing for our projects on favorable terms and to achieve a reasonable return on such projects.

According to guidelines issued by the China Banking Regulatory Commission (the "CBRC"), commercial banks are prohibited from extending loans to projects that have less than 35% of capital funds (proprietary interests), or that fail to obtain State-owned Land Use Rights Certificates, the Planning Permit for Construction Land, the Planning Permit for Construction Works and the Permit for Commencement of Construction Works. On May 25, 2009, the State Council issued the Circular on Adjusting the Capital Ratio of Fixed-assets Investment Projects (國務院關於調整固定資產投資項目資本金比例的通知), which adjusted the capital ratio for welfare residential premises and ordinary commodity residential premises to not less than 20%, and the capital ratio for other types of property development to not less than 30%.

From January 2010 to June 2011, the PBOC adjusted the reserve requirement ratio 12 times, and the reserve requirement ratio was raised from 16% to 21.5% for large-scale financial institutions and 18% for medium- and small-scale financial institutions. From June 2011 to May 2012, the PBOC adjusted the reserve requirement ratio three times, and the reserve requirement ratio was reduced to 20% for large-scale financial institutions and 16.5% for medium- and small-scale financial institutions. The uncertainty of the adjustment of reserve requirement ratio is a risk to our ability to obtain financing from commercial banks.

We may not be able to refinance our indebtedness as it matures.

We maintain significant indebtedness to finance our property development activities. We issued the 2011 Notes in April 2011. As of June 30, 2012, our total consolidated indebtedness, representing our current and non current bank loans and other borrowings (including the 2011 Notes), was RMB29,648.9 million (US\$4,666.9 million), of which RMB4,531.2 million (US\$713.2 million) would be due within one year. We cannot assure you that we will be able to refinance our indebtedness as it matures, in which case we will need to repay our debt with cash generated from operating activities or some other sources. We cannot assure you that our business will generate sufficient cash flow from operations to repay our borrowings as they mature. Repaying borrowings with cash generated by operating activities will divert our financial resources from land acquisitions and development activities. Our Company and certain of our subsidiaries have entered into loan agreements with various banks in the PRC or Hong Kong pursuant to which they have pledged shares, land use rights, buildings and other assets as security. Our financing cost may be adversely affected by interest rate fluctuation in the PRC or other places. We may lose part or all of this collateral if we cannot repay or refinance such borrowings as they mature, which could materially and adversely affect our business prospects, financial condition and results of operations.

Our revenue depends on the availability of mortgages to our prospective customers and their ability to obtain mortgages.

Many of our customers rely on mortgages to fund their purchases. An increase in interest rates may significantly increase the cost of mortgage financing, thus reducing the attractiveness of mortgages as a source of financing for property purchases and adversely affecting the affordability of residential properties. In addition, the PRC government and commercial banks may also increase down payment requirements, impose other conditions or otherwise change the regulatory framework in a manner that would make mortgage financing unattractive or unavailable to potential property purchasers.

Since the second half of 2009, the PBOC took a series of measures to prevent the economy from overheating. On October 20, 2010, the PBOC raised both its benchmark lending and deposit interest rates to 5.56% for one-year Renminbi loans and 2.50% for one-year deposits. On December 26, 2010, the PBOC raised both its benchmark lending and deposit interest rates to 5.81% for one-year Renminbi loans and 2.75% for one-year deposits. On February 9, 2011, the PBOC raised both its benchmark lending and deposit interest rates to 6.06% for one-year Renminbi loans and 3.00% for one-year deposits. Any increase in interest rates will decrease the affordability and attractiveness of mortgage financing to our customers, which may in turn affect demand for our properties.

From time to time, the PRC government issues laws, regulations or government policies regarding mortgage financing to regulate the PRC property market. In April 2010, the State Council issued a notice to raise the minimum down payment for second home purchases to 50% and set a minimum 30% down payment on first homes with a GFA of more than 90 sq.m. Further, pursuant to such notice, the interest rate for mortgage loans of second homes cannot be lower than 110% of the PBOC benchmark lending rate. In May 2010, the Ministry of Housing and Urban-Rural Development (the "MOHURD," previously the Ministry of Construction), the PBOC and the CBRC jointly issued a circular to clarify that the number of residential properties owned by an individual property purchaser who is applying for mortgage loans shall be determined by taking into account all residential properties owned by the family members of such purchaser (including the purchaser and such purchaser's spouse and children under the age of 18), and that property purchasers of second or subsequent residential properties shall be subject to different credit terms when applying for mortgage loans. According to a notice jointly issued by the PBOC

and the CBRC on September 29, 2010, the minimum down payment has been raised to 30% for all first home purchases, and commercial banks are required to suspend mortgage loans for purchases of a customer's third or subsequent residential properties. See "Regulation — Transfer of Real Estate — Financing property development and acquisition." On January 26, 2011, General Office of the State Council issued Notice of the State Council on Issues Related to Further Enhancing the Regulation and Control of Real Estate Market. According to this Notice, for those households who purchase the second housing using a mortgage, the down payment ratio shall not be lower than 60% and the loan interest shall not be lower than 1.1 times of the benchmark interest rate. The respective branches of PBOC may raise the down payment ratio and interest rate on loans for second home purchase based on the price control targets set by the local governments for newly constructed houses and the policy requirements, and on the basis of national unified credit policies.

In addition, banks may not lend to any individual borrower if the monthly repayment of the anticipated mortgage loan would exceed 50% of the individual borrower's monthly income or if the total debt service of the individual borrower would exceed 55% of such individual's monthly income. In the event that mortgages become more difficult to obtain or that the costs of such financing increases, many of our prospective customers who rely on mortgages may not be able to purchase our properties.

In line with industry practice, we provide guarantees to banks for mortgage loans they offer to purchasers of our properties. If there are changes in laws, regulations, policies or practices that would prohibit property developers from providing such guarantees and these banks do not accept alternative guarantees from third parties, if available, property purchasers may not be able to obtain mortgages from banks, which may inhibit pre-sales of our projects, which could materially and adversely affect our business prospects, results of operations and financial condition.

Any disruption to, or change in, the banking sector in the PRC that affects our customers' ability to obtain mortgages, or our ability to provide guarantees to such mortgages, may materially and adversely affect our liquidity, business, results of operations and financial condition. Although we are not aware of any such impending changes in laws, regulations, policies or practices, we cannot assure you that such changes will not occur in the future.

We guarantee the mortgages provided by financial institutions to our purchasers and, consequently, we are liable to the mortgagees if our purchasers default.

We arrange for various banks to provide mortgage services for our customers. In accordance with market practice, domestic banks require us to provide guarantees in respect of these mortgages. The guarantees cover the full value of mortgages that purchasers of our properties obtained to finance their purchases and in addition, any additional payment or penalty imposed by banks for any defaults in mortgage payment. The typical guarantee period is 24 months. We deposit with the banks an amount which typically represents less than 10% of the mortgage to which the guarantee relates. If a customer defaults on payment of its mortgage, the bank holding the mortgage may deduct the payment due from the funds that have been deposited and require that we immediately repay the entire outstanding balance pursuant to the guarantee. Upon satisfaction of our obligations under the guarantee, the mortgagee bank would then assign its rights under the loan and the mortgage to us and we would have full recourse to the property.

We rely on credit checks conducted by the mortgagee banks on our customers and do not conduct our own credit checks. We have in the past experienced a limited number of defaults by our customers of their mortgage loans, although, as of the date of this offering memorandum, we are not aware of any default by our customers which have resulted in any bank foreclosure of any mortgaged properties. For the financial years ended December 31, 2009, 2010 and 2011 and the six months ended June 30, 2012, our outstanding guarantees over the mortgage loans of our customers amounted to approximately RMB2,686.8 million, RMB5,204.9 million, RMB7,755.8 million and RMB8,000.5 million (US\$1,259.3 million), respectively. As of December 31, 2009,

2010 and 2011 and June 30, 2012, default amounts in relation to the mortgage loans taken out by our customers and secured by our guarantees were not significant. We cannot assure you that the purchaser default rate will not increase in the future. If a significant amount of our guarantees are called upon at the same time or in close succession, our business, results of operations and financial condition may be materially and adversely affected to the extent that there is a material depreciation in the value of the relevant properties from the price paid by the customers or that we cannot sell such properties due to unfavorable market conditions or other reasons.

We rely on external contractors for the construction of our property development projects. Our business, results of operations and financial condition may be materially and adversely affected by the breach of their contractual obligations.

We engage external contractors to provide various services, including the construction of our property development projects. We select external contractors through competitive bids and also through our assessment of their capabilities and reputation for quality and price. Completion of our projects is subject to the performance of these external contractors of their obligations under contracts entered with us, including the pre-agreed schedule for completion, and we cannot assure you that the services rendered by any of these external contractors will always be satisfactory or match our requirements for quality. If the performance of any external contractor is unsatisfactory, or they are in breach of their contractual obligations, we may need to replace such contractor or take other actions to remedy the situation, which could materially and adversely affect the cost and construction progress of our projects. The completion of our property developments may be delayed, and we may incur additional costs due to a contractor's financial or other difficulties. Any of these factors may have a material adverse effect on our business, results of operations and financial condition.

If our provisions for land appreciation tax ("LAT") prove to be insufficient, our financial results would be materially and adversely affected.

Our properties developed for sale are subject to LAT collectible by the local tax authorities. Under PRC tax laws and regulations, all income derived from the sale or transfer of land use rights, buildings and their ancillary facilities in the PRC is subject to LAT at progressive rates ranging from 30% to 60% on the appreciation of land value. LAT is calculated based on proceeds received from the sale of properties less deductible expenditures as provided in the relevant tax laws. According to the Provisional Regulations of the People's Republic of China on Land Appreciation Tax (中華人民共和國土地增值稅暫行條例), sales of ordinary residential properties (that is, residential properties built in accordance with the local standard for general civilian residential properties, excluding buildings such as deluxe apartments, villas and resorts, which are not under the category of ordinary standard residential properties) may be exempted from LAT where the appreciation of land value does not exceed 20% of the total deductible items including acquisition cost of land use rights, development cost of land and construction cost of new buildings and facilities or assessed value for used properties and buildings as provided in the relevant tax laws. Pursuant to the Detailed Rules for the Implementation of Provisional Regulations of the People's Republic of China on Land Appreciation Tax (中華人民共和國土地增值稅暫行條例實施細則) for property developers, an additional 20% of deductible expenses including the sum paid for acquiring land use rights and costs for developing land and constructing new buildings and facilities may be deducted in calculating land appreciation amount. In May 2010, the State Administration of Taxation issued the Notice on Strengthening the Collection of Land Appreciation Tax, which requires that the minimum LAT prepayment rate shall be 2% for provinces in the eastern region of China, 1.5% for provinces in the central and northeastern regions, and 1% for provinces in Western China. According to the notice, the local tax bureaus shall determine the applicable LAT prepayment rates based on the property type.

Property developers are normally required to file tax returns with the relevant authorities within seven days from the date the property sale or transfer contract is signed, and the LAT is payable within the period specified by the local tax authorities. However, with the approval of the relevant tax authorities, real estate enterprises may file tax returns for LAT on a regular basis if they have a consistently high volume of transactions, which makes it impracticable to file a tax return for each sale or transfer. We have been approved by the relevant tax authorities to file tax returns for LAT on a monthly basis and to settle our LAT liabilities for each month prior to the tenth day of the immediately following month.

We make provisions for the full amount of applicable LAT in accordance with the relevant PRC tax laws and regulations from time to time pending settlement of the same with the relevant tax authorities. As we often develop our projects in phases, deductible items for calculation of LAT, such as land costs, are apportioned amongst such different phases of development. Provisions for LAT are made on our own estimates based on, among others, our own apportionment of deductible expenses, which is subject to final confirmation by the relevant tax authorities upon settlement of the LAT. We believe that our overall provisions for LAT are sufficient. However, given the time gap between the point at which we make provision for and the point at which we settle the full amount of LAT payable, the relevant tax authorities may not necessarily agree with our own apportionment of deductible expenses or other bases on which we calculate LAT. Hence, our LAT expenses as recorded in our financial statements of a particular period may require subsequent adjustments. If we substantially underestimate LAT for a particular period, a payment of the overdue LAT we owe to the tax authorities could materially and adversely affect our financial results for a subsequent period.

We are financially dependent on distributions of dividends from our subsidiaries. Any changes in PRC policies on dividend distributions and enterprise income tax (“EIT”) may materially and adversely affect our ability in paying dividends and financial condition.

We are a holding company incorporated in the Cayman Islands and we conduct our core business operations primarily through our subsidiaries and associated companies in the PRC. We are financially dependent on dividends received from these subsidiaries and associated companies to service the Company’s indebtedness including the Notes. Therefore, we may face difficulties should our subsidiaries and associated companies incur debt or losses affecting their ability to pay us dividends and other distributions.

According to the PRC regulations, our subsidiaries may distribute their after-tax profits, as determined in accordance with PRC accounting principles (which differ in many aspects from the generally accepted accounting principles in other jurisdictions), to their shareholders according to their capital contribution only after they have made appropriate contributions to the relevant statutory reserves. Furthermore, we or our subsidiaries and associated companies may enter into certain agreements such as bank credit facilities and joint venture agreements which may contain restrictive covenants restricting our subsidiaries and associated companies’ ability in making contributions to us and thereby restricting our ability in receiving distributions. These factors may affect our ability in servicing the Company’s indebtedness including the Notes.

On March 16, 2007, the PRC Enterprise Income Tax Law (中華人民共和國企業所得稅法) (“EIT Law”) was issued and on December 6, 2007, the Rules on the Implementation of Enterprise Income Tax Law of the PRC (“Rules on the Implementation”) were issued, both of which became effective on January 1, 2008. Under the EIT Law and the Rules on the Implementation, enterprises established under the laws of or within the territory of the PRC, or established under the laws of a foreign country (region), but whose “de facto management body” is located in the PRC are treated as resident enterprises for PRC tax purposes. It is currently unclear in which situations a non-PRC enterprise’s “de facto management body” is located in the PRC. Substantially all of our management is currently based in the PRC. If we are treated as a resident enterprise for PRC tax purposes, we will be subject to PRC tax on our worldwide income at the 25% uniform tax rate, which may, unless otherwise provided in the EIT Law, include any dividend income we receive

from our subsidiaries. Although the EIT Law provides that dividend income between qualified resident enterprises is exempted income, it is not clear what is considered as a qualified resident enterprise under the EIT Law. If we are required under the EIT Law to pay PRC income tax with respect to any dividends we receive from our subsidiaries, it could materially and adversely affect our financial condition. As a result of the foregoing, we cannot assure you that we will have sufficient cash flow from dividends from subsidiaries to satisfy our obligations under the Notes or the obligations of the Subsidiary Guarantors or JV Subsidiary Guarantors (if any) under the Subsidiary Guarantees or JV Subsidiary Guarantees as the case may be.

Furthermore, the Notice of the State Administration of Taxation on Issues about the Determination of Chinese-Controlled Enterprises Registered Abroad as Resident Enterprises on the Basis of “de facto management body” (Guo shuifa No. 82 [2009]) (關於境外註冊中資控股企業依據實際管理機構標準認定為居民企業有關問題的通知) effective since January 1, 2008 has only clarified the conditions under which a foreign company whose majority shareholder is a Chinese enterprise or a group of Chinese enterprises would be considered as a PRC tax resident enterprise that has its “de facto management body” located in the PRC. However, the relevant PRC tax rules have not clarified whether and under what conditions a foreign company whose majority shareholders are PRC individuals may also be considered as a PRC tax resident enterprise having its “de facto management body” located in the PRC, and currently, it is uncertain whether the PRC local tax authority will make such determination. As of the date hereof, the PRC local tax authorities have not certified our Company as a PRC tax resident enterprise. However, we cannot assure you that our Company will not be treated as a PRC tax resident enterprise under the EIT Law and related implementation regulations in which case the tax consequences described above may apply.

We may be deemed a PRC resident enterprise under the EIT Law, in which case we would be subject to PRC taxation on our worldwide income and may be obligated to withhold PRC income tax on payment of interest on the Notes, and gain from the transfer of Notes may be subject to PRC tax.

Under the EIT Law enacted by the National People’s Congress in March 2007, enterprises established under the laws of foreign countries or regions whose “de facto management bodies” are located within the PRC are considered “resident enterprises” for PRC tax purposes and will generally be subject to the enterprise income tax at the rate of 25% on their global income. The implementation rules of the EIT Law define the term “de facto management body” as a management body that exercises full and substantial control and management over the business, personnel, accounts and properties of an enterprise. The SAT promulgated the Circular on Identifying Chinese-Controlled Offshore Enterprises as Chinese Resident Enterprises in Accordance with Criteria for Determining Place of Effective Management (關於境外註冊中資控股企業依據實際管理機構標準認定為居民企業有關問題的通知) in April 2009 and enforced on January 1, 2008, which specifies certain criteria for the determination of the “de facto management bodies” for foreign enterprises that are controlled by PRC enterprises or PRC enterprise groups. However, there have been no official implementation rules regarding the determination of the “de facto management bodies” for enterprises established offshore by private individuals or foreign enterprises like us. Substantially all of our management is currently located in the PRC. If we are treated as a PRC resident enterprise for income tax purposes, we will be subject to income tax at the rate of 25% on our global income. Furthermore, we may be obligated to withhold PRC income tax at a rate of 10% from payments of interest on the Notes to investors that are nonresident enterprises located outside Hong Kong, because the interest and other amounts may be regarded as being derived from sources within the PRC. If we fail to make proper withholdings, we may be subject to fines and other penalties. In addition, any gain realized by such nonresident enterprise investor from the transfer of the Notes may be regarded as being derived from sources within the PRC and accordingly may be subject to a 10% PRC income tax.

Our engagement as the provider of property management services may be terminated by property owners at their discretion.

We provide post-sales property management services to the owners of all of our residential and commercial projects that we have developed through our property management subsidiaries. We believe that property management is an integral part of our business and is critical to the successful marketing and promotion of our property developments. Under the PRC laws and regulations as of the date of this offering memorandum, owners have a right to change a property management company if owners together holding exclusive parts within the managed area representing more than half of the total area of buildings and owners representing more than half of the total number of owners agree. If homeowners of the projects that we have developed choose to terminate our property management services, or if property buyers dislike our property management services, our revenue and our reputation may be materially and adversely affected.

We have entered into letters of intent and framework agreements with local governments in the PRC, and the land developments contemplated under such letters of intent and framework agreement may not be implemented.

We have entered into letters of intent and framework agreements with local governments in the PRC in respect of the development of parcels of land. Pursuant to such letters of intent and framework agreements, we and the relevant local governments agreed to cooperate in the development of the relevant parcels of land whereby the local governments will attend to the preparatory work for the tender, auction or listing for sale of the lands, and we will participate in such tender, auction or listing for sale process and, if we succeed in our bid and acquire the land, develop the land. In spite of such letters of intent and framework agreements, we expect to go through the public tender, auction or listing-for-bidding process, and if we succeed in our bid, enter into a land grant contract and pay the relevant land premium as required by the relevant laws and regulations in order to obtain the title to the land.

We cannot assure you that there will not be changes to the manner of implementation of the letters of intent and framework agreement we have entered into. We cannot assure you that we will succeed in the relevant tenders, auctions or listings for sale or in securing the land grant contracts and obtaining the titles in respect of such lands and that the development plans contemplated under such letters of intent and framework agreement will be implemented.

We are subject to rising costs for labor and materials, which we may not be able to pass on to construction contractors or to purchasers.

Construction and development costs account for the majority of our cost of sales and are one of the significant factors affecting our financial condition and results of operations. As a result of economic growth and the boom in the property industry in the PRC prior to the PRC government implementing certain policies to cool down the industry, wages for construction workers and the prices of construction materials and building equipment have substantially increased in recent years. Under the terms of most of our construction contracts, contractors may adjust the contract prices upwards by 10% to cover increases in wages and costs of construction materials. In addition, in negotiations that follow upward materials cost fluctuations post-contract, we often agree to bear a greater share of the materials costs than is contractually required. We do so in order to maintain good relations with our contractors, which allows us to repeatedly source good quality and service. We are also exposed to the price volatility of labor and construction materials to the extent that we periodically enter into new or renew existing construction contracts at different terms during the life of a project, which may span several years, or if we choose to hire the construction workers directly or purchase construction materials directly from suppliers. Furthermore, we are unable to pass increased costs on to pre-sale purchasers when construction

costs increase subsequent to the date of the pre-sale contract. If we are unable to pass on any increase in the cost of labor, construction materials or building equipment to either our construction contractors or to the purchasers of our properties, our business prospects, results of operations and financial condition may be materially and adversely affected.

We may be required to forfeit land if we fail to comply with the terms of land grant contracts.

Under PRC law, if we fail to develop a property project according to the terms of the land grant contract, including those relating to the payment of land premium, the designated use of the land and the schedule for commencing and completing the development, the relevant government authorities may issue a warning, impose a penalty and/or liquidated damages, or require us to forfeit the land. Any violation of the land grant contract may also restrict or prevent us from participating in future land bidding.

Under current PRC law, if we fail to commence the development of a parcel of land for more than one year from the commencement date stipulated in the land grant contract, the relevant PRC land bureau may serve a warning notice on us and impose an idle land fee of up to 20% of the land assignment or allocation fee. If we fail to commence development for more than two years from the relevant commencement date stipulated in the land grant contract, the land will be subject to forfeiture to the PRC government. Moreover, even if the commencement of the property development satisfies the stated requirements of the land grant contract, if the developed GFA is less than one-third of the total planned GFA of the project or the total capital invested is less than one-fourth of the total planned investment the project, and development of the land is suspended continuously for more than one year without government approval, the land will still be treated as idle land. In the Notice on Promoting the Saving and Intensification of Use of Land (國務院關於促進節約集約用地的通知) promulgated by the State Council in January 2008, the aforesaid policy was reinforced. This notice states, among other things, that the MLR and other authorities are required to conduct research on and commence drafting of implementation rules concerning the levy of land appreciation fees on idle land. Furthermore, the MLR issued a Notice on Restricting the Administration of Construction Land and Promoting the Use of Approved Land (關於嚴格建設用地管理促進批而未用土地利用的通知) in August 2009, which reiterates the current rules regarding idle land. In September 2010, the MLR and MOHURD jointly issued the Notice On Further Strengthening the Administration and Control of Real Estate Land and Construction (關於進一步加強房地產用地和建設管理調控的通知), which provides that a property developer and its shareholders will be prohibited from participating in land bidding before any illegal behaviors in which it engages, such as (1) land idle for more than one year on its own reasons; (2) illegal transfer of land use rights; (3) noncompliance with the land development requirements specified in a land grant contract; and (4) crimes such as taking land by forging official documents and illegal land speculation have been completely rectified. We cannot assure you that circumstances leading to imposition of penalty, liquidated damages or forfeiture of our land will not arise in the future. If we are deemed as holding land idle for more than one year without cause or are required to forfeit land, we may lose the opportunity to develop the relevant land, our investments in the land, including land premiums paid and development costs incurred, and our ability to bid for other land in the future, any of which could materially and adversely affect our business prospects, results of operations and financial condition.

The requirements set forth in the Provisions on Sales of Commodity Properties at Clearly Marked Price may adversely affect our business operations and financial results.

The Provisions on Sales of Commodity Properties at Clearly Marked Price (商品房銷售明碼標價規定) was promulgated by the NDRC on March 16, 2011 and became effective on May 1, 2011, pursuant to which any real estate developer or real estate agency is required to mark the selling price explicitly and clearly for both newly-built and second-hand commodity properties and are prohibited from, among others, selling commodity properties beyond the stated price. With respect to the real estate development projects that have received property pre-sale license or have completed the filing procedures for the sales of constructed properties,

real estate developers and real estate agency shall announce all the commodity properties available for sales all at once within the specified time limit. As a result, our ability to adjust property selling prices in accordance with the market's response to a new project or other changes in market conditions is substantially limited, and we may have less flexibility in formulating our sales and pricing strategy, which may have an adverse effect on our business operations and financial results.

Our business, results of operations and financial condition may be materially and adversely affected if we fail to obtain, or if there is any material delay in obtaining, any of the relevant PRC governmental approvals for our development projects.

In developing and completing a property development, we are required to obtain various permits, licenses, certificates and other approvals including, but not limited to, the State-owned Land Use Rights Certificates (國有土地使用證), Planning Permit for Construction Land (建設用地規劃許可證), Planning Permit for Construction Works (建設工程規劃許可證), Permit for Commencement of Construction Works (建築工程施工許可證), Pre-sale Permit for Commodity Housing (商品房預售許可證) and certificates or confirmation of completion and acceptance from the relevant administrative authorities at various stages of the development of the property project. In particular, we are required to obtain state-owned Land Use Rights Certificates before commencing any property development and such certificates would generally only be issued after certain conditions have been satisfied. Such conditions include the relevant project company having executed the state-owned Land Use Right Granting Contracts (國有土地使用權出讓合同) with the relevant authorities whereby the land use right is obtained by grant, provided we have paid the land grant premium in full and relocated the local residents from the site area if so required.

We cannot assure you that we will obtain all necessary certificates and permits for our projects in a timely manner, or at all, and we cannot assure you that we will not encounter problems in fulfilling all or any of the conditions imposed for the grant of the necessary certificates or permits, or that we will be able to expeditiously adapt to new laws, regulations or policies that may come into effect from time to time with respect to the granting of such items. There may also be significant delays in the granting of such items to us by the relevant PRC administrative bodies. If we fail to obtain, or are considered by relevant governmental authorities to have failed to obtain, or experience significant delays in obtaining, the requisite governmental approvals, penalties could be levied on us and our schedule of property development could be substantially disrupted. This could materially and adversely affect our business, results of operations and financial condition.

We may not be able to successfully manage our growth.

We have been continuously expanding our operations in recent years. As we continue to grow, we must continue to improve our managerial, technical and operational knowledge and allocation of resources, and to implement an effective management information system. To effectively manage our expanded operations, we need to continue to recruit and train managerial, accounting, internal audit, engineering, technical, sales and other staff to satisfy our development requirements. In order to fund our ongoing operations and our future growth, we need to have sufficient internal sources of liquidity or access to external financing sources. Furthermore, we will be required to manage relationships with a greater number of customers, suppliers, contractors, service providers, lenders and other third parties. We will need to further strengthen our internal control and compliance functions to ensure that we are able to comply with our legal and contractual obligations and reduce our operational and compliance risks. We cannot assure you that we will not experience issues such as capital constraints, construction delays, operational difficulties at new locations, or difficulties in expanding our existing business and operations and in training an increasing number of personnel to manage and operate the expanded business. Our expansion plans may also adversely affect our existing operations and thereby have a material adverse effect on our business prospects, results of operations and financial condition.

We may be subject to legal and business risks if we fail to obtain, renew or maintain qualification certificates.

Property developers must obtain a qualification certificate in order to carry out property development in the PRC. According to the Provisions on Administration of Qualification of Real Estate Developers (房地產開發企業資質管理規定) (the “Provisions on Administration of Qualifications”), newly established property developers must first apply for a provisional qualification certificate, which is valid for one year and can be renewed for a maximum of two additional years. A property developer is required to obtain a formal qualification certificate with an approved class before its provisional qualification certificate expires. Formal qualification certificates are subject to renewal on an annual basis. Government regulations require developers to fulfill all statutory requirements before obtaining or renewing their qualification certificates. See “Regulation.” In addition, before commencing their business operations, entities engaged in property service are required to obtain qualification certificates in accordance with the Measures for Administration of Qualifications of Property Service Enterprises (物業服務企業資質管理辦法).

Each of our project companies is responsible for the annual submission of its renewal application and shall engage in property developments within its qualification certificate class. If any of our project companies is unable to meet the relevant qualification requirements, it will generally be given a grace period to rectify any noncompliance and may be subject to a penalty of between RMB50,000 and RMB100,000. Failure to ratify the noncompliance within the grace period could result in the revocation of the qualification certificate and the business license of the relevant project company. We cannot assure you that we will be able to renew our provisional qualification certificates, or obtain or renew our formal qualification certificates in a timely manner, or at all. If any of our project companies fails to do so, our business prospects, results of operations and financial condition may be materially and adversely affected.

We are subject to potential environmental liabilities.

We are subject to a variety of laws and regulations concerning the protection of the environment. The particular PRC environmental laws and regulations which apply to any given project development site vary according to the location, the environmental condition, the present and former uses of the site, as well as adjacent properties.

The relevant property development project may be delayed due to our efforts to comply with environmental laws and regulations. In some environmentally-sensitive regions or areas, the compliance costs could be prohibitively expensive.

In addition, each property development project is required by the relevant PRC laws and regulations to undergo environmental assessments and to submit an environmental impact assessment report to the relevant government authorities for approval before commencement of construction. Failure to obtain such approval prior to construction may result in suspension of construction and a penalty amounting to RMB50,000 to RMB200,000 for each project. Furthermore, it is possible that these assessments did not reveal all environmental liabilities and there may be environmental liabilities of which we are unaware that may have a material adverse effect on our business and financial condition. In addition, if more stringent regulations are adopted in the future, we cannot assure you that we will be able to fully comply with such regulations and the costs of compliance with these new regulations may be substantial. If any of these occur, our business prospects, results of operations and financial condition may be materially and adversely affected.

The total GFA of our projects under development or future property developments may exceed the original GFA authorized in the land grant contract and we may need to obtain additional government approvals and be subject to additional payments.

When the PRC government grants the land use rights for a parcel of land, it will specify in the land use rights grant contract the designated use of the land and the total GFA that the developer may develop on the land. The actual GFA constructed, however, might have exceeded the total GFA authorized in the land use rights grant contract due to various factors such as subsequent planning and design adjustments. The amount of GFA in excess of the authorized amount is subject to approval when the relevant authorities inspect the properties after their completion and the developer may be required to pay additional land premium in respect of such excess GFA. In addition, if we fail to obtain the completion certificate due to such excess GFA, we will not be allowed to deliver the relevant properties to the purchasers or recognize the revenue from the relevant pre-sold properties and may also be subject to liabilities under the pre-sale contracts. If this occurs, our business prospects, results of operations and financial condition may be materially and adversely affected.

We may encounter delay in issuance and delivery of title documents after sale and such delay may in turn give rise to claims from our customers.

The sale contracts relating to our property projects are prepared in accordance with applicable legal requirements and if applicable, local regulations and practices prescribed by local governmental authorities. Under PRC laws, sale contracts must be properly registered with the relevant authorities in order for the property transfer to be effective, and the failure to so register may result in delay of the property transfer. We generally undertake to attend to all filing and registration procedures required of property developers so as to facilitate subsequent applications by our customers for issuance of strata-title Building Ownership Certificates (分戶產權證). If there are any changes in practice of the relevant government authorities or interpretation of the applicable rules and regulations, we may be under legal obligations to procure delivery of strata-title Building Ownership Certificates for our customers and we may experience delays which are beyond our control, such as time-consuming examination and approval processes at various government agencies, in completing certain deliverables. In such circumstances, we may be subject to claims from our customers for breaching the terms of the sale contracts or otherwise and our business, results of operations and financial condition may be materially and adversely affected and our reputation may be damaged in the case of serious delays of one or more of our property projects.

We do not have adequate insurance to cover certain kinds of losses and claims in our operations.

We maintain what we consider are commercially adequate levels of insurance against certain risks, such as insuring our projects under development against damage and destruction by fire, flood, lightning, explosions and other hazards during construction periods and insuring our assets against certain natural disasters. We also maintain third-party liability insurance and profit insurance protecting us against unexpected profit declines. However, we do not maintain insurance against all risks associated with our industry, either because we have deemed it commercially unfeasible to do so, or because our insurers have carved certain risks out of their standard policies. We may incur losses, damages or liabilities during any stage of our property development which are uninsured, and we may not have sufficient funds to cover the same or to rectify or replace any property or project that has been damaged or destroyed. In addition, any payments we make to cover any losses, damages or liabilities may materially and adversely affect our business, results of operations and financial condition.

Third-party infringement of our intellectual property rights or an adverse finding of our infringing upon others' intellectual property rights may damage our reputation and materially and adversely affect our business, results of operations and financial condition.

We regard our copyrights, service marks, trademarks, patents, design patents, trade secrets and other intellectual property as important to our success. For more information about our intellectual property, see “Business — Intellectual Property.” Unauthorized use of our intellectual property by third parties may materially and adversely affect our business and reputation. We rely on trademark and copyright law, trade secret protection and confidentiality agreements with our employees, customers, business partners and others to protect our intellectual property rights. Despite our precautions, it may be possible for third parties to obtain and use our intellectual property without authorization. Moreover, litigation may be necessary in the future to enforce our intellectual property rights, to protect our trade secrets or to determine the validity and scope of the proprietary rights of others. Future litigation could result in substantial costs and diversion of resources.

Should we fail to renew the registration of any of the trademarks upon the renewal date or should we be held by any court or tribunal to be infringing or have infringed any trademark or intellectual property rights of others or should our brand image suffer any deterioration or damages, our business, results of operations and our general reputation may be materially and adversely affected. An adverse ruling in any such litigation or proceedings could subject us to significant liability to third parties, require us to seek licenses from third parties, to pay ongoing royalties, or subject us to injunctions prohibiting the use of such trademarks.

The discovery of cultural relics at a construction site could result in the delay or abandonment of a property development project.

A number of locations where we conduct our real estate development were ancient political, economic and cultural centers of China and home to a large quantity of valuable cultural relics and historic sites. Pursuant to the Cultural Relics Protection Law of the PRC (中華人民共和國文物保護法), if any cultural relics are discovered beneath our development sites during our construction process, such discovery must be immediately reported to the local department of cultural relics administration, and construction must be immediately suspended or partly suspended for archaeological surveying. If an underground discovery is classified as “highly valuable” by archaeologists and a parcel of land is considered to be of public interest because of its historical or archaeological significance, the parcel of land has to be returned to the government and the entire project must be relocated. Although the government is required to compensate a property developer for a parcel of land returned to it for archaeological purposes, there is no assurance that such compensation will be sufficient to cover the full amount of the land premium paid or any other expenses incurred by the developer in connection with the relevant site. If any historic relics are discovered under any of our construction sites in the future, the completion of our projects may be delayed or we may even be required to return the relevant parcels of land to the government, which may materially and adversely affect our business prospects, results of operations and financial condition.

We depend on our management team for our continuous development.

Our success and growth depends on our ability to identify, hire, train and retain highly skilled and qualified employees, including management personnel with relevant professional skills. Our directors and members of senior management are important to our success and we depend on them for our continuous business development. The loss of a significant number of our directors and senior management or Madam Wu could have a material adverse effect on our business, results of operations and financial condition if we are unable to find suitable replacements in a timely manner. As competition for such personnel is intense in the property sector in the PRC, any failure to recruit and retain the necessary management personnel at any time could materially and adversely affect our business, results of operations and financial condition.

The interests of our Controlling Shareholders may not align with our interests or those of the holders of the Notes.

Our founders, Madam Wu and Mr. Cai, have transferred their respective controlling shareholding interests in us to Charm Talent and Junson Development, respectively, in contemplation of the establishment of the Wu Family Trust and the Cai Family Trust, being discretionary trusts, the beneficiaries of which include family members of, respectively, Madam Wu and Mr. Cai. The Wu Family Trust and the Cai Family Trust were duly set up on June 11, 2008. Thereupon, Charm Talent and Junson Development became our Controlling Shareholders which are in turn indirectly controlled by HSBC International Trustee as trustee of the said two trusts. As of June 30, 2012, Charm Talent and Junson Development, in aggregate, held approximately a 75.6% interest in our issued share capital. Accordingly, they will be able to exert significant control and influence over our business and on matters of significance to us and the holders of the Notes.

Notwithstanding that the Wu Family Trust and the Cai Family Trust are of a discretionary nature and that HSBC International Trustee as trustee is entitled to make decisions regarding any matters relating to the trusts at its own discretion and based on its own judgment, HSBC International Trustee as trustee is bound by the fiduciary duties of a trustee in making any decisions regarding corporate actions to be taken by Charm Talent and Junson Development and the interests of Charm Talent or Junson Development may not be aligned with those of the holders of the Notes. There is no assurance that Charm Talent, Junson Development or HSBC International Trustee will not prevent us from taking actions or exercising our rights under agreements to which we are a party including the agreements we entered into with our founders (also as founders of the Wu Family Trust and the Cai Family Trust) or our Controlling Shareholders. When conflicts of interest arise between our founders, Controlling Shareholders and the holders of the Notes, our Controlling Shareholders may prevent or delay us from entering into transactions that might be desirable to the holders of the Notes.

We cannot assure you that our Controlling Shareholders and HSBC International Trustee will act entirely in our interests or that conflicts of interest will be resolved in our favor. The interests of our Controlling Shareholders may differ from our interests or those of our creditors, including the holders of the Notes, and our Controlling Shareholders are free to vote according to their interests.

Disputes with our joint venture partners may materially and adversely affect our business, results of operations and financial condition.

We have developed certain projects through joint ventures with our PRC or foreign partners. We have three projects which are being developed jointly with other entities through cooperation arrangements, and are in discussions with our partners regarding other new projects. Our joint venture partners or project development partners may have economic or business interests or goals that are inconsistent with ours, take actions contrary to our instructions or requests or contrary to our policies or objectives, may be unable or unwilling to fulfill their obligations under the relevant joint venture or cooperation agreements or have financial difficulties.

Disagreement with any of our joint venture partners or project development partners in connection with the scope or performance of our respective obligations under the project or joint venture or cooperation arrangement could affect our ability to develop or operate a property. Our

joint venture partners or project development partners may be unable or unwilling to perform their obligations under the relevant agreements, including their obligation to make required capital contributions and shareholder loans, whether as a result of financial difficulties or otherwise. Our joint venture partners or project development partners may interpret the obligations of the parties under the project or joint venture or cooperation arrangement differently from us. A dispute with our joint venture partners or project development partners or the early termination of our joint venture or cooperation arrangements could materially and adversely affect our business, results of operations and financial condition. If a situation arises in which we cannot complete a project being jointly developed with our joint venture partners or project development partners or we are required to pay a substantial sum to resolve such dispute, due to one of the above reasons or for any other reason, the rights and obligations of each party with respect to the incomplete project will be determined by the relevant joint venture or cooperation agreements. If such agreements are silent or inconclusive with regard to such rights and obligations, the resolution of any dispute may require arbitration or, failing that, litigation, which could have a material adverse effect on our business, results of operations and financial condition.

The valuation attached to our property interests contains assumptions that may or may not materialize.

Under IFRS, gains or losses arising from changes in the fair value of our investment properties are included in our consolidated statements of comprehensive income in the period in which they arise. According to IFRS, the value of investment properties can be recognized by using either the fair value model or the cost model. Our directors have selected the fair value model to report the value of investment properties because they are of the view that periodic fair value adjustments in accordance with the then prevailing market conditions, irrespective of whether such market trend moves upwards or downwards, help present a more updated picture of the fair value of our investment properties in our financial statement. The valuations are based on certain assumptions which, by their nature, are subjective and uncertain and may differ materially from actual results. For example, with respect to properties under development and planned for future development, the valuations are based on assumptions that (1) the properties will be developed and completed in accordance with the development proposals, (2) regulatory and government approvals for the proposals have been obtained and (3) all premiums in connection with the properties have been paid and the properties are free from encumbrances and other restrictions. For properties owned by the project companies in which we have an attributable interest of less than 100%, the valuation assumes that the interest of the relevant project companies in the aggregate value of the property or business is equal to our proportionate ownership interest in the relevant company or business. Accordingly, the valuations are not a prediction of the actual value we expect to realize from these properties. Unanticipated results or changes in particular property developments, or changes in general or local economic conditions or other relevant factors, including changes in government regulations, could affect such values. In addition, valuation differences of investment properties are recognized in our consolidated statement of comprehensive income. Accordingly, a decrease in the value of our investment properties would reduce the amount of our net income and could lead to a net loss during a particular period.

Certain leased properties occupied by us may have defective titles.

The lessors of certain properties leased by our members for office or ancillary use do not have proper title documents to the relevant properties and certain of our leases have not been registered with the relevant PRC governmental authorities. For further information, see “Business — Properties For Self-Occupation.” Though our members have been occupying these leased premises in accordance with the terms of the relevant lease agreements, in the unlikely event that

any of our members are required to vacate such properties during the respective terms of their lease agreements as a result of adverse legal issues concerning the validity of such leases, the business operations of our members may be interrupted to the extent that a replacement premise would need to be located and another lease be entered into. However, given that such leased properties are not crucial to our operations as they are used for offices and ancillary use only, our directors believe that there will be minimal material adverse impact on our business should legal issues concerning such leased properties materialize.

Our properties may be subject to natural disaster risks.

Our properties may be subject to natural disaster risks, including flood, hurricane, earthquake or other acts of God. For example, the Sichuan Earthquake, which measured 8.0 on the Richter scale, occurred in China's Sichuan province on May 12, 2008. The epicenter of the Sichuan Earthquake was Wenchuan county, which is approximately 150 km from Chengdu. Although the Sichuan Earthquake did not have any material adverse impact on our development projects or our overall operations and financial conditions, there can be no assurance that similar earthquakes will not happen in the future and they will not cause material damage to our development projects. If such natural disasters or acts of God damage our properties, our business, results of operations and financial condition may be materially and adversely affected.

Our operations could be affected by the global economic crisis and the slowdown in world markets.

The global economic crisis in 2008 caused a slowdown in world markets. As financial institutions, companies, investors and consumers attempted to retrench in an effort to reduce exposure, save capital and weather the economic contraction, the demand for and hence value of real estate and the supply of credit decreased. Although the real estate market has recovered in the past year, any economic slowdown in the future could affect our property investment and property development projects. In addition, banks in the PRC have been tightening credit since 2010 after extensive lending in the first half of 2009. This may cause an increase in the interest expense on our bank borrowings, or banks may reduce the amount of, or discontinue, banking facilities currently available to us.

Although the Chinese economy started recovering in the past year, there is no assurance that any economic recovery is sustainable or that the earlier economic crisis and slowdown have come to an end. If market conditions deteriorate or market downturn occurs and becomes more severe, longer lasting or broader than expected, we could face a material loss of revenue and shareholder value and our business, results of operations and financial condition could be materially and adversely affected.

RISKS RELATING TO THE PROPERTY INDUSTRY IN THE PRC

We are subject to regulations implemented by the PRC government, which may adopt further measures intended to prevent overheating of the property sector in the PRC.

Our business is subject to extensive governmental regulation. We are required to comply with various requirements mandated by PRC laws and regulations, including the policies and procedures established by local authorities designed to implement such laws and regulations. In particular, the PRC government exerts considerable direct and indirect influence on the development of the PRC property sector by imposing industry policies and other economic measures, such as control over the supply of land for property development, foreign exchange, property financing, taxation and

foreign investment. Between 2004 and the first half of 2008, in response to concerns over the scale of the increase in property investment and the potential overheating of the property sector in the PRC, the PRC government introduced policies to restrict development in the property sector, including:

- suspending or restricting land grants and development approvals for luxury villas and larger-sized units;
- charging idle land fees for land which has not been developed for one year starting from the commencement date stipulated in the land grant contract and canceling land use rights for land which has not been developed for two years or more;
- prohibiting any onward transfer of pre-sold properties before the ownership certificate is obtained;
- requiring that at least 70% of the land supply approved by a local government for residential property development during any given year be used for developing low-to medium-cost and small- to medium-size units for sale or as low-cost rental properties;
- requiring that at least 70% of residential projects approved or constructed on or after June 1, 2006 in any administrative jurisdiction must consist of units with a unit floor area of less than 90 sq.m. per unit, and that projects which have received project approvals prior to this date but have not obtained construction permits to adjust their construction plan in order to be in compliance with this new requirement with the exception of municipalities under direct administration of the PRC central government, provincial capitals and certain cities which may deviate from this ratio under special circumstances upon approval by the MOHURD (“70:90 rule”);
- tightening availability of bank loans to property developers and purchasers of developed properties and increasing the reserve requirements for commercial banks;
- imposing or increasing taxes on short-term gains from second-hand property sales; and
- restricting foreign investment in the property sector by, among other things, increasing registered capital and other requirements for establishing foreign-invested real estate enterprises, tightening foreign exchange control and imposing restrictions on purchases of properties in China by foreign persons.

Beginning in the second half of 2008, in order to combat the impact of the global economic slowdown, the PRC government adopted measures to encourage domestic consumption in the residential property market and support property development, which included the reduction of deed taxes for first-time purchasers of ordinary residential property of less than 90 sq.m., the waiver of stamp duty fees for individuals who are purchasing or selling ordinary residential properties, and the exemption of land appreciation tax for individuals who are selling ordinary residential properties. The PRC government is expected to revise or terminate such favorable policies according to changes in market conditions. For example, in December 2009 and January 2010, the PRC government adjusted some of its policies in order to enhance regulation in the property market, restrain property purchases for investment or speculation purposes and keep property prices from rising too quickly in certain cities. In December 2009, the PRC government abolished certain preferential treatment relating to business taxes payable upon transfers of residential properties by property owners. In January 2010, the PRC government imposed more stringent requirements on mortgage loans by requiring purchasers who have already purchased a residence through mortgage financing to pay a minimum down payment of 40% of the purchase price for any additional residences. In April 2010, the State Council issued the Notice on Firmly Preventing Property Price from Increasing Too Rapidly in Certain Cities (關於堅決遏制部分城市房價過快上漲的通知), which, among other things, provides that the minimum down payment for the

first property that is larger than 90 sq.m. shall be not less than 30% of the purchase price, down payment for the second property bought with mortgage loans shall be not less than 50% of the purchase price and the loan interest rate shall be not lower than 110% the benchmark lending rate published by the PBOC. In certain areas where commodity residential properties are in short supply and prices rise too quickly, the banks may suspend mortgage loans for the third or further properties bought by mortgage applicants or to nonresidents who cannot provide any proof of tax or social insurance payment for more than one year. To strengthen property market regulation and enhance the implementation of these existing policies, on September 29, 2010, the PBOC and CBRC jointly issued the Notice on Relevant Issues Regarding the Improvement of Differential Mortgage Loan Policies (關於完善差別化住房信貸政策有關問題的通知), according to which the minimum down payment has raised to 30% for all first home purchases, and commercial banks throughout China are required to suspend mortgage loans for purchases of a customer's third parcel of residential property and beyond. On November 4, 2010, MOHURD and SAFE jointly promulgated the Notice on Further Regulating Administration of Purchase of Houses by Overseas Institutions and Individuals (關於進一步規範境外機構和個人購房管理的通知), pursuant to which, an overseas individual can only purchase one house for self-use within the PRC, and an overseas institution which has established a branch or representative office in the PRC can only purchase nonresidential property for business use in the city where it is registered within the PRC. On January 27, 2011, the Ministry of Finance and the State Administration of Taxation issued the Notice on the Adjustment of Policy of Business Tax on Re-sale of Personal Residential Properties (財政部、國家稅務總局關於調整個人住房轉讓營業稅政策的通知), which repeals the Notice on Adjusting the Policy of Business Tax on Re-sale of Personal Residential Properties promulgated on December 22, 2009 and provides that transfer of residential properties by individuals within five years of purchase is subject to business tax based on the sales income, while the business tax levied on the transfer of non-ordinary residential properties by individuals after five years of purchase is based on the difference between the sales income and the purchase price. In the case of an ordinary residence, the business tax is exempted if that transfer occurs after five years from the purchase date. On January 26, 2011, the General Office of the State Council issued the Notice of the State Council on Issues Related to Further Enhancing the Regulation and Control of Real Estate Market (國務院辦公廳關於進一步做好房地產市場調控工作有關問題的通知). According to this Notice, for those households who purchase a second house using a loan, the down payment ratio may not be lower than 60%. The loan interest may not be lower than 1.1 times of the benchmark interest rate. The respective branches of PBOC may raise the down payment ratio and interest rate on loans for the second home based on the price control targets set by the local People's Government for newly constructed houses and the policy requirements, and on the basis of national unified credit policies. In addition, all municipalities, cities specifically designated in the State plan, provincial capitals and cities in which housing prices are excessively high or rising rapidly are to formulate and implement measures for restriction of housing purchases within a specified period. In principle, households with local registered residence which have already owned one set of housing and households without local registered residence are able to produce a local tax payment certificate or a proof of social insurance contribution for a certain number of years shall be restricted to purchasing one set of housing (including newly constructed commodity housing and second-hand housing). In respect of households with local registered residence which have already owned two sets of or more housing, households without local registered residence which have already owned one set of and more housing, and households without local registered residence which are unable to provide a local tax payment certificate or a proof of social insurance contribution for a certain number of years, no houses shall be sold to them within its own administrative area for the time being. On November 1, 2011, the governments of 47 cities, such as Beijing, Shanghai, Guangzhou, Tianjin, Nanjing, Chengdu, Wuxi, Qingdao, Hangzhou, Xi'an, Changzhou, Shengyang and Dalian, have, respectively, promulgated local measures for restriction of housing purchases to implement the Notice of the State Council on Issues Related to Further Enhancing the Regulation and Control of Real Estate Market (國務院辦公廳關於進一步做好房地產市場調控工作有關問題的通知). On January 27, 2011, Shanghai Municipal Government issued Provisional Measure on levying of Property Tax on Part of Individual Residential Properties in Shanghai on a Trial Basis (上海市開展對部分個人住房徵收房產稅試點的暫行辦法). According

to this provisional measure, property tax shall be imposed on a second residential property and beyond purchased by Shanghai residents and any residential property purchased by non-Shanghai residents from January 28, 2011. For Shanghai residents who purchase a second residential property after January 28, 2011, if the construction area per capita of all residential properties owned by the family is no more than 60 sq.m. (the “tax-free construction area”), such newly purchased residential property could be temporarily exempted from property tax; if the construction area per capita of all residential properties owned by the family is more than 60 sq.m., property tax will be levied on the construction area of the newly purchased residential properties, as the construction area exceeds the tax-free construction area. The property tax will be provisionally based on 70% of the market price of the taxable residential property with the tax rate at 0.6%. For the taxable residential property whose market price per square meter is no more than 2 times of last year’s average sales price of newly constructed commodity residential properties of Shanghai, the tax rate shall temporarily be 0.4%. In February 2011, the Shanghai municipal government announced that for taxable residential properties whose market price is no more than RMB28,426, the tax rate is 0.4%. On January 28, 2011, Chongqing Municipal Government issued the Provisional Measures on levying Property Tax on Part of Individual Residential Properties on a Trial Basis (重慶市政府對部分個人住房徵收房產稅改革試點暫行辦法) and Detailed Implementation Rules on Administration of Collection of Property Tax of Residential Property in Chongqing Municipality (重慶市個人住房房產稅徵收管理實施細則). Within nine trial districts, property tax shall be imposed on the detached commodity house, newly purchased high-end residential property and second ordinary residential property newly purchased by individuals who do not have local household registration (戶口), entities or jobs in Chongqing on January 28, 2011. The applicable tax rate of detached commodity house and high-end residential property shall be 0.5%, 1% or 1.2%, based on the transaction prices of such properties. The applicable tax rate of second ordinary residential property newly purchased by individuals who do not have local household registration (戶口), entities or jobs in Chongqing is 0.5%. The provisional measure and its implementation rules also set detailed guidelines on tax exemption and administration on tax collection. See “Regulation.” The governments of Beijing and Guangzhou have recently adopted additional restrictive policies to curb property price increases. In September 2012, the Guangzhou government imposed restrictions on the pre-sale of certain high-priced properties, while the Beijing government issued a new requirement that local purchasers must present the original copy of the “second generation” personal identification cards for the review of their eligibility to purchase residential properties in Beijing. We cannot assure you that the PRC government will not adopt more stringent industry policies, regulations and measures in the future. For example, the PRC government may impose county-wide real estate tax in the near future. We are not sure whether such tax will be imposed and neither can we assess the adverse impact of this new tax on our business operations and financial results. If we fail to adapt our operations to such new policies, regulations and measures that may come into effect from time to time with respect to the real property industry, or such policy changes disrupt our business or cause us to incur additional costs, our business prospects, financial condition and results of operations may be materially and adversely affected.

Our investments in the PRC are subject to the PRC government’s control over foreign investment in the property sector.

The PRC government imposes restrictions on foreign investment in the property sector to curtail the overheating of the property sector by, among other things, increasing the capital and other requirements for establishing foreign-invested real estate enterprises, tightening foreign exchange control and imposing restrictions on purchases of properties in China by foreign persons. For example, in May 2007, the PRC Ministry of Commerce (中華人民共和國商務部) (“MOFCOM”) and the PRC State Administration of Foreign Exchange (中華人民共和國國家外匯管理局) (“SAFE”) jointly issued the Notice on Further Strengthening and Regulating the Approval

and Supervision on Foreign Investment in Real Estate Sector in the PRC (關於進一步加強、規範外商直接投資房地產業審批和監管的通知), which, among other things, provides that:

- Foreign investment in the real estate sector in the PRC relating to high-end properties should be strictly controlled.
- Prior to obtaining approval for establishment of a Foreign-Invested Real Estate Entity (the “FIREEs”), foreign investors must first obtain land use rights and property ownership certificates, or have entered into pre-sale or pre-granting agreements with the land administration authority or property developer/owner.
- Acquisition of or investment in domestic real estate enterprises by way of round-trip investment (including the same actual controlling person) shall be strictly controlled.
- Further, overseas investors may not avoid approval procedures for foreign investment in property by changing the actual controlling person of the domestic real estate enterprise.
- Once the foreign exchange authority has found the foreign-invested property enterprise to have been established by deliberate evasion of foreign exchange and false representation, it shall take action against the enterprise’s remittance of capital and interest accrued without approval, and the enterprise shall bear liability for the illegal purchase and evasion of foreign exchange.
- Shareholders of FIREEs are prohibited from guaranteeing a fixed return or the same effect to the other party in any way.
- If foreign-invested enterprises in China engage in real estate development or operations or if FIREEs in China engage in new real estate project developments, they must first apply to the examination and approval authorities for their expansion of scope of business or scale of operations in accordance with the PRC laws and regulations related to foreign investments.
- The local examination and approval authorities must file with MOFCOM their approvals of establishment of FIREEs for record-keeping, and must exercise due control over foreign investments in high-end properties.
- For those FIREEs which fail to pass the joint annual inspection of foreign-invested companies and have not completed the required filing with MOFCOM, local SAFE administrations and designated foreign exchange banks must not permit any foreign exchange sales and settlement under such FIREEs’ capital accounts.
- MOFCOM shall have the right to investigate and rectify the approvals of FIREEs which are not in compliance with the laws and regulations made by local examination and approval authorities, and SAFE shall not handle the foreign exchange registration for such FIREEs.

These restrictions imposed by the PRC government on foreign investment in the property sector may affect our ability to make further investments in our PRC subsidiaries and, as a result, may limit our business growth and have a material adverse effect on our business prospects, financial condition and results of operations.

The PRC government has imposed restrictions on the ability of PRC property developers to receive offshore funds, which could affect our ability to deploy funds raised outside China in our business inside China.

In July 2007, the General Affairs Department of SAFE issued the Circular on Distribution of List of the First Group of Foreign-Invested Real Estate Projects Filed with the Ministry of

Commerce (關於下發第一批通過商務部備案的外商投資房地產項目名單的通知). The notice stipulates, among other things, (i) that SAFE will no longer process foreign debt registrations or applications for the purchase of foreign exchange submitted by real estate enterprises with foreign investment who obtained approval certificates from and registered with MOFCOM on or after June 1, 2007 and (ii) that SAFE will no longer process foreign exchange registrations (or alteration of such registrations) or applications for the sale and purchase of foreign exchange submitted by real estate enterprises with foreign investment which obtained approval certificates from local government commerce departments on or after June 1, 2007 but which did not register with MOFCOM. This new regulation prohibits foreign-invested real estate companies from raising funds offshore for the purpose of injecting such funds into the companies by way of shareholder loans. This notice, however, does not restrict property developers from receiving foreign capital by way of increasing the registered capital of existing foreign-invested companies or through the establishment of new foreign-invested real estate companies, provided that such increase of registered capital or establishment of new company has been duly approved by MOFCOM or its local branches and registered with MOFCOM.

As a foreign-invested PRC property developer, we are subject to this notice. We intend to repatriate to China offshore funds that we may raise in this offering by increasing the registered capital of our existing subsidiaries or by establishing new subsidiaries. However, we cannot assure you that we will be able to obtain in a timely manner, if at all, all necessary foreign exchange approval certificates for the deployment of offshore funds, or that we will be able to obtain in a timely manner, if at all, any registration of new foreign-invested subsidiaries or additional registered capital increases in the future. Further, we cannot assure you that the PRC government will not introduce new policies that further restrict our ability to repatriate to China the funds raised in this offering. If we fail to repatriate to China any or all of the net proceeds raised in this offering, our liquidity and our ability to fund and expand our business could be adversely and materially affected.

In addition, any capital contributions made to our operating subsidiaries in China are also subject to the foreign investment regulations and foreign exchange regulations in the PRC. For example, in accordance with a circular promulgated by SAFE in August 2008 with respect to the administration of conversion of foreign exchange capital contribution of foreign invested enterprises into Renminbi (關於完善外商投資企業外匯資本金支付結匯管理有關業務操作問題的通知), unless otherwise permitted by PRC laws or regulations, Renminbi capital converted from foreign exchange capital contribution can only be applied to the activities within the approved business scope of such foreign invested enterprise and cannot be used for domestic equity investment or acquisition. Pursuant to this offering memorandum, we may encounter difficulties in increasing the capital contribution to our project companies and subsequently converting such capital contribution into Renminbi for equity investment or acquisition in China. We cannot assure you that we will be able to obtain these approvals on a timely basis, or at all. If we fail to obtain such approvals, our ability to make capital contributions to our project companies as their general working capital or to fund their operations may be negatively affected, which could materially and adversely affect our business prospects, financial condition and results of operations.

We are heavily dependent on the performance of the property market in China, which is at a relatively early stage of development.

Private ownership of property in the PRC is still in a relatively early stage of development. Although demand for private property in the PRC has been growing rapidly in recent years, such growth is often coupled with volatility in market conditions and fluctuation in property prices. It is extremely difficult to predict how much and when demand will develop, as many social, political, economic, legal and other factors, most of which are beyond our control, may affect the development of the property market. The level of uncertainty is increased by the limited availability of accurate financial and market information as well as the overall low level of transparency in the PRC.

The lack of a liquid secondary market for residential real estate may discourage investors from acquiring new properties as resale is not only difficult, but can also be a long and costly process. The limited amount of property mortgage financing available to PRC individuals, compounded by the lack of security of legal title and enforceability of property rights, may further inhibit demand for property developments.

Increase in resettlement costs and the inability to reach resettlement agreements associated with certain property developments may materially and adversely affect our business prospects, financial condition and results of operations.

Land parcels acquired by property developers for future development may have existing buildings or other structures or be occupied by third parties. In accordance to the City Housing Resettlement Administration Regulations (城市房屋拆迁管理条例) and applicable local regulations, a property developer in the PRC is required to enter into a written agreement with the owners or residents of existing buildings subject to demolition for development, directly or indirectly through the local government, and to provide compensation for their relocation and resettlement. The compensation payable by the property developer is calculated in accordance with a pre-set formula determined by the relevant provincial authorities, which may be subject to changes. If such compensation formula is changed and the levels of compensation increased, land acquisition costs for property developers may be subject to substantial increases. In addition, if property developers or the local government fail to reach an agreement over compensation with the owners or residents of the buildings subject to demolition, any party may apply to the relevant housing resettlement authorities for a ruling on the amount of compensation, which may delay a project's timetable. Such delays may lead to an increase in cost and a delay in the expected cash inflow resulting from pre-sales of the relevant projects. If we experience an increase in resettlement costs or experience delay due to our inability to reach a resettlement agreement, our business prospects, financial condition and results of operations may be materially and adversely affected.

There is a lack of reliable and updated information on property market conditions in the PRC.

We are subject to property market conditions in the PRC. Currently, reliable and up-to-date information on the amount and nature of property development and investment activities, the demand for such development, the supply of new properties being developed or the availability of land and buildings suitable for development and investment is not generally available in the PRC. Consequently, our investment and business decisions may not always have been, and may not in the future be, based on accurate, complete and timely information. Inaccurate information may adversely affect our business decisions, which could materially and adversely affect our business prospects, results of operations and financial condition.

RISKS RELATING TO THE PRC

Our business may be materially and adversely affected by changes in the PRC's political, economic and social conditions, laws, regulations and policies, as well as their interpretation and enforcement. Our operations are subject to the uncertainties of the PRC legal system.

Since our assets are generally located in, and our revenue is predominantly derived from, our operations in the PRC, our business, results of operations, financial condition and prospects are subject to the risks of future economic, political and legal developments in the PRC. The PRC economy differs from the economies of other developed countries in terms of structure, government intervention, development, growth rate, control of foreign exchange, and resource allocation. Since the late 1970s, the PRC government has been implementing economic reform measures in using market forces to develop the PRC economy and has since transitioned from a planned economy to a more market-oriented economy. The PRC government, however, continues

to play a significant role in regulating industries by promulgating economic policies. We cannot predict whether changes in the PRC's political, economic and social conditions, laws, regulations and policies will have any adverse effect on our current or future business, results of operations or financial condition.

Our operations are subject to the uncertainties of the PRC legal system which is essentially a civil law system based on written statutes where, unlike common law systems, decided legal cases have little value as precedents. The PRC government had, since 1979, begun promulgating a comprehensive system of laws and regulations governing economic matters in general. These laws and regulations are, however, relatively new and are often changing and published cases concerning these laws and regulations are limited. Their interpretation and enforcement therefore, involve a fair amount of uncertainties. We cannot predict the effect of future developments in the PRC legal system, particularly with regard to property rights. We may be required in the future to procure additional permits, authorizations and approvals for our existing and future projects and we cannot assure you that we will obtain these in a timely fashion or at all. For example, pre-sales constitute one of the most important sources of our operating cash inflow during our project development process. Currently, PRC law allows us to pre-sell properties before their completion upon satisfaction of certain requirements and requires us to use the pre-sales proceeds to develop the particular project that has been pre-sold. The amount and timing of cash inflows from pre-sales are affected by a number of factors, including the development schedule of each of our projects, restrictions on pre-sales imposed by the PRC government, market demand for our properties subject to pre-sales and the number of properties we have available for pre-sales. Reduced cash flow from pre-sales of our properties will likely increase our reliance on external financing, which may increase our costs and may impact our ability to finance our continuing property developments.

We make certain undertakings in our pre-sale contracts. These pre-sale contracts, along with PRC laws and regulations provide for remedies with respect to breaches of such undertakings. For example, if we pre-sell a property project and fail to complete the property project in accordance with the terms of the pre-sale contract, we may be liable to the purchasers for their losses. We cannot assure you timely completion and delivery of our projects.

Governmental control over currency conversion may limit our ability to utilize our cash effectively and potentially affect our ability to pay interest to Noteholders.

Substantially all of our turnover is denominated in Renminbi. The PRC government imposes controls on the convertibility of Renminbi into foreign currencies and, in certain cases, the remittance of currency out of China. Under existing PRC foreign exchange regulations, payments of current account items, including profit distributions, interest payments and expenditures from trade related transactions, can be made in foreign currencies without prior approval from SAFE by complying with certain procedural requirements. However, approval from SAFE or its local branch is required where Renminbi is to be converted into foreign currency and remitted out of China to pay capital expenses such as the repayment of loans denominated in foreign currencies. The PRC government may also at its discretion restrict access in the future to foreign currencies for current account transactions.

Under our current corporate structure, our Company's income is primarily derived from dividend payments from our PRC subsidiaries. Shortages in the availability of foreign currency may restrict the ability of our PRC subsidiaries to remit sufficient foreign currency to pay dividends or other payments to us, or otherwise satisfy their foreign currency-denominated obligations. If the foreign exchange control system prevents us from obtaining sufficient foreign currency to satisfy our currency demands, we may not be able to pay interest to Noteholders. In addition, since a significant amount of our future cash flow from operations will be denominated in Renminbi, any existing and future restrictions on currency exchange may limit our ability to purchase goods and services outside of China or otherwise fund our business activities that are conducted in foreign currencies.

It may be difficult to effect service of process upon us or our Directors or senior officers who reside in China or to enforce against them in China any judgments obtained from non-PRC courts.

A significant portion of our assets and our subsidiaries are located in the PRC. In addition, most of our Directors and officers reside in the PRC, and the assets of our Directors and officers may also be located in the PRC. As a result, it may not be possible to effect service of process outside the PRC upon most of our Directors and officers, including with respect to matters arising under applicable securities laws. A judgment of a court of another jurisdiction may be reciprocally recognized or enforced in the PRC if that jurisdiction has a treaty with the PRC or if judgments of the PRC courts have been recognized before in that jurisdiction, subject to the satisfaction of any other requirements. Our PRC legal adviser has advised us that the PRC does not have treaties providing for the reciprocal acknowledgement and enforcement of judgments of courts with the United States and most other western countries. In addition, Hong Kong has no arrangement for the reciprocal enforcement of judgments with the United States. As a result, recognition and enforcement in the PRC or Hong Kong of judgments of a court in any of these jurisdictions may be difficult.

Our business may be adversely affected by a renewed outbreak of SARS, H1N1, avian influenza or any other highly contagious disease.

In March 2003, there was an outbreak of Severe Acute Respiratory Syndrome (“SARS”), a highly contagious disease, in China and some other countries. A renewed outbreak of SARS in China or other neighboring countries, or an outbreak of another highly contagious disease, will affect China’s overall economy. This may in turn significantly affect our business. In addition, if an employee of any of our subsidiaries were to contract SARS or another highly contagious disease, we may need to restrict or even suspend the operations of such company. In recent years, an epidemic of highly pathogenic avian influenza has affected humans throughout Asia and is considered to be a public health concern. There also have recently been a number of documented cases of humans found to have contracted H1N1 in the PRC. If outbreaks of H1N1 or avian influenza infections or any other serious contagious disease were to escalate, their effects on the PRC economy could be similar to or worse than those experienced as a result of the SARS outbreak.

RISK RELATING TO THE NOTES

We are a holding company and payments with respect to the Notes are structurally subordinated to liabilities, contingent liabilities and obligations of our subsidiaries.

We are a holding company with no material operations. We conduct our operations through our PRC subsidiaries. The Notes will not be guaranteed by any current or future PRC subsidiaries or certain other Non-Guarantor Subsidiaries. Our primary assets are ownership interests in our PRC subsidiaries, which are held through the Subsidiary Guarantors. The Subsidiary Guarantors do not, and the JV Subsidiary Guarantors (if any) may not, have material operations. Accordingly, our ability to pay principal and interest on the Notes and the ability of the Subsidiary Guarantors and the JV Subsidiary Guarantors (if any) to satisfy their obligations under the Subsidiary Guarantees or JV Subsidiary Guarantees (as the case may be) will depend upon our receipt of principal and interest payments on the intercompany loans and distributions of dividends from our subsidiaries.

Creditors, including trade creditors of Non-Guarantor Subsidiaries and any holders of preferred shares in such entities, would have a claim on the Non-Guarantor Subsidiaries’ assets that would be prior to the claims of holders of the Notes. As a result, our payment obligations under the Notes will be effectively subordinated to all existing and future obligations of our Non-Guarantor Subsidiaries, including their obligations under guarantees they have issued or will

issue in connection with our business operations, and all claims of creditors of our Non-Guarantor Subsidiaries will have priority as to the assets of such entities over our claims and those of our creditors, including holders of the Notes. As of June 30, 2012, our PRC subsidiaries had bank loans in the aggregate principal amount of approximately RMB19,129 million (US\$3,010.9 million), capital commitments in the amount of approximately RMB13,884 million (US\$2,185.4 million) and contingent liabilities arising from guarantees in the amount of approximately RMB8,001 million (US\$1,259.4 million). The Notes and the Indenture permit us, the Subsidiary Guarantors, the JV Subsidiary Guarantors (if any) and our Non-Guarantor Subsidiaries to incur additional indebtedness and issue additional guarantees, subject to certain limitations. In addition, our secured creditors or those of any Subsidiary Guarantor or JV Subsidiary Guarantor (if any) would have priority as to our assets or the assets of such Subsidiary Guarantor or JV Subsidiary Guarantor (if any) securing the related obligations over claims of holders of the Notes.

Under the terms of the Notes, a Subsidiary Guarantee required to be provided by a subsidiary of the Company under the terms of the Notes may be replaced by a limited-recourse guarantee, or JV Subsidiary Guarantee, following the sale or issuance to a third party of a 20.0% to 49.9% equity interest in such subsidiary by its direct or indirect majority shareholders (subject to the satisfaction of certain conditions). Recovery under a JV Subsidiary Guarantee is limited to an amount equal to our proportional interest in the issued share capital of such Subsidiary Guarantor, or JV Subsidiary Guarantor, multiplied by the fair market value of the total assets in such JV Subsidiary Guarantor and its subsidiaries, on a consolidated basis, as of the date of the last fiscal year end of the Company. As a result, the amount that may be recovered by the Trustee pursuant to a JV Subsidiary Guarantee (compared to a Subsidiary Guarantee) is reduced, which in turn may affect your ability to recover any amounts due under the Notes.

The Notes are unsecured obligations.

As the Notes are unsecured obligations, their repayment may be compromised if:

- we enter into bankruptcy, liquidation, reorganization or other winding-up proceeding;
- there is a default in payment under our future secured indebtedness or other unsecured;
- indebtedness; or
- there is an acceleration of any of our indebtedness.

If any of these events occur, our assets may not be sufficient to pay amounts due on the Notes.

We have incurred significant indebtedness and may incur substantial additional indebtedness in the future, which could materially and adversely affect our financial condition and could further intensify the risks associated with our leverage.

We have significant indebtedness outstanding. As of June 30, 2012, our consolidated current bank loans and other borrowings amounted to approximately RMB4,531.2 million (US\$713.2 million), and our consolidated noncurrent bank loans and other borrowings (including the 2011 Notes) amounted to RMB25,117.7 million (US\$3,953.7 million), respectively. In addition, as of June 30, 2012, our consolidated capital commitments were approximately RMB13,884 million (US\$2,185.4 million). See “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Capital Commitments.”

In addition, we and our subsidiaries may from time to time incur substantial additional indebtedness. Although the Indenture limits us and our subsidiaries from incurring additional debt, these limitations are subject to important exceptions and qualifications. If we or our subsidiaries incur additional debt, the risks that we face as a result of such indebtedness and leverage could intensify. The amount of our indebtedness could have important consequences to the Noteholders. For example, it could:

- limit our ability to satisfy our obligations under the Notes and other debt;
- increase our vulnerability to adverse general economic and industry condition;
- require us to dedicate a substantial portion of our cash flow from operations to servicing and repaying indebtedness, reducing the availability of cash flow to fund working capital, capital expenditures and other general corporate purposes;
- limit our flexibility in planning for or reacting to changes in the businesses and the industry in which we operate;
- place us at a competitive disadvantage compared to our competitors that have less debt;
- limit, along with the financial and other restrictive covenants of our indebtedness, our ability to borrow additional funds; and
- increase the cost of additional financing.

Our ability to generate sufficient cash to satisfy our outstanding and future debt obligations will depend upon our future operating performance, which will be affected by prevailing economic conditions and financial, business and other factors, many of which are beyond our control. If we are unable to service our indebtedness, we will be forced to adopt an alternative strategy that may include actions such as reducing or delaying capital expenditures, selling assets, restructuring or refinancing existing indebtedness or seeking equity capital. These strategies may not be instituted on satisfactory terms.

Our operations are restricted by the terms of the Notes and the 2011 Notes, which could limit our ability to plan for or to react to market conditions or meet our capital needs, which could increase your credit risk.

The Indenture and the indenture for the 2011 Notes include a number of significant restrictive covenants. These covenants restrict, among other things, our ability, and the ability of our Restricted Subsidiaries, to:

- incur or guarantee additional indebtedness and issue disqualified or preferred stock;
- declare dividends on capital stock or purchase or redeem capital stock;
- make investments or other specified restricted payments;
- issue or sell capital stock of Restricted Subsidiaries;
- guarantee indebtedness;
- sell assets;
- create liens;
- enter into sale and leaseback transactions;
- engage in any business other than permitted business;

- enter into agreements that restrict the Restricted Subsidiaries' ability to pay dividends, transfer assets or make intercompany loans;
- enter into transactions with shareholders or affiliates; and
- effect a consolidation or merger.

These covenants could limit our ability to plan for or react to market conditions or to meet our capital needs. Our ability to comply with these covenants may be affected by events beyond our control, and we may have to curtail some of our operations and growth plans to maintain compliance.

If we are unable to comply with the restrictions and covenants in our debt agreements, the Indenture or the indenture for the 2011 Notes, there could be a default under the terms of these agreements or the Indenture, which could cause repayment of our debt to be accelerated.

If we are unable to comply with the restrictions and covenants in the Indenture, the Indenture for the 2011 Notes or our current or future debt obligations and other agreements, there could be a default under the terms of these agreements. In the event of a default under these agreements, the holders of the debt could terminate their commitments to lend to us, accelerate repayment of the debt and declare all outstanding amounts due and payable or terminate the agreements, as the case may be. Furthermore, some of our debt agreements, including the Indenture, contain cross-acceleration or cross-default provisions. As a result, our default under one debt agreement may cause the acceleration of repayment of not only such debt but also other debt, including the Notes and the 2011 Notes, or result in a default under our other debt agreements, including the Indenture. If any of these events occur, we cannot assure you that our assets and cash flow would be sufficient to repay in full all of our indebtedness, or that we would be able to find alternative financing. Even if we could obtain alternative financing, we cannot assure you that it would be on terms that are favorable or acceptable to us.

Under PRC regulations, we may not be able to transfer to our PRC subsidiaries proceeds from this offering in the form of a loan, which could impair our ability to make timely payments of interest, or even principal, under the Notes.

According to the existing PRC rules and regulations relating to supervision of foreign debt, loans by foreign companies to their subsidiaries in China, such as our PRC subsidiaries established as foreign-invested enterprises in China, are considered foreign debt, and such loans must be registered with the relevant local branches of SAFE. Such rules and regulations also provide that the total outstanding amount of such foreign debt borrowed by any foreign-invested enterprise may not exceed the difference between its total investment and its registered capital, each as approved by the relevant PRC authorities. In addition, in July 2007, SAFE issued a circular indicating that it would not process any foreign debt registration or conversion of foreign debt for foreign-invested enterprises in the real estate sector that was approved by the local office of MOFCOM and registered with MOFCOM after June 1, 2007. Foreign-invested enterprises include joint ventures and wholly foreign owned enterprises established in China, such as most of our PRC subsidiaries. Therefore, the proceeds of the current offering that will be used for land acquisitions and developments in China may only be transferred to our PRC subsidiaries as equity investments and not as loans. We would therefore have to rely on dividend payments from our PRC subsidiaries, and we cannot assure you that dividend payments will be available on each interest payment date to pay the interest due and payable under the Notes, or on the maturity date to pay the principal of the outstanding Notes.

Our subsidiaries are subject to restrictions on the payment of dividends and the repayment of intercompany loans or advances to us and our subsidiaries.

As a holding company, we depend on the receipt of dividends and the interest and principal payments on intercompany loans or advances from our subsidiaries, including our PRC

subsidiaries, to satisfy our obligations, including our obligations under the Notes. The ability of our subsidiaries to pay dividends and make payments on intercompany loans or advances to their shareholders is subject to, among other things, distributable earnings, cash flow conditions, restrictions contained in the articles of association of our subsidiaries, applicable laws and restrictions contained in the debt instruments or agreements of such subsidiaries. In addition, if any of our subsidiaries raises capital by issuing equity securities to third parties, dividends declared and paid with respect to such equity securities would not be available to us to make payments on the Notes. These restrictions could reduce the amounts that we receive from our subsidiaries, which would restrict our ability to meet our payment obligations under the Notes and the obligations of the Subsidiary Guarantors or JV Subsidiary Guarantors (if any) under the Subsidiary Guarantees or JV Subsidiary Guarantees, as the case may be.

PRC laws and regulations permit payment of dividends only out of accumulated profits as determined in accordance with PRC accounting standards and regulations and such profits differ from profits determined in accordance with IFRS in certain significant respects, including the use of different bases of recognition of revenue and expenses. Our PRC subsidiaries are also required to set aside a portion of their after-tax profits according to PRC accounting standards and regulations to fund certain reserves that are not distributable as cash dividends. In addition, dividends paid by our PRC subsidiaries to their non-PRC parent companies generally will be subject to a 10% withholding tax, unless any lower treaty rate is applicable according to an applicable tax treaty between the PRC and the jurisdiction in which the overseas parent company is incorporated. Pursuant to an avoidance of double taxation arrangement between Hong Kong and the PRC, if the non-PRC parent company is a Hong Kong resident and directly holds a 25% or more interest in the PRC enterprise, such restrictions tax rate may be lowered to 5%. However, according to a circular issued by the SAT in October 2009, tax treaty benefits will be denied to “conduit” or shell companies without business substance. As a result of such restrictions, there could be timing limitations on payments from our PRC subsidiaries to meet payments required by the Notes or satisfy the obligations of the Subsidiary Guarantors or JV Subsidiary Guarantors (if any) under the Subsidiary Guarantees or JV Subsidiary Guarantees as the case may be, and there could be restrictions on payments required to redeem the Notes at maturity or as required for any early redemption.

As a result of the foregoing, we cannot assure you that we will have sufficient cash flow from dividends from our subsidiaries to satisfy our obligations under the Notes or the obligations of the Subsidiary Guarantors or JV Subsidiary Guarantors (if any) under the Subsidiary Guarantees or JV Subsidiary Guarantees, as the case may be.

The terms of the Notes permit us to make investments in Unrestricted Subsidiaries and minority owned joint ventures.

In light of land prices, sizes of projects, the competitive landscape and other factors, we may from time to time consider developing property developments jointly with other property developers. As a result, we may need to make investments in joint ventures (including joint ventures in which we may own less than a 50% equity interest) and such joint ventures may or may not be Restricted Subsidiaries under the indenture governing the Notes. Although the indenture governing the Notes restricts us and our Restricted Subsidiaries from making investments in Unrestricted Subsidiaries or minority joint ventures, these restrictions are subject to important exceptions and qualifications. See the definition of “Permitted Investments” in “Description of the Notes.”

We may be able to redeem the Notes in whole at a redemption price equal to 100% of the principal amount plus accrued and unpaid interest in the event we are required to pay additional amounts because we are treated as a PRC resident enterprise.

As described in “Taxation — PRC Taxation,” we may be treated as a PRC resident enterprise under the EIT Law. If we are treated as a PRC resident enterprise under the EIT Law, we would

be required to withhold PRC tax on interest payable to certain of our nonresident investors and pay, subject to certain exceptions, additional amounts with respect to such withholding tax. As described in “Description of the Notes — Redemption for Taxation Reasons,” in the event we are required to pay additional amounts as a result of certain changes in tax law, including changes in existing official position or the stating of an official position that results in our being required to withhold tax due to our being treated as a PRC resident enterprise, we may redeem the Notes in whole at a redemption price equal to 100% of the principal amount plus accrued and unpaid interest.

We may not be able to repurchase the Notes upon a Change of Control Triggering Event.

We must offer to purchase the Notes upon the occurrence of a Change of Control Triggering Event, at a purchase price equal to 101% of the principal amount plus accrued and unpaid interest. See “Description of the Notes.”

The source of funds for any such purchase would be our available cash or third-party financing. However, we may not have sufficient available funds at the time of the occurrence of any Change of Control Triggering Event to make purchases of outstanding Notes. Our failure to make the offer to purchase or to purchase the outstanding Notes would constitute an Event of Default under the Notes. The Event of Default may, in turn, constitute an event of default under other indebtedness, including the 2011 Notes, any of which could cause the related debt to be accelerated after any applicable notice or grace periods. If our other debt were to be accelerated, we may not have sufficient funds to purchase the Notes and repay the debt.

In addition, the definition of Change of Control Triggering Event for purposes of the Indenture does not necessarily afford protection for the holders of the Notes in the event of some highly leveraged transactions, including certain acquisitions, mergers, refinancing, restructurings or other recapitalizations. These types of transactions could, however, increase our indebtedness or otherwise affect our capital structure or credit ratings. The definition of Change of Control Triggering Event for purposes of the Indenture also includes a phrase relating to the sale of “all or substantially all” of our assets. Although there is a limited body of case law interpreting the phrase “substantially all,” there is no precise established definition under applicable law. Accordingly, our obligation to make an offer to purchase the Notes and the ability of a holder of the Notes to require us to purchase its Notes pursuant to the offer as a result of a highly-leveraged transaction or a sale of less than all of our assets may be uncertain.

The insolvency laws of the Cayman Islands and other local insolvency laws may differ from U.S. bankruptcy law or those of another jurisdiction with which holders of the Notes are familiar.

Because our Company is incorporated, and the JV Subsidiary Guarantors (if any) may be incorporated, under the laws of the Cayman Islands, an insolvency proceeding relating to us or any such JV Subsidiary Guarantor, even if brought in the United States, would likely involve Cayman Islands insolvency laws, the procedural and substantive provisions of which may differ from comparable provisions of United States federal bankruptcy law. In addition, our Subsidiary Guarantors and other JV Subsidiary Guarantors (if any) are incorporated or may be incorporated in the British Virgin Islands, Hong Kong or Barbados and the insolvency laws of the British Virgin Islands, Hong Kong and Barbados may also differ from the laws of the United States or other jurisdictions with which the holders of the Notes are familiar.

We conduct substantially all of our business operations through PRC-incorporated subsidiaries in China. The Subsidiary Guarantors, as equity holders in our PRC subsidiaries, are necessarily subject to the bankruptcy and insolvency laws of China in a bankruptcy or insolvency proceeding involving any of such PRC subsidiaries. Any JV Subsidiary Guarantors which become equity holders of our PRC subsidiaries would also be subject to such laws. The PRC laws and

regulations relating to bankruptcy and insolvency and the legal proceedings in that regard may significantly differ from those of the United States and other jurisdictions with which the holders of the Notes are familiar. You should analyze the risks and uncertainties carefully before you invest in our Notes.

Fluctuation in the value of RMB may have a material adverse effect on our business and on your investment.

Although substantially all of our turnover is generated by our PRC operating subsidiaries and is denominated in Renminbi, we are required to settle all amounts due under the Notes (including principal, premium, interest and redemption payments) in U.S. dollars. The value of RMB against U.S. dollar and other currencies may fluctuate and is affected by, among other things, changes in China's political and economic conditions. The conversion of RMB into foreign currencies, including U.S. dollars, has been based on rates set by the PBOC. On July 21, 2005, the PRC government changed its policy of pegging the value of RMB to U.S. dollar. Under the new policy, RMB is permitted to fluctuate within a narrow and managed band against a basket of certain foreign currencies. This change in policy has resulted in appreciation of RMB against U.S. dollar. Any significant further appreciation of RMB may materially and adversely affect our cash flow, earnings and financial position, and the value of, and any dividends payable on, the Shares in foreign currency terms. For example, an appreciation of RMB against U.S. dollar would make any new RMB denominated investments or expenditures more costly to us, to the extent that we need to convert U.S. dollars into RMB for such purposes.

There are limited hedging instruments available in China to reduce our exposure to exchange rate fluctuations between the Renminbi and other currencies. To date, we have not entered into any hedging transactions to reduce our exposure to such risks. Following the offering of the Notes, we may enter into foreign exchange or interest rate hedging agreements with respect to our U.S. dollar-denominated liabilities under the Notes. These hedging agreements may require us to pledge or transfer cash and other collateral to secure our obligations under the agreements, and the amount of collateral required may increase as a result of mark-to-market adjustments. Each of the Initial Purchasers and their affiliates may enter into such hedging agreements permitted under the indenture governing the Notes, and these agreements may be secured by pledges of our cash and other assets as permitted under the indenture governing the Notes. If we were unable to provide such collateral, it could constitute a default under such agreements.

A trading market for the Notes may not develop, and there are restrictions on resale of the Notes.

The Notes are a new issue of securities for which there is currently no trading market. Although we have received approval in-principle for the listing and quotation of the Notes on the Official List of the SGX-ST, we cannot assure you that we will obtain or be able to maintain a listing on the SGX-ST, or that, if listed, a liquid trading market will develop. We have been advised that the Initial Purchasers intend to make a market in the Notes, but the Initial Purchasers are not obligated to do so and may discontinue such market making activity at any time without notice. In addition, the Notes are being offered pursuant to exemptions from registration under the Securities Act and, as a result, you will only be able to resell your Notes in transactions that have been registered under the Securities Act or in transactions not subject to or exempt from registration under the Securities Act. See the section entitled "Transfer Restrictions." We cannot predict whether an active trading market for the Notes will develop or be sustained.

The ratings assigned to the Notes and our corporate ratings may be lowered or withdrawn in the future.

The Notes have been provisionally rated "BB" by Standard & Poor's Ratings Services and "Ba3" by Moody's Investors Service. The ratings address our ability to perform our obligations under the terms of the Notes and credit risks in determining the likelihood that payments will be

made when due under the Notes. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time. We cannot assure you that a rating will remain for any given period of time or that a rating will not be lowered or withdrawn entirely by the relevant rating agency if in its judgment circumstances in the future so warrant. We have no obligation to inform holders of the Notes of any such revision, downgrade or withdrawal. A suspension, reduction or withdrawal at any time of the rating assigned to the Notes may materially and adversely affect the market price of the Notes.

Certain transactions that constitute “connected transactions” under the Listing Rules will not be subject to the “Limitation on Transactions with Shareholders and Affiliates” covenant.

Our shares are listed on the Hong Kong Stock Exchange and we are required to comply with its Listing Rules, which provide, among other things, that a “connected transaction” exceeding the applicable de minimis value thresholds will require prior approval of the independent shareholders of such listed company. However, the “Limitation on Transactions with Shareholders and Affiliates” covenant in the Notes does not capture transactions between the Company or any Restricted Subsidiary, on the one hand, and an Affiliate of any Restricted Subsidiary, on the other hand. As a result, we are not required by the terms of the Notes to ensure that any such transactions are on terms that are fair and reasonable, and we will not need to deliver officer’s certificates or procure the delivery of fairness opinions of accounting, appraisal or investment banking firms to the trustee of the Notes for any such transactions.

The liquidity and price of the Notes following the offering may be volatile.

The price and trading volume of the Notes may be highly volatile. Factors such as variations in our turnover, earnings and cash flows, proposals for new investments, strategic alliances and/or acquisitions, changes in interest rates, fluctuations in price for comparable companies, government regulations and changes thereof applicable to our industry and general economic conditions nationally or internationally could cause the price of the Notes to change. Any such developments may result in large and sudden changes in the trading volume and price of the Notes. We cannot assure you that these developments will not occur in the future.

There may be less publicly available information about us than is available in certain other jurisdictions.

There may be less publicly available information about companies listed in Hong Kong than is regularly made available by public companies in certain other countries. In addition, the financial information in this offering memorandum has been prepared in accordance with IFRS, which differ in certain respects from U.S. GAAP and generally accepted accounting principles in other jurisdictions, which might be material to the financial information contained in this offering memorandum.

We will follow the applicable corporate disclosure standards for debt securities listed on the SGX-ST, which standards may be different from those applicable to debt securities listed in certain other countries.

We will be subject to reporting obligations in respect of the Notes to be listed on the SGX-ST. The disclosure standards imposed by the SGX-ST may be different from those imposed by securities exchanges in other countries such as the United States or Hong Kong. As a result, the level of information that is available may not correspond to what investors in the Notes are accustomed to.

The transfer of the Notes is restricted which may adversely affect their liquidity and the price at which they may be sold.

The Notes and the guarantee of the Notes have not been registered under, and we are not obligated to register the Notes or the guarantee of the Notes under, the Securities Act or the

securities laws of any other jurisdiction and, unless so registered, may not be offered or sold except pursuant to an exemption from, or a transaction not subject to, the registration requirements of the Securities Act and any other applicable laws. See the section entitled “Transfer Restrictions.” We have not agreed to or otherwise undertaken to register the Notes and the guarantee of the Notes (including by way of an exchange offer), and we have no intention to do so.

The Notes will initially be held in book entry form, and therefore you must rely on the procedures of the relevant clearing systems to exercise any rights and remedies.

The Notes will initially only be issued in global certificated form and held through Euroclear and Clearstream. Interests in the global notes will trade in book-entry form only, and Notes in definitive registered form, or definitive registered notes, will be issued in exchange for book entry interests only in very limited circumstances. Owners of book-entry interests will not be considered owners or holders of Notes. Payments of principal, interest and other amounts owing on or in respect of the global notes representing the Notes will be made to the paying agent which will make payments to Euroclear and Clearstream. Thereafter, these payments will be credited to accounts of participants that hold book-entry interests in the global notes representing the Notes and credited by such participants to indirect participants. After payment to the common depository for Euroclear and Clearstream, we will have no responsibility or liability for the payment of interest, principal or other amounts to the owners of book-entry interests. Accordingly, if you own a book-entry interest, you must rely on the procedures of Euroclear and Clearstream, and if you are not a participant in Euroclear and Clearstream, on the procedures of the participant through which you own your interest, to exercise any rights and obligations of a holder of Notes under the Indenture.

Unlike the holders of the Notes themselves, owners of book-entry interests will not have the direct right to act upon our solicitations for consents, requests for waivers or other actions from holders of the notes. Instead, if you own a book-entry interest, you will be permitted to act only to the extent you have received appropriate proxies to do so from Euroclear and Clearstream. The procedures implemented for the granting of such proxies may not be sufficient to enable you to vote on a timely basis.

Similarly, upon the occurrence of an event of default under the Indenture, unless and until definitive registered notes are issued in respect of all book-entry interests, if you own a book entry interest, you will be restricted to acting through the DTC, Euroclear and Clearstream. The procedures to be implemented through Euroclear and Clearstream may not be adequate to ensure the timely exercise of rights under the Notes.

RISKS RELATING TO THE SUBSIDIARY GUARANTEES AND THE JV SUBSIDIARY GUARANTEES

Our initial Subsidiary Guarantors do not currently have significant operations and certain Subsidiary Guarantees may in some cases be replaced by limited-recourse guarantees.

We conduct substantially all of our business operations through our PRC subsidiaries, but none of our current PRC subsidiaries and their direct PRC or non-PRC subsidiaries will provide a Subsidiary Guarantee or a JV Subsidiary Guarantee either upon issuance of the Notes or at any time thereafter. No future subsidiaries that are organized under the laws of PRC or their future PRC or non-PRC subsidiaries will provide a Subsidiary Guarantee or a JV Subsidiary Guarantee at any time in the future. As a result, the Notes will be effectively subordinated to all the debt and other obligations, including contingent obligations and trade payables, of the PRC subsidiaries. See “Description of the Notes — The Subsidiary Guarantees” for a list of the Non-Guarantor Subsidiaries.

The initial Subsidiary Guarantors that will guarantee the Notes do not have significant operations. We cannot assure you that the initial Subsidiary Guarantors or any subsidiaries that may become Subsidiary Guarantors or JV Subsidiary Guarantors in the future will have the funds necessary to satisfy our financial obligations under the Notes if we are unable to do so. See “— Risks Relating to the Notes — We are a holding company and payments with respect to the Notes are structurally subordinated to liabilities, contingent liabilities and obligations of our subsidiaries.”

In addition, a Subsidiary Guarantee required to be provided by a subsidiary of the Company under the terms of the Notes may be replaced by a limited-recourse JV Subsidiary Guarantee following the sale or issuance to a third party of a minority interest in such subsidiary or its direct or indirect majority shareholders. Recovery under a JV Subsidiary Guarantee is limited to an amount equal to our proportional interest in the issued share capital of such JV Subsidiary Guarantor multiplied by the fair market value of the total assets in such JV Subsidiary Guarantor and its subsidiaries, on a consolidated basis, as of the date of the last fiscal year-end of the Company.

The Subsidiary Guarantees or JV Subsidiary Guarantees may be challenged under applicable insolvency or fraudulent transfer laws, which could impair the enforceability of the Subsidiary Guarantees or JV Subsidiary Guarantees.

Under bankruptcy laws, fraudulent transfer laws, insolvency or unfair preference or similar laws in the Cayman Islands, the British Virgin Islands, Hong Kong, Barbados and other jurisdictions where future Subsidiary Guarantors or JV Subsidiary Guarantors (if any) may be established, a guarantee could be voided, or claims in respect of a guarantee could be subordinated to all other debts of that guarantor if, among other things, the guarantor, at the time it incurred the indebtedness evidenced by, or when it gives, its guarantee:

- incurred the debt with the intent to hinder, delay or defraud creditors or was influenced by a desire to put the beneficiary of the guarantee in a position which, in the event of the guarantor’s insolvency, would be better than the position the beneficiary would have been in had the guarantee not been given;
- received less than reasonably equivalent value or fair consideration for the incurrence of such guarantee;
- was insolvent or rendered insolvent by reason of the incurrence of such guarantee;
- was engaged in a business or transaction for which the guarantor’s remaining assets constituted unreasonably small capital; or
- intended to incur, or believed that it would incur, debts beyond its ability to pay such debts as they mature.

The measure of insolvency for purposes of the foregoing will vary depending on the laws of the applicable jurisdiction. Generally, however, a guarantor would be considered insolvent at a particular time if it were unable to pay its debts as they fell due or if the sum of its debts was then greater than all of its properties at a fair valuation or if the present fair saleable value of its assets was then less than the amount that would be required to pay its probable liabilities in respect of its existing debts as they became absolute and matured.

In addition, a guarantee may be subject to review under applicable insolvency or fraudulent transfer laws in certain jurisdictions or subject to a lawsuit by or on behalf of creditors of the guarantor. In such case, the analysis set forth above would generally apply, except that the guarantee could also be subject to the claim that, since the guarantee was not incurred for the benefit of the guarantor, the obligations of the guarantor thereunder were incurred for less than reasonably equivalent value or fair consideration.

In an attempt to limit the applicability of insolvency and fraudulent transfer laws in certain jurisdictions, the obligations of the Subsidiary Guarantors or JV Subsidiary Guarantors (if any) under the Subsidiary Guarantees or JV Subsidiary Guarantees (as the case may be) will be limited to the maximum amount that can be guaranteed by the applicable Subsidiary Guarantor or JV Subsidiary Guarantor without rendering the guarantee, as it relates to such Subsidiary Guarantor or JV Subsidiary Guarantor, voidable under such applicable insolvency or fraudulent transfer laws.

If a court voids a Subsidiary Guarantee or JV Subsidiary Guarantee (as the case may be), subordinates such guarantee to other indebtedness of the Subsidiary Guarantor or JV Subsidiary Guarantor, or holds the Subsidiary Guarantee or JV Subsidiary Guarantee (as the case may be) unenforceable for any other reason, holders of the Notes would cease to have a claim against that Subsidiary Guarantor or JV Subsidiary Guarantor based upon such guarantee, would be subject to the prior payment of all liabilities (including trade payables) of such Subsidiary Guarantor or JV Subsidiary Guarantor (as the case may be), and would solely be creditors of us and any Subsidiary Guarantors or JV Subsidiary Guarantors whose guarantees have not been voided or held unenforceable. We cannot assure you that, in such an event, after providing for all prior claims, there would be sufficient assets to satisfy the claims of the holders of the Notes.

USE OF PROCEEDS

We estimate that the net proceeds from this offering, after deducting the underwriting discounts and commissions and other estimated expenses payable in connection with this offering, will be approximately US\$393 million. We intend to use the net proceeds to finance our existing and new property projects and for general corporate purposes.

We may adjust our development plans in response to changing market conditions and therefore reallocate the use of the proceeds.

Pending application of the net proceeds of this offering, we intend to invest the net proceeds in Temporary Cash Investments (as defined under “Description of the Notes — Definitions”).

EXCHANGE RATE INFORMATION

CHINA

The PBOC sets and publishes daily a base exchange rate with reference primarily to the supply and demand of Renminbi against a basket of currencies in the market during the prior day. The PBOC also takes into account other factors, such as the general conditions existing in the international foreign exchange markets. From 1994 to July 20, 2005, the official exchange rate for the conversion of Renminbi to U.S. dollars remained generally stable. Although the PRC government introduced policies in 1996 to reduce restrictions on the convertibility of Renminbi into foreign currencies for current account items, conversion of Renminbi into foreign currencies for capital items, such as foreign direct investment, loan principals and securities trading, still requires the approval of SAFE and other relevant authorities. On July 21, 2005, the PRC government introduced a managed floating exchange rate system to allow the value of the Renminbi to fluctuate within a regulated band based on market supply and demand and by reference to a basket of currencies. The value of the Renminbi against the U.S. dollar appreciated on the same day by approximately 2% and has since appreciated significantly in general. The PBOC authorized the China Foreign Exchange Trading Center, effective since January 4, 2006, to announce the central parity exchange rate of certain foreign currencies against the Renminbi on each business day. This rate is set as the central parity for the trading against the Renminbi in the inter-bank foreign exchange spot market and the over-the-counter exchange rate for the business day. On May 18, 2007, the PBOC announced that the floating band for the trading prices in the inter-bank foreign exchange market of the Renminbi against the U.S. dollar was to be expanded from 0.3% to 0.5% around the central parity rate, effective on May 21, 2007. This allows the Renminbi to fluctuate against the U.S. dollar by up to 0.5% above or below the central parity rate published by the PBOC. Effective April 16, 2012, this trading band has been widened to 1%, which allows the Renminbi to fluctuate against the U.S. dollar by up to 1% above or below the central parity rate published by the PBOC. The PRC government may from time to time make further adjustments to the exchange rate system in the future.

The following table sets forth the noon buying rate for U.S. dollars in New York City for cable transfers in Renminbi as certified for customs purposes by the Federal Reserve Bank of New York for the periods indicated:

Period	Noon buying rate			
	Period end	Average ⁽¹⁾	High	Low
	RMB per US\$1.00			
2007	7.2946	7.5806	7.8127	7.2946
2008	6.8225	6.9477	7.2946	6.7800
2009	6.8259	6.8307	6.8470	6.8176
2010	6.6000	6.6796	6.8330	6.6000
2011	6.2939	6.4630	6.6364	6.2939
2012	6.3145	6.3312	6.3879	6.2790
April	6.2790	6.3043	6.3150	6.2790
May	6.3684	6.3242	6.3684	6.3052
June	6.3530	6.3632	6.3703	6.3530
July	6.3610	6.3717	6.3879	6.3487
August	6.3484	6.3593	6.3738	6.3484
September	6.2848	6.3200	6.3489	6.2848
October (through October 5, 2012).	6.2840	6.2840	6.2840	6.2840

(1) Determined by averaging the rates on the last business day of each month during the relevant year, except for monthly average rates, which are determined by averaging the daily rates during the respective months.

On June 29, 2012, the noon buying rate for U.S. dollars in New York City for cable transfers in Renminbi was US\$1.00 = RMB6.3530 as certified for customs purposes by the Federal Reserve Bank of New York.

HONG KONG

The Hong Kong dollar is freely convertible into other currencies, including the U.S. dollar. Since October 17, 1983, the Hong Kong dollar has been linked to the U.S. dollar at the rate of HK\$7.80 to US\$1.00. The Basic Law of the Hong Kong (the “Basic Law”), which came into effect on July 1, 1997, provides that no foreign exchange control policies shall be applied in Hong Kong.

The market exchange rate of the Hong Kong dollar against the U.S. dollar continues to be determined by the forces of supply and demand in the foreign exchange market. However, against the background of the fixed rate system which applies to the issuance and withdrawal of Hong Kong currency in circulation, the market exchange rate has not deviated significantly from the level of HK\$7.80 to US\$1.00. In May 2005, the Hong Kong Monetary Authority broadened the 22-year-old trading band from the original rate of HK\$7.80 per U.S. dollar to a rate range of HK\$7.75 to HK\$7.85 per U.S. dollar. The Hong Kong government has indicated its intention to maintain the link within that rate range. Under the Basic Law, the Hong Kong dollar will continue to circulate and remain freely convertible. However, no assurance can be given that the Hong Kong government will maintain the link at HK\$7.80 to US\$1.00 or at all.

The following table sets forth the noon buying rate for U.S. dollars in New York City for cable transfer in Hong Kong dollars as certified for customs purposes by the Federal Reserve Bank of New York for the periods indicated:

Period	Noon buying rate			
	Period end	Average ⁽¹⁾	High	Low
		(HK\$ per US\$1.00)		
2007	7.7984	7.8008	7.8289	7.7497
2008	7.7499	7.7814	7.8159	7.7497
2009	7.7536	7.7513	7.7618	7.7495
2010	7.7810	7.7687	7.8040	7.7501
2011	7.7663	7.7841	7.8087	7.7634
2012	7.7510	7.7593	7.7699	7.7501
April	7.7587	7.7621	7.7660	7.7580
May	7.7616	7.7640	7.7699	7.7583
June	7.7572	7.7590	7.7610	7.7572
July	7.7538	7.7561	7.7586	7.7538
August	7.7560	7.7562	7.7574	7.7543
September	7.7540	7.7540	7.7569	7.7510
October (through October 5, 2012)	7.7521	7.7541	7.7549	7.7521

Note:

- (1) Determined by averaging the rates on the last business day of each month during the relevant year, except for average rates for the months in 2012, which are determined by averaging the daily rates during the respective periods.

On June 29, 2012, the noon buying rate for U.S. dollars in New York City for cable transfers in Hong Kong dollars was US\$1.00 = HK\$7.7572 as certified for customs purposes by the Federal Reserve Bank of New York.

CAPITALIZATION AND INDEBTEDNESS

The table below sets forth our consolidated current borrowings and capitalization as of June 30, 2012:

- on an actual basis; and
- on an adjusted basis to give effect to the issuance of the Notes and receipt of the net proceeds from this offering after deducting the underwriting discounts and commissions and other estimated expenses relating to this offering payable by us.

You should read this table in conjunction with our consolidated financial statements and the related notes and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” included elsewhere in this offering memorandum.

	As of June 30, 2012			
	Actual		As adjusted	
	(RMB’000)	(US\$’000)	(RMB’000)	(US\$’000)
Bank loans, secured	14,456,778	2,275,583	14,456,778	2,275,583
Bank loans, unsecured	9,033,531	1,421,932	9,033,531	1,421,932
Bond, secured	1,390,938	218,942	1,390,938	218,942
2011 Notes	4,767,662	750,458	4,767,662	750,458
Notes offered hereby	—	—	2,496,729	393,000 ⁽¹⁾
Total bank and other borrowings	29,648,909	4,666,915	32,145,638	5,059,915
Less: Bank and other borrowings				
— due within one year	(4,531,168)	(713,233)	(4,531,168)	(713,233)
Bank and other borrowings				
— due after one year	25,117,741	3,953,682	27,614,470	4,346,682
Equity				
Share capital	453,948	71,454	453,948	71,454
Other reserves	6,061,606	954,133	6,061,606	954,133
Retained earnings	18,421,546	2,899,661	18,421,546	2,899,661
Capital and reserves attributable to equity holders of the Company	24,937,100	3,925,248	24,937,100	3,925,248
Total capitalization⁽²⁾	50,054,841	7,878,930	52,551,570	8,271,930

Note:

- (1) Carrying amount of the Notes is net of offering related expenses of US\$7 million.
- (2) Total capitalization equals total non current borrowings plus the 2011 Notes plus capital and reserves attributable to equity holders of the Company.

As of June 30, 2012, our total outstanding borrowings (including the 2011 Notes) amounted to RMB29,648.9 million (US\$4,666.9 million).

As of June 30, 2012, our total bank balances and cash amounted to RMB17,047.4 million (US\$2,683.4 million).

On September 18, 2012, we conducted a placing of our existing shares and top-up subscriptions of our new shares to raise HK\$3,088.8 million (US\$398.2 million) in gross proceeds.

Except as otherwise disclosed in this offering memorandum, there has been no material adverse change in our indebtedness or capitalization since June 30, 2012.

SELECTED CONSOLIDATED FINANCIAL DATA

The selected consolidated income statement data for the years ended December 31, 2009, 2010 and 2011 and the selected consolidated balance sheet data as of December 31, 2009, 2010 and 2011 below have been derived from our audited consolidated financial statements for the years ended December 31, 2010 and 2011, which have been audited by Deloitte Touche Tohmatsu, Certified Public Accountants, and are included elsewhere in this offering memorandum. The selected consolidated income statement data for the six months ended June 30, 2011 and 2012 and the selected consolidated balance sheet data as of June 30, 2012 have been derived from our unaudited condensed consolidated financial statements as of and for the six months ended June 30, 2012, which have been reviewed by Deloitte Touche Tohmatsu, Certified Public Accountants, in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants, and are included elsewhere in this offering memorandum. You should read the selected financial data below in conjunction with “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and our consolidated financial statements and the related notes included elsewhere in this offering memorandum. Historical results are not necessarily indicative of results that may be achieved in any future period. Our consolidated financial statements have been prepared and presented in accordance with IFRS, which differ in certain respects from U.S. GAAP and generally accepted accounting principles in other jurisdictions.

Selected Consolidated Statements of Comprehensive Income

	For the year ended December 31,			For the Six Months Ended June 30,		
	2009	2010	2011	2011	2012	2012
	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)	(US\$'000)
Consolidated statement of comprehensive income:						
Revenue	11,373,962	15,093,122	24,092,893	7,852,226	14,551,699	2,290,524
Cost of sales	(8,042,326)	(9,995,934)	(14,324,313)	(3,558,859)	(7,842,850)	(1,234,511)
Gross profit	3,331,636	5,097,188	9,768,580	4,293,367	6,708,849	1,056,013
Other income	421,188	91,531	168,934	52,470	80,711	12,704
Other gains and losses	13,990	34,652	106,653	65,410	(65,662)	(10,336)
Fair value gain upon transfer to investment properties	—	777,023	916,115	63,521	167,573	26,377
Change in fair value of investment properties	920,945	1,713,090	1,714,447	754,783	501,607	78,956
Selling and marketing costs	(314,119)	(327,880)	(642,736)	(200,206)	(219,277)	(34,516)
Administrative expenses	(421,099)	(433,488)	(709,148)	(199,534)	(293,557)	(46,208)
Finance costs	(27,499)	(66,677)	(202,141)	(73,954)	(40,897)	(6,437)
Share of results of jointly controlled entities	135,998	183,035	323,526	11,515	72,003	11,334
Profit before taxation	4,061,040	7,068,474	11,444,230	4,767,372	6,911,350	1,087,887
Income tax expense	(1,568,581)	(2,051,101)	(4,523,942)	(2,002,146)	(2,789,685)	(439,113)
Profit for the year and total comprehensive income for the year	<u>2,492,459</u>	<u>5,017,373</u>	<u>6,920,288</u>	<u>2,765,226</u>	<u>4,121,665</u>	<u>648,774</u>

	For the year ended December 31,			For the Six Months Ended June 30,		
	2009	2010	2011	2011	2012	2012
	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)	(US\$'000)
Attributable to:						
Owners of the Company	2,209,207	4,130,155	6,327,560	2,523,942	3,810,157	599,741
Non-controlling interests	283,252	887,218	592,728	241,284	311,508	49,033
	<u>2,492,459</u>	<u>5,017,373</u>	<u>6,920,288</u>	<u>2,765,226</u>	<u>4,121,665</u>	<u>648,774</u>
Earnings per share in RMB cents						
Basic	<u>53.5</u>	<u>80.2</u>	<u>123.0</u>	<u>49.0</u>	<u>73.9</u>	<u>11.63</u>
Diluted	<u>53.2</u>	<u>79.8</u>	<u>122.0</u>	<u>48.7</u>	<u>73.5</u>	<u>11.57</u>
Other financial data (unaudited):						
EBITDA ⁽¹⁾	2,618,281	4,359,839	8,443,620	3,904,651	6,210,386	977,551
EBITDA margin ⁽²⁾	23.0%	28.9%	35.0%	49.7%	42.7%	42.7%

(1) EBITDA consists of profit for the year before income tax expenses, finance costs, share of results of jointly controlled entities, other gains and losses, other income, depreciation, amortization, net gain or loss upon transfer to investment properties and net gain or loss from fair value of investment properties. EBITDA is not a standard measure under IFRS. EBITDA is a widely used financial indicator of a company's ability to service and incur debt. EBITDA should not be considered in isolation or construed as an alternative to cash flows, net income or any other measure of financial performance or as an indicator of our operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities. In evaluating EBITDA, we believe that investors should consider, among other things, the components of EBITDA such as sales and operating expenses and the amount by which EBITDA exceeds capital expenditures and other charges. We have included EBITDA because we believe it is a useful supplement to cash flow data as a measure of our performance and our ability to generate cash flow from operations to cover debt service and taxes. EBITDA presented herein may not be comparable to similarly titled measures presented by other companies. Investors should not compare our EBITDA to EBITDA presented by other companies because not all companies use the same definition. See the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations — Non-GAAP Financial Measures" for a reconciliation of our profit for the year or period under IFRS to our definition of EBITDA. Investors should also note that EBITDA as presented herein may be calculated differently from Consolidated EBITDA as defined and used in the Indenture governing the Notes. Interest expense excludes amounts capitalized. See the section entitled "Description of the Notes — Definitions" for a description of the manner in which Consolidated EBITDA is defined for purposes of the Indenture governing the Notes.

(2) EBITDA margin is calculated by dividing EBITDA by revenue.

Summary Consolidated Statement of Financial Position

	As of December 31,			As of June 30,	
	2009	2010	2011	2012	2012
	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)	(US\$'000)
Consolidated statement of financial position:					
Non-current assets					
Investment properties	4,698,300	8,041,000	13,198,200	16,436,500	2,587,203
Property, plant and equipment . . .	171,861	171,741	175,083	173,654	27,334
Properties under development . . .	—	—	—	—	—
Prepaid lease payments	3,194,207	7,882,002	6,721,986	4,632,863	729,240
Interests in associates	1	1	1	1	1
Interests in jointly controlled entities	2,373,834	2,464,099	1,873,215	1,945,218	306,189
Available-for-sale investments . . .	8,600	8,600	8,600	8,600	1,354
Deposits paid for acquisition of land use rights	3,264,561	4,274,216	5,837,699	6,487,514	1,021,173
Deposits paid for acquisition of additional interest in a subsidiary	34,000	—	—	—	—
Deferred taxation assets	227,702	436,035	669,202	973,482	153,232
Amount due from a minority shareholder	—	—	—	—	—
	<u>13,973,066</u>	<u>23,277,694</u>	<u>28,483,986</u>	<u>30,657,832</u>	<u>4,825,726</u>
Current assets					
Inventories	301,048	415,939	594,065	794,383	125,041
Properties under development for sales	18,312,478	31,590,625	46,197,041	50,163,594	7,896,048
Properties held for sale	1,008,296	3,004,066	3,019,488	3,122,617	491,518
Accounts and other receivables, deposits and prepayments	1,382,897	2,516,293	3,344,296	3,567,940	561,615
Amounts due from jointly controlled entities	35,271	7,362	13,084	33,552	5,281
Taxation recoverable	134,265	539,034	1,081,031	1,747,745	275,105
Pledged bank deposits	496,208	499,419	406,125	420,990	66,266
Bank balances and cash	6,801,573	9,863,132	14,120,925	17,047,393	2,683,361
	<u>28,472,036</u>	<u>48,435,870</u>	<u>68,776,055</u>	<u>76,898,214</u>	<u>12,104,235</u>
Current liabilities					
Accounts payable, deposits received and accrued charges . .	16,362,320	31,474,867	41,410,676	41,146,946	6,476,774
Amounts due to jointly controlled entities	363,879	1,319,490	803,170	389,294	61,277
Amounts due to directors	—	—	—	—	—
Taxation payable	1,616,029	2,635,182	4,788,074	6,588,316	1,037,040
Bank and other borrowings — due within one year	3,710,200	2,859,870	3,580,372	4,531,168	713,233
	<u>22,052,428</u>	<u>38,289,409</u>	<u>50,582,292</u>	<u>52,655,724</u>	<u>8,288,324</u>
Net current assets	<u>6,419,608</u>	<u>10,146,461</u>	<u>18,193,763</u>	<u>24,242,490</u>	<u>3,815,912</u>
Total assets less current liabilities	<u>20,392,674</u>	<u>33,424,155</u>	<u>46,677,749</u>	<u>54,900,322</u>	<u>8,641,637</u>

	As of December 31,			As of June 30,	
	2009	2010	2011	2012	2012
	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)	(US\$'000)
Capital and reserves					
Share capital	452,972	453,410	453,415	453,948	71,454
Reserves	11,685,706	15,526,846	21,487,126	24,483,152	3,853,794
Equity attributable to owners of the Company	12,138,678	15,980,256	21,940,541	24,937,100	3,925,248
Non-controlling interests	1,099,884	1,385,564	2,154,129	2,465,637	388,106
Total equity	13,238,562	17,365,820	24,094,670	27,402,737	4,313,354
Non-current liabilities					
Bank and other borrowings					
— due after one year	6,055,305	14,464,489	15,645,880	20,350,079	3,203,223
2011 Notes	—	—	4,740,473	4,767,662	750,458
Deferred taxation liabilities	1,098,807	1,593,846	2,196,726	2,379,844	374,602
	<u>7,154,112</u>	<u>16,058,335</u>	<u>22,583,079</u>	<u>27,497,585</u>	<u>4,328,283</u>
	<u>20,392,674</u>	<u>33,424,155</u>	<u>46,677,749</u>	<u>54,900,322</u>	<u>8,641,637</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion of our financial condition and results of operations in conjunction with "Selected Consolidated Financial Data" and our consolidated financial statements and the related notes included elsewhere in this offering memorandum. Our consolidated financial statements have been prepared and presented in accordance with IFRS, which differ in certain respects from U.S. GAAP and generally accepted accounting principles in other jurisdictions. The following discussion contains forward-looking statements that involve risks and uncertainties. Our future results could differ materially from those discussed in such forward-looking statements as a result of various factors, including those set forth under "Risk Factors" and elsewhere in this offering memorandum. In this section of the offering memorandum, references to "2009," "2010" and "2011" refer to our financial years ended December 31, 2009, 2010 and 2011, respectively.

OVERVIEW

We are a national leader in China's real estate market engaged in property development, investment and management across the country with strong presence in Western China, the Pan Bohai Rim and the Yangtze River Delta, and a growing presence in Southern China. For the six months ended June 30, 2012, we ranked eighth among all PRC real estate developers, with contract sales of RMB17.5 billion (US\$2.8 billion)*. As of June 30, 2012, we had 69 projects in 15 different cities under development or planning with a total land bank of approximately 35.0 million sq.m. in GFA. We have a wide product spectrum and a broad customer base. We offer residences for the mass market, the middle class and the affluent and our residential property development projects cover a wide range of middle- to high-end products, including high-rise apartment buildings, low-rise garden apartments, townhouses and luxury stand-alone houses. We have also built various middle- to large-scale shopping malls and other investment properties. Our aim is to become one of the most respected and trusted national market leaders in the property industry in China.

In 2009, 2010 and 2011 and the six months ended June 30, 2012, we entered into sales contracts for our property development projects (including those undertaken by our jointly controlled entities) with an aggregate contract value of approximately RMB18.4 billion, RMB33.3 billion, RMB38.3 billion and RMB17.5 billion (US\$2.8 billion), respectively. We believe that our strategic geographic expansion from Western China to the Pan Bohai Rim, the Yangtze River Delta and Southern China, together with organic growth of our business in cities in which we have already established a presence, have contributed to our overall growth in contract sales and reduced the geographic concentration of our business. For the six months ended June 30, 2012, our contract sales from Western China, the Pan Bohai Rim and the Yangtze River Delta contributed to 51.7%, 25.1% and 23.2%, respectively, of our contract sales. Our revenue from property investment increased from RMB198.0 million in 2009 to RMB402.2 million in 2011 at a CAGR of 42.5% and increased by 34.8% from RMB168.2 million in the six months ended June 30, 2011 to RMB226.7 million (US\$35.7 million) in the same period in 2012.

BASIS OF PRESENTATION OF OUR FINANCIAL STATEMENTS

Our Company was incorporated in the Cayman Islands on December 21, 2007. We underwent a reorganization in anticipation of our IPO in 2009, pursuant to which our Company became the holding company of the companies now comprising our Group on June 11, 2008. Our reorganization involved property development and property investment companies under

* Source: CRIC.

common control, and our Group comprising the Company and its subsidiaries resulting from the reorganization is regarded as a continuing group. Accordingly, we have accounted for the reorganization on the basis of merger accounting, under which our consolidated financial statements present our results of operations, cash flow and financial position as if our current group structure had been in existence since January 1, 2008, or since the respective dates of incorporation or establishment or acquisition, whichever is later. All significant intragroup transactions and balances between the companies now comprising our Group have been eliminated. However, the consolidated financial and operational data of our Group presented in this offering memorandum does not purport to be indicative of what our Group's actual financial and operational data would have been if our Group in its current structure had been in existence since January 1, 2008. In accordance with IFRS, we have prepared our consolidated financial statements under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities at fair value through profit or loss and investment properties, which are carried at fair value. The consolidated financial statements are presented in RMB, which is the functional currency of the Company and its major subsidiaries.

KEY FACTORS AFFECTING OUR PERFORMANCE

Our business, results of operations and financial condition are affected by a number of factors, many of which are beyond our control. See "Risk Factors." Some of the key factors include the following:

PRC Economic Condition

We believe that demand for purchase or rental of residential, retail, and office properties is driven by continued growth in the PRC's economy, population and urbanization. All of our revenues are generated from the PRC real estate market. The recent global economic slowdown and uncertainty in the global financial markets have had an adverse impact on the overall economy of China, including the PRC real estate market. Although we have sought to diversify our product spectrum and property base, economic uncertainty may affect the performance of the PRC real estate market — in particular the supply and demand for residential and investment properties and pricing trends in the mid- to high-end property sector — and thereby have an impact on our business, financial condition and results of operations.

PRC Regulatory Environment

Our business, results of operations and financial condition are also affected by the regulatory and fiscal environment of the PRC, in particular, the regulatory and fiscal environment affecting the property development industry, including tax policies (e.g., the preferential income tax policy and LAT policies), land grant policies, presale policies, policies on ownership and purchase of real property policies on interest rates, bank financings and the availability of mortgages and other macroeconomic policies designed to slow down the growth of the PRC property market. From time to time, the PRC Government adjusts its macroeconomic control policies to encourage or restrict development in the private property sector through measures relating to, among other things, land grants, presales of properties, ownership and purchase of real property bank financing and taxation. In recent years, the PRC Government has instituted a variety of measures designed to stabilize and dampen any potential overheating of the real estate market, with a particular focus on the residential sector. These policies have led, and may continue to lead, to changes in market conditions, including changes in price stability, costs of ownership, costs of development and the balance of supply and demand in respect of residential properties. In response to the global economic crisis which intensified during the second half of 2008, the PRC Government implemented a stimulus plan and other measures which have resulted in a significant rise in the volume of bank loans. PRC regulators have expressed concern about and have taken measures to curb excessive lending for real estate investments. Excessive development fueled by cheap credit could cause an oversupply of property leading to a significant market correction, which could

adversely affect the sales volumes and selling prices of our projects. On the other hand, any efforts by bank regulators to curb excessive lending, if taken too far, might prevent developers including us from raising funds that we need to start new projects. PRC regulatory measures in the real estate industry will continue to impact our business and results of operations.

Ability to Acquire Suitable Land for Future Development

Our continuing growth will depend in large part on our ability to secure quality land at prices that can yield reasonable returns. Based on our current development plans, we expect to have sufficient land reserves for property development over the next several years. As the PRC economy continues to grow and demand for residential properties remains relatively strong, we expect that competition among developers for land reserves that are suitable for property development will continue. In addition, the public tender, auction and listing-for-sale practice in respect of the grant of state-owned land use rights is also likely to continue to encourage competition for development land and increase land acquisition costs as a result.

Access to Adequate Financing and Capital Resources

Bank loans and other borrowings are an important source of funding for our property developments. As of December 31, 2009, 2010 and 2011, and June 30, 2012, our outstanding bank loans and other borrowings (including the 2011 Notes) amounted to RMB9,765.5 million, RMB17,324.4 million, RMB23,966.7 million, and RMB29,648.9 million (US\$4,666.9 million), respectively. As commercial banks in China link the interest rates on their bank loans to benchmark lending rates published by the PBOC, any increase in such benchmark lending rates will increase the interest costs related to our developments. Our access to capital and cost of financing are also affected by restrictions imposed from time to time by the PRC Government on financing for property development. In addition to bank borrowings, we also issued, through one of our PRC subsidiaries, RMB Bonds in May 2009 and obtained a HK\$2.15 billion four-year syndicated loan from a number of international and domestic banking institutions in Hong Kong in April 2010. In March 2011, we obtained HK\$1.20 billion four-year club loan in Hong Kong from three banks. In April 2011, we issued the 2011 Notes in an aggregate principal amount of US\$750 million. In April 2012, we obtained a three-year syndicated loan of HK\$2.43 billion in Hong Kong from nine banks. On September 18, 2012, we conducted a placing of our existing shares and top-up subscriptions of our new shares to raise HK\$3.09 billion in gross proceeds. Our access to capital and cost of financing, therefore, are also dependent on our ability to access capital markets and the general economic environment. For further information, please see “Description of Other Material Indebtedness and Obligations.”

In addition, a substantial portion of our customers depend on mortgage financing to purchase our properties. Regulations or measures adopted by the PRC Government that restrict the ability of purchasers to obtain mortgages or increase the cost of mortgage financing may decrease market demand for our properties and adversely affect our revenue.

Pre-sales

Presales of properties under development constitute one of the most important components of our cash flow from operating activities. PRC law allows us to presell properties before their completion upon satisfaction of certain requirements and requires us to use the pre-sale proceeds to develop the particular project that has been presold. Although the presales of properties generate positive cash flows for us in the period that they are made, no revenue is recognized in respect of such property until the relevant property is delivered to the purchaser. See “Business — Project Development — Financing.” The amount and timing of cash inflows from presales are affected by a number of factors, including the development schedule of each of our projects,

restrictions on pre-sales imposed by the PRC Government, market demand for our properties subject to presales and the number of properties we have available for presales. Reduced cash flow from presales of our properties will likely increase our reliance on external financing which may increase our costs and may impact our ability to finance our property developments.

Timing of Property Development

Our results of operations tend to fluctuate from period to period. According to our accounting policy for revenue recognition, we recognize revenue from the sale of a property upon, among other things, the completion and delivery of the property to the purchaser, which is when we believe the significant risks and rewards of ownership are transferred to the purchaser. The timing for the completion and delivery of a property is, however, subject to numerous factors, some of which are beyond our control. Any of these factors may therefore affect the recognition of revenue from sales of our properties and, as a result, our results of operations may vary significantly from period to period.

Periods in which we complete more GFA and more frequently deliver completed properties to purchasers will typically generate a higher level of revenue than periods in which, for example, we presell a large aggregate GFA but such properties are not completed and delivered within the same period that the properties were presold. The effect of the timing of project completion on our operational results is accentuated by the fact that we can only undertake a limited number of projects during any particular period due to the substantial capital requirements of land acquisitions and construction as well as the limited supply of land. Significant time is required for property developments and it may take many months or years before presales of a property development can occur. In addition, as market demand may be volatile, revenue in a particular period can also depend on our ability to gauge the expected demand in the market at the expected launch time of a particular project, while delays in construction, regulatory approval processes and other factors can adversely affect the delivery of our projects.

Product Mix of Our Properties

We have in the past and intend in the future to retain mainly our mid- to large-scale shopping malls for recurring income, while we sell units of our residential properties, retail units and carpark spaces to individual purchasers. As a result, our results of operations and the sources and amount of our cash from operations may vary significantly from period to period depending on the location, type and GFA of our properties that we lease or sell and when our projects in various stages of development are to be completed. Our results of operations and cash flows will also vary depending on the market demand at the time we lease or sell our properties, the rental and occupancy rates of our investment properties and the selling prices for units in our residential properties, retail units and car park spaces. The recurring rental income from, the occupancy levels of, and the selling prices we receive from, our properties depend on local market prices which in turn depend on local supply and demand, as well as the type of property being developed and offered.

Price Volatility of Construction Materials

Our results of operations are affected by the price volatility of construction materials such as steel and cement. We procure some of the construction materials we use for our property development and, therefore, we are exposed to the price volatility of construction materials to the extent that we are not able to pass any increased costs onto our purchasers. Further, we typically presell our properties prior to their completion and we will be unable to pass the increased costs onto our purchasers if construction costs increase subsequent to such presale. See “— Certain Consolidated Statements of Comprehensive Income Items — Cost of Sales — Construction Costs.”

Valuation of Our Investment Properties

As of June 30, 2012, our investment properties include the North Paradise Walk Mall, Crystal Palace of Crystal Town, Fairy Castle Paradise Walk, Starry Street, West Paradise Walk and MOCO Center in Chongqing, Three Thousand Mall in Chengdu and Starry Street in Beijing. Our investment properties are stated at their fair value on our consolidated statements of financial position as noncurrent assets as of each statement of financial position date on the basis of valuations by an independent property valuer. Gains or losses arising from changes in the fair value of our investment properties are accounted for as change in fair value of investment properties in our consolidated statements of comprehensive income, which may have a substantial effect on our profits. Property under construction or development for future use as an investment property is classified as investment property under development. If the fair value cannot be reliably determined, the investment property under development will be measured at cost until such time as fair value can be determined or development is completed, at which time any difference between the fair value and the carrying amount will be recognized in profit or loss for that period. The property valuation involves the exercise of professional judgment and requires the use of certain bases and assumptions. The valuer typically uses the direct comparison approach by making reference to comparable sales transactions available in the relevant market and where appropriate, on the basis of the capitalization of the net rental income derived from the existing tenancies with due allowance for recurring income potential of the respective properties. The fair value of our investment properties may have been higher or lower if the valuer had used a different valuation methodology or if the valuation had been conducted by other qualified independent professional valuers using a different valuation methodology. In addition, upward revaluation adjustments reflecting unrealized capital gains on our investment properties as of the relevant statement of financial position dates are not profit generated from the sales or rentals of our investment properties and do not generate any cash inflow to us for potential interest payment to the holders of the Notes until such investment properties are disposed of at similarly revalued amounts. The amounts of revaluation adjustments have been, and may continue to be, significantly affected by the prevailing property markets and may decrease or increase. Since January 1, 2012, we have applied the amendments to IAS 12 titled *Deferred Tax: Recovery of Underlying Assets*. Our management reviewed our investment properties portfolio and concluded that the presumption set out in such amendments was rebutted. As a result, such amendments have no effect on our financial performance and financial position for the financial years ended and as of December 31, 2009, 2010 and 2011 and for the six months ended and as of June 30, 2012. Although we have recorded fair value gains during the period from 2009 through June 30, 2012, there can be no assurance that we will continue to record similar levels of fair value gains in the future. See “Risk Factors — The valuation attached to our property interests contains assumptions that may or may not materialize.”

CRITICAL ACCOUNTING POLICIES

Critical accounting policies are those accounting policies that reflect significant judgments and uncertainties and that potentially yield materially different results under different assumptions and conditions. The critical accounting policies adopted and estimates made in preparation of our financial statements include the following:

Revenue Recognition

Revenue comprises primarily the fair value of the consideration recognized from property development, property investment and property management and related services. Revenue from the sale of properties in the ordinary course of business is recognized when the relevant properties are completed and delivered to the purchasers, which is when all of the following criteria are met:

- the significant risks and rewards of ownership of the properties are transferred to purchasers;

- neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the properties is retained;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Payments received on properties sold prior to the date of revenue recognition, including deposits and presale proceeds, are included in the consolidated statements of financial position as accounts payable, deposits received and accrued charges and are presented as current liabilities. Revenue arising from property investment is recognized on a straight-line basis over the relevant lease period. Other revenue is recognized over the period when the related services are rendered.

Properties Under Development, Cost of Sales and Properties Held for Sale

We recognize the cost of property development for a given period to the extent that revenue from such properties has been recognized in such period. Prior to their completion, properties under development are included on our consolidated statements of financial position at cost, less any identified impairment losses.

Cost of property development includes construction costs, costs of land use rights and capitalized costs, which are allocated to each property based on the actual investment in each property. We make such estimates based on the information available at the time of completion of the relevant sales contracts, including the development plan and budget for the project.

When the leasehold land and buildings are in the course of development for production, for rental or for administrative purposes, the leasehold land component is classified as a prepaid lease payment and amortized over a straight-line basis over the lease term. During the construction period, the amortization charge provided for the leasehold land is included as part of the costs of the properties under development.

Properties under development that are intended for sale are classified as current assets. Properties under development that are intended to be held for our own use or their investment potential are classified as noncurrent assets. Completed properties remaining unsold at the end of each financial period are stated at the lower of cost and net realizable value and classified as properties held for sale under current assets.

Income Tax Expense

Since January 2008, a uniform enterprise income tax rate of 25% has been applied towards both PRC domestic enterprises and foreign investment and foreign enterprises that have set up production and operation facilities in the PRC. However, some of our subsidiaries have been, and some of our subsidiaries will be, subject to income tax at lower tax rates than the general enterprise income tax rate due to their being eligible for a preferential tax rate. See “— Certain Consolidated Statements of Comprehensive Income Items — Income Tax Expense — PRC Enterprise Income Tax.”

Income tax expense represents the sum of the tax currently payable and deferred taxation.

Deferred taxation is recognized on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the statements of financial position liability method. The realizability of the deferred taxation assets mainly depends on whether

sufficient future profits or taxable temporary differences will be available in the future. The directors determine the deferred taxation assets based on the enacted or substantially enacted tax rates and laws and the best knowledge of profit projections of our business for coming years during which the deferred taxation assets are expected to be utilized.

The directors will review the assumptions and profit projections by the statements of financial position date. The carrying amount of deferred taxation assets is reviewed at each statements of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

We are subject to LAT in the PRC. The implementation and settlement of LAT varies among different tax jurisdictions in different cities of the PRC. Accordingly, significant judgment is required in determining the amount of land appreciation and its related income tax provisions. We have recognized LAT based on management's best estimates. See "— Certain Consolidated Statements of Comprehensive Income Items — Income Tax Expense — LAT." The final tax outcome, however, could be different from the amounts that were initially recorded, and these differences could affect our income tax expense and the related income tax provisions in the periods in which such tax is finalized with local tax authorities.

Recognition of Share-based Payment Expenses

We adopted Pre-IPO Share Award Schemes, a Pre-IPO Share Option Scheme and Post-IPO Share Option Schemes. We engaged an independent appraiser to assist in determining the fair value of the Shares awarded and options granted. The determination of fair value was made after considering a number of factors, all of which are subject to uncertainty, including: our financial and operating results; the global economic outlook in general and the specific economic and competitive factors affecting our business; the nature and prospect of the PRC property market; our business plan and prospects; business risks we face; and market yields and return volatility of comparable corporate shares.

The total fair value of options granted is measured on the grant date based on the fair value of the underlying shares of our Company. In addition, our Group is required to estimate the expected percentage of grantees that will remain in the employment with our Group at the end of the vesting period. Our Group only recognizes an expense for those options expected to vest over the vesting period during which the grantees become unconditionally entitled to the options. At each relevant statement of financial position date, our Group revises its estimates of the number of options that are expected to ultimately vest. Changes in these estimates and assumptions could have a material effect on the determination of the fair value of the share options and the amount of such equity awards expected to vest, which may in turn significantly impact the determination of the share-based compensation expenses.

Investment Properties

Our investment properties are stated at fair value based on the valuation performed by independent property valuers. In determining fair value, the valuers have based this on a method of valuation that involves certain estimates of market conditions. In relying on the valuation report, our directors have exercised their judgment and are satisfied that assumptions used in the valuation reflect current market conditions. See "— Certain Consolidated Statements of Comprehensive Income Items — Change in Fair Value of Investment Properties."

Capitalized Costs

See "— Certain Consolidated Statements of Comprehensive Income Items — Cost of Sales — Capitalized Costs."

CERTAIN CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME ITEMS

Revenue

We categorize our revenue into three segments, namely, property development (which represents proceeds collected from sales of properties completed and held for sale in that period and proceeds collected from our properties under development in previous periods if the properties are completed and delivered to purchasers in such period), property investment (which represents rental income from investment properties), and property management income and related services.

The following table sets forth revenue by business segments and their percentage of the total revenue for the periods indicated.

	For the Year Ended December 31,						For the Six Months Ended June 30,					
	2009		2010		2011		2011		2012			
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	US\$'000	%	
Property development	11,029,310	97.0%	14,596,701	96.7%	23,376,012	97.0%	7,549,779	96.1%	14,132,651	2,224,564	97.1%	
Property investment	197,975	1.7%	287,281	1.9%	402,167	1.7%	168,239	2.1%	226,709	35,685	1.6%	
Property management and related services	146,677	1.3%	209,140	1.4%	314,714	1.3%	134,208	1.7%	192,339	30,275	1.3%	
Total	<u>11,373,962</u>	<u>100.0%</u>	<u>15,093,122</u>	<u>100.0%</u>	<u>24,092,893</u>	<u>100.0%</u>	<u>7,852,226</u>	<u>100.0%</u>	<u>14,551,699</u>	<u>2,290,524</u>	<u>100.0%</u>	

During the three years ended December 31, 2011 and the six months ended June 30, 2012, we derived substantially all of our revenue from the property development segment. In the near future, we expect to continue to derive most of our revenue from the property development segment.

Property Development

Revenue from property development represents consideration recognized from sales of our properties completed and held for sale in that period if the properties are delivered to purchasers in such period. Revenue from property development is recognized when a binding sales contract has been executed and the properties have been delivered to purchasers.

Consistent with industry practice, we typically enter into sales contracts with purchasers while the properties are still under development and after satisfying the conditions for pre-sales in accordance with the PRC laws and regulations. See “Business — Project Development — Sales and Marketing.” Before the delivery of the properties, payments received from purchasers are recorded as deposits received and receipt in advance from property sales and are included in current liabilities. As of December 31, 2009, 2010 and 2011 and June 30, 2012, our deposits received and receipt in advance from property sales amounted to RMB13,341.0 million, RMB26,292.0 million, RMB34,569.7 million and RMB34,258.4 million (US\$5,392.5 million), respectively. We recognize revenue from the presales of our properties after the properties have been delivered to purchasers. See “— Critical Accounting Policies — Revenue Recognition.”

For 2009, 2010 and 2011 and the six months ended June 30, 2012, we recognized revenue from property development of RMB11,029.3 million, RMB14,596.7 million, RMB23,376.0 million and RMB14,132.7 million (US\$2,224.6 million), respectively, in connection with an aggregate GFA of 1,173,385 sq.m., 1,800,149 sq.m., 1,678,160 sq.m. and 1,122,842 sq.m., respectively, representing an average realized selling price (calculated as the revenue from the properties delivered divided by the aggregate recognized GFA sold) of RMB9,400 per sq.m., RMB8,109 per sq.m., RMB13,930 per sq.m. and RMB12,587 per sq.m., respectively. We expect that our revenue from property development will increase over time as we expand our business.

Property Investment

Revenue from property investment represents recurring revenue from our investment properties, such as rental income, and is recognized on a straight-line basis over the relevant lease period. For 2009, 2010 and 2011 and the six months ended June 30, 2012, our revenue from property investment was RMB198.0 million, RMB287.3 million, RMB402.2 million and RMB226.7 million (US\$35.7 million), respectively.

Property management and related services

Revenue from property management and related services is recognized over the period when property management and related services are rendered. For 2009, 2010 and 2011 and the six months ended June 30, 2012, our revenue from our property management and related services was RMB146.7 million, RMB209.1 million, RMB314.7 million and RMB192.3 million (US\$30.3 million), respectively. We expect that our revenue from property management and related services will increase over time due to the cumulative growth of our portfolio of residential and investment properties under management.

Cost of Sales

Cost of sales primarily represents the costs we incur directly for our property development activities, which includes construction costs, costs of land use rights and capitalized costs.

We recognize the cost of property development for a given period to the extent that revenue from such properties have been recognized in such period. Prior to their completion, properties under development are included in our consolidated statements of financial position at cost, less any identified impairment losses.

Construction Costs

Construction costs include all of the costs for the design and construction of a project, including payments to third-party contractors and designers and costs of construction materials. Our construction costs are affected by a number of factors such as price fluctuations in construction materials (particularly steel and cement), the location and design of a property, the choice of materials and ancillary facilities.

Costs of Land Use Rights

Costs of land use rights include costs relating to the acquisition of the rights to occupy, use and develop land, and primarily represent land premiums incurred in connection with land grants from the government or land obtained in the secondary market by transfer, cooperative arrangement, corporate acquisition or otherwise. Our costs of land use rights are influenced by a number of factors, including the location of the property, the timing of the acquisition, and the projects' plot ratios. Costs of land use rights are also affected by our method of acquisition, whether by government-organized tenders, auctions or listings-for-sale, through private sale transactions and cooperative agreements with third parties in the secondary market or through the acquisition of other companies that hold land use rights. We may also be required to pay demolition and resettlement costs. Our costs of land use rights are also vulnerable to changes in PRC policies and regulations.

Capitalized Costs

Costs directly attributable to the acquisition, construction or production of qualifying assets are capitalized as a part of the cost of those assets, including a portion of the financing costs to fund the construction. Capitalization of such costs ceases when the assets are substantially ready for their intended use or sale.

Other Income

Other income primarily comprises interest income, interest income from investment in a trust fund, imputed interest income of amount due from a minority shareholder, consultancy fee income, dividend income from available-for-sale investments, promotion and advertising income, government subsidies and sundry income.

Other Gains and Losses

Other gains and losses comprise gain on disposal of property, plant and equipment, net exchange gain, loss on disposal of subsidiary, bad debt recovery and reversal of impairment loss on other receivables.

Fair Value Gain upon Transfer to Investment Properties

Property under development or planning as an investment property is classified as investment property under development. If the fair value cannot be reliably determined, the investment property under development will be measured at cost until such time as fair value can be determined or development is completed, in which time any difference between the fair value and the carrying amount will be recognized in profit or loss in that period. Properties under development and properties held for sale are transferred to investment properties under construction and completed investment properties when it is evidenced by the commencement of an operating lease to another party. Any difference between the fair value of the property at the date of transfer and its previous carrying amount shall be recognized in profit or loss.

The fair value gain upon transfer to investment properties was RMB777.0 million in 2010 and RMB916.1 million in 2011. For the six months ended June 30, 2012, the fair value gain upon transfer to investment properties was RMB167.6 million (US\$26.4 million).

Change in Fair Value of Investment Properties

Gains or losses arising from changes in the fair values of investment properties are included in our consolidated statements of comprehensive income in the year in which they arise. Based on such valuation, we recognized the aggregate fair market value of our investment properties on our consolidated statements of financial position, recognized fair value gains or losses on investment properties on our consolidated statements of comprehensive income and recognized the relevant deferred tax under income tax expense on our consolidated statements of comprehensive income.

As of December 31, 2009, 2010 and 2011 and June 30, 2012, the fair value of our investment properties was RMB4,698.3 million, RMB8,041.0 million, RMB13,198.2 million and RMB16,436.5 million (US\$2,587.2 million), respectively. For 2009, 2010 and 2011 and the six months ended June 30, 2012, the net change in fair value of our investment properties was RMB920.9 million, RMB1,713.1 million, RMB1,714.4 million and RMB501.6 million (US\$79.0 million), respectively. The fair value of each of our investment properties is likely to fluctuate from time to time and the fair value of our investment properties may decrease in the future. Any such decrease in the fair value of our investment properties would reduce our net profit.

Selling and Marketing Expenses

Selling and marketing expenses primarily include promotional expenses relating to sales and rentals of our properties (including advertisements in print media, on billboards and on television, promotional offers made directly to our customers and certain other promotional events, publicity and exhibitions), selling and marketing staff costs and other selling expenses. Our selling and marketing expenses in any period are affected by the number of newly introduced developments in that period.

Administrative Expenses

Administrative expenses primarily include salaries and benefits for our personnel including stock option expenses, service fees, consulting, auditing and legal expenses, travel expenses and general office expenses.

Share of Results of Jointly Controlled Entities

Share of results of jointly controlled entities represents our profit or loss after taxation that is attributable to our interest in jointly controlled entities pursuant to the joint venture agreements. As of June 30, 2012, we had seven jointly controlled entities, including Chongqing Longhu Land Limited, which was established in 2005, Chengdu Jia'n'an Real Estate Company Limited, Chengdu Tuosheng Real Estate Company Limited, Chengdu Jinghui Real Estate Company Limited and Chengdu Huixin Real Estate Company Limited, all of which were established in October 2007, Northpole Intermediary Limited which became a jointly controlled entity in 2009, and Top Grand International Enterprise Limited which became a jointly controlled entity in November 2009.

Income Tax Expense

Our income tax expense for a given year includes provisions made for PRC enterprise income tax and land appreciation tax, or LAT, during the year. For 2009, 2010, 2011 and the six months ended June 30, 2012, our effective tax rate was 38.6%, 29.0%, 39.5% and 40.4%, respectively.

PRC Enterprise Income Tax

The PRC enterprise income tax accrued by our operating subsidiaries has been calculated at the applicable tax rate on the assessable profits for each period during the three years ended December 31, 2011 and the six months ended June 30, 2012. According to the PRC Enterprise Tax Law enacted by the National People's Congress on March 16, 2007, which became effective on January 1, 2008, a uniform income tax rate of 25% has been applied towards both PRC domestic enterprises and foreign investment and foreign enterprises that have set up production and operation facilities in the PRC. However, some of our subsidiaries have been, and some of our subsidiaries will be, subject to income tax at lower tax rates than the general enterprise income tax rate due to their being eligible for a preferential tax rate. Our PRC operating subsidiaries are also subject to local government taxation. Pursuant to the relevant PRC corporate income tax rules and regulations, preferential corporate income tax rates have been granted to certain of our PRC subsidiaries which were established in western China and engaged in the encouraged business. These companies were subject to a preferential rate of 15% from 2002 to 2012, subject to the approval from the relevant tax authority, if the annual income derived from the encouraged business is more than 70% of the annual total income.

In addition, a portion of our PRC enterprise income tax consists of deferred tax.

LAT

Under PRC laws and regulations, our PRC subsidiaries that are engaged in the property development business are subject to LAT as determined by the local authorities in the location in which each project is located. All income from the sale or transfer of state-owned land use rights, buildings and their attached facilities in the PRC is subject to LAT at progressive rates ranging from 30% to 60% of the appreciation value as defined in the relevant tax laws. Certain exemptions

are available for the sale of ordinary residential properties if the appreciation values do not exceed 20% of the total deductible items (as defined in the relevant tax laws). Sales of commercial properties are not eligible for such an exemption. Whether a property qualifies for the ordinary residential property exemption is determined by the local government, taking into consideration the property's plot ratio, aggregate GFA and sales price. Sales of higher-end properties and commercial properties are generally assessed at higher appreciation values, and are therefore generally subject to higher LAT rates. On December 28, 2006, the PRC State Administration of Taxation issued the Notice on the Administration of the Settlement of Land Appreciation Tax of Property Development Enterprises, which took effect on February 1, 2007. Such notice provides further clarifications as to the settlement of LAT. Local provincial tax authorities can formulate their own implementation rules according to the notice and local situations. On May 12, 2009, the State Administration of Taxation issued the Administrative Rules on the Settlement of Land Appreciation Tax (土地增值稅清算管理規程) effective on June 1, 2009, which further clarifies the specific conditions and procedures for the settlement of LAT. In May 2010, the State Administration of Taxation issued the Circular on Settlement of Land Appreciation Tax (國家稅務總局關於土地增值稅清算有關問題的通知) to strengthen the settlement of LAT. The circular clarifies certain issues with respect to the calculation and settlement of LAT, such as (i) the recognition of the revenue upon the settlement of LAT; and (ii) the deduction of fees incurred in connection with the property development. In May 2010, the State Administration of Taxation issued the Notice on Strengthening the Collection of Land Appreciation Tax (國家稅務總局關於加強土地增值稅徵管工作的通知), which requires that the minimum LAT prepayment rate shall be 2% for provinces in the eastern region of China, 1.5% for provinces in the central and northeastern regions, and 1% for provinces in the western region. According to the notice, the local tax bureaus shall determine the applicable LAT prepayment rates based on the property type. We estimate and make provisions for the full amount of applicable LAT in accordance with the requirements set forth in the relevant PRC tax laws and regulations, but only prepay 1.0% to 5.0% of the presale proceeds from our property development each year as required by the local tax authorities under prevailing practice. For each of the three years ended December 31, 2009, 2010 and 2011 and the six months ended June 30, 2012, we made a provision for LAT in the amount of RMB468.9 million, RMB999.6 million, RMB2,087.3 million and RMB1,382.2 million (US\$217.6 million), respectively.

Hong Kong and Cayman Islands Tax

During the three years ended December 31, 2011 and the six months ended June 30, 2012, no provision for Hong Kong Profits Tax has been made. Based on the Cayman Islands' tax regulations, we are not subject to Cayman Islands income tax because we operate as an exempted company.

Non-controlling Interest

Our non-controlling interests mainly represents the 8.7% equity interest in Chongqing Longhu Development held by Chongqing Xuke.

SUMMARY CONSOLIDATED FINANCIAL INFORMATION

The following table sets forth, for the periods indicated, certain items derived from our consolidated statements of comprehensive income.

	For the year ended December 31,			For the Six Months Ended June 30,		
	2009	2010	2011	2011	2012	2012
	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)	(US\$'000)
Revenue	11,373,962	15,093,122	24,092,893	7,852,226	14,551,699	2,290,524
Cost of sales	(8,042,326)	(9,995,934)	(14,324,313)	(3,558,859)	(7,842,850)	(1,234,511)
Gross profit	3,331,636	5,097,188	9,768,580	4,293,367	6,708,849	1,056,013
Other income	421,188	91,531	168,934	52,470	80,711	12,704
Other gains and losses	13,990	34,652	106,653	65,410	(65,662)	(10,336)
Fair value gain upon transfer to investment properties	—	777,023	916,115	63,521	167,573	26,377
Change in fair value of investment properties	920,945	1,713,090	1,714,447	754,783	501,607	78,956
Selling and marketing costs	(314,119)	(327,880)	(642,736)	(200,206)	(219,277)	(34,516)
Administrative expenses	(421,099)	(433,488)	(709,148)	(199,534)	(293,557)	(46,208)
Finance costs	(27,499)	(66,677)	(202,141)	(73,954)	(40,897)	(6,437)
Share of results of jointly controlled entities	135,998	183,035	323,526	11,515	72,003	11,334
Profit before taxation	4,061,040	7,068,474	11,444,230	4,767,372	6,911,350	1,087,887
Income tax expense	(1,568,581)	(2,051,101)	(4,523,942)	(2,002,146)	(2,789,685)	(439,113)
Profit for the year and total comprehensive income for the year	<u>2,492,459</u>	<u>5,017,373</u>	<u>6,920,288</u>	<u>2,765,226</u>	<u>4,121,665</u>	<u>648,774</u>
Attributable to:						
Owners of the Company	2,209,207	4,130,155	6,327,560	2,523,942	3,810,157	599,741
Non-controlling interests	283,252	887,218	592,728	241,284	311,508	49,033
	<u>2,492,459</u>	<u>5,017,373</u>	<u>6,920,288</u>	<u>2,765,226</u>	<u>4,121,665</u>	<u>648,774</u>
Earnings per share in RMB cents						
Basic	<u>53.5</u>	<u>80.2</u>	<u>123.0</u>	<u>49.0</u>	<u>73.9</u>	<u>11.63</u>
Diluted	<u>53.2</u>	<u>79.8</u>	<u>122.0</u>	<u>48.7</u>	<u>73.5</u>	<u>11.57</u>

Six Months Ended June 30, 2012 Compared to Six Months Ended June 30, 2011

Revenue

Our revenue increased by 85.3% to RMB14,551.7 million (US\$2,290.5 million) in the six months ended June 30, 2012 from RMB7,852.2 million in the six months ended June 30, 2011, primarily due to an increase in revenue generated from property development.

- *Property Development.* In the six-month periods ended June 30, 2011 and 2012, revenue generated from property development accounted for 96.1% and 97.1%, respectively, of our total revenue. Revenue generated from property development increased by 87.2% to RMB14,132.7 million (US\$2,224.6 million) in the six months ended June 30, 2012 from RMB7,549.8 million in the six months ended June 30, 2011, primarily due to an increase in contract sales in 2009 and 2010, which resulted in an increase in the amount we were able to recognize as revenue in the six months ended June 30, 2012 when these properties were delivered to the customers, as represented by an increase of 236.5% of recognized GFA sold in the six-month period ended June 30, 2012 from the six-month period ended June 30, 2011.

Our average realized selling prices per sq.m. for the properties delivered decreased by 20.9% to RMB12,587 in the six months ended June 30, 2012 from RMB15,904 in the six months ended June 30, 2011, primarily because we recognized as revenue a significant portion of the contract sales of Beijing Summer Palace Splendor, a luxury detached villa project with a total GFA of 97,008 sq.m. and an average selling price of approximately RMB60,000 per sq.m., in the six months ended June 30, 2011. This increase occurred while most of the projects from which we recognized revenue in the six months ended June 30, 2012 were primarily low-rise, high-rise projects that were sold at a relatively lower average selling price.

The following table sets forth revenue generated, recognized GFA sold, and average realized selling prices for each listed project in the six-month periods ended June 30, 2011 and 2012.

Project	Revenue		Recognized GFA Sold		Average Realized Selling Price	
	Six months ended June 30,		Six months ended June 30,		Six months ended June 30,	
	2011	2012	2011	2012	2011	2012
	(RMB in thousands)		(sq.m.)		(RMB per sq.m.)	
Beijing Chianti Riverside . . .	—	2,515,233	—	205,527	—	12,238
Beijing Azure Chianti	—	2,263,727	—	108,407	—	20,882
Qingdao Rose and Ginkgo Coast	—	1,587,552	—	100,519	—	15,794
Chongqing U2	—	1,335,734	—	196,451	—	6,799
Hangzhou Rose and Ginkgo Villa	—	1,319,755	—	74,050	—	17,822
Changzhou Sunshine City . .	—	1,219,316	—	104,082	—	11,715
Chongqing Chunsen Land . .	917,323	761,747	120,171	74,066	7,633	10,285
Chongqing Toschna Villa . . .	1,141,087	748,628	103,146	65,875	11,063	11,364
Shanghai Sunshine City	715,133	618,342	34,197	37,431	20,912	16,520
Chengdu North Paradise Walk	—	505,496	—	34,496	—	14,654
Beijing Summer Palace Splendor	4,030,074	303,992	64,818	8,623	62,175	35,254
Beijing Tangning One	—	253,853	—	8,357	—	30,376
Xi'an Fairy Castle	—	193,209	—	27,830	—	6,942
Chengdu Flamenco Spain . . .	247,825	141,991	33,840	25,111	7,323	5,655
Chengdu Bridge County	63,045	137,194	4,482	12,164	14,066	11,279
Chongqing Peace Hill County	112,998	65,523	16,641	17,704	6,790	3,701
Chongqing Sunshine Riverside	82,007	30,312	18,543	5,645	4,423	5,370
Chengdu Jade Town	—	28,419	—	1,521	—	18,684
Wuxi Rose and Ginkgo Villa	—	21,375	—	1,606	—	13,309
Beijing Elegance Loft	33,522	18,427	7,217	3,979	4,645	4,631
Shanghai Rose and Ginkgo Villa	—	16,401	—	688	—	23,839
Others	206,765	46,425	71,665	8,710	2,885	5,330
Total	<u>7,549,779</u>	<u>14,132,651</u>	<u>474,720</u>	<u>1,122,842</u>	<u>15,904</u>	<u>12,587</u>

- *Property Investment.* In the six-month periods ended June 30, 2011 and 2012, revenue generated from property investment accounted for 2.1% and 1.6%, respectively, of our total revenue. Revenue generated from property investment increased by 34.8% to RMB226.7 million (US\$35.7 million) in the six months ended June 30, 2012 from RMB168.2 million in the six months ended June 30, 2011. This increase was primarily due to the revenue growth of our two largest investment property projects, namely, Chongqing North Paradise Walk and Chongqing West Paradise Walk, resulting from a mix of a rental rate increase and a mild increase in occupancy rate and to a lesser extent, revenue growth from our Starry Street series and our MOCO series of investment properties.
- *Property management and related services.* In the six-month periods ended June 30, 2011 and 2012, revenue generated from property management and related services accounted for 1.7% and 1.3%, respectively, of our total revenue. Revenue generated from property management and related services increased by 43.3% to RMB192.3 million (US\$30.3 million) in the six months ended June 30, 2012 from RMB134.2 million in the six months ended June 30, 2011, primarily due to the increase in the number of properties newly completed and delivered.

Cost of Sales

Cost of sales increased by 120.4% to RMB7,842.9 million (US\$1,234.5 million) in the six months ended June 30, 2012 from RMB3,558.9 million in the six months ended June 30, 2011, primarily due to the increase in the amount of GFA we delivered.

Gross Profit

As a result of the foregoing factors, gross profit increased by 56.3% to RMB6,708.8 million (US\$1,056.0 million) in the six months ended June 30, 2012 from RMB4,293.4 million in the six months ended June 30, 2011. Our gross profit margin decreased to 46.1% in the six months ended June 30, 2012 from 54.7% in the six months ended June 30, 2011, primarily due to Beijing Summer Palace Splendor, a high gross profit margin project, contributing to a higher percentage of our revenue in the six months ended June 30, 2011.

Other Income

Other income increased by 53.7% to RMB80.7 million (US\$12.7 million) in the six months ended June 30, 2012 from RMB52.5 million in the six months ended June 30, 2011. This increase was primarily due to the increase in interest income resulting from a greater amount of our cash deposits.

Other Gains and Losses

Other gains and losses changed to a loss of RMB65.7 million (US\$10.3 million) in the six months ended June 30, 2012 from a gain of RMB65.4 million in the six months ended June 30, 2011. The loss in the six months ended June 30, 2012 was primarily due to foreign exchange losses resulting from the depreciation of RMB against both HK\$ and US\$, in which most of our offshore borrowings were denominated.

Fair Value Gain upon Transfer to Investment Properties

Fair value gain upon transfer to investment properties was RMB167.6 million (US\$26.4 million) in the six months ended June 30, 2012, as compared to RMB63.5 million in the six months ended June 30, 2011, primarily due to the commencement of construction of Beijing Changying Paradise Walk.

Change in Fair Value of Investment Properties

Change in fair value of investment properties decreased by 33.5% to RMB501.6 million (US\$79.0 million) in the six months ended June 30, 2012 from RMB754.8 million in the six months ended June 30, 2011, primarily due to a slowdown in the growth of rental rates of our investment properties.

Selling and Marketing Expenses

Selling and marketing expenses increased by 9.5% to RMB219.3 million (US\$34.5 million) in the six months ended June 30, 2012 from RMB200.2 million in the six months ended June 30, 2011, primarily due to our increased selling and marketing activities associated with a greater number of projects and business locations.

Administrative Expenses

Administrative expenses increased by 47.2% to RMB293.6 million (US\$46.2 million) in the six months ended June 30, 2012 from RMB199.5 million in the six months ended June 30, 2011, primarily due to increases in both the average salary and the headcount of our employees.

Finance Costs

Finance costs decreased by 44.7% to RMB40.9 million (US\$6.4 million) in the six months ended June 30, 2012 from RMB74.0 million in the six months ended June 30, 2011, primarily because a greater amount of our borrowings were used for project development, resulting in a larger amount of our interest expense on these borrowings being capitalized rather than being recognized as finance costs.

Share of Results of Jointly Controlled Entities

In the six months ended June 30, 2012, the share of results of jointly controlled entities increased by 525.3% to RMB72.0 million (US\$11.3 million) in the six months ended June 30, 2012 from RMB11.5 million in the six months ended June 30, 2011, primarily due to the increase in revenue from two property development projects, namely, the Bamboo Grove project in Chongqing, which was jointly developed with Chongqing Longhu Land, and the Century Peak View project in Chengdu, which was jointly developed with Chengdu Huixin, Chengdu Jia'nan, Chengdu Jinghui, and Chengdu Tuocheng.

Profit Before Taxation

As a result of the foregoing, profit before taxation increased by 45.0% to RMB6,911.4 million (US\$1,087.9 million) in the six months ended June 30, 2012 from RMB4,767.4 million in the six months ended June 30, 2011.

Income Tax Expense

Income tax expense increased by 39.3% to RMB2,789.7 million (US\$439.1 million) in the six months ended June 30, 2012 from RMB2,002.1 million in the six months ended June 30, 2011. This increase occurred primarily because our profit before taxation increased, resulting in an increase in EIT as well as an increase in LAT, which was subject to a progressively higher LAT rate.

Profit for the Period

Profit for the six months ended June 30, 2012 increased by 49.1% to RMB4,121.7 million (US\$648.8 million) in the six months ended June 30, 2012 from RMB2,765.2 million in the six months ended June 30, 2011, and profit margin decreased to 28.3% in the six months ended June 30, 2012 from 35.2% in the six months ended June 30, 2011, as a result of the cumulative effect of the foregoing factors.

2011 Compared to 2010

Revenue

Our revenue increased by 59.6% to RMB24,092.9 million in 2011 from RMB15,093.1 million in 2010, primarily due to an increase in revenue generated from property development.

- *Property Development.* In 2010 and 2011, revenue generated from property development accounted for 96.7% and 97.0%, respectively, of our total revenue. Revenue generated from property development increased by 60.1% to RMB23,376.0 million in 2011 from RMB14,596.7 million in 2010. This increase was primarily due to the increase in our contract sales in 2009 and 2010, which resulted in an increase in the amount we were able to recognize as revenue in 2011 when the contracted properties were delivered to the customers.

Our average realized selling prices per sq.m. for the properties delivered increased 71.8% to RMB13,930 in 2011 from RMB8,109 in 2010. This increase occurred primarily because our average realized selling prices per sq.m. for the properties delivered increased by 71.8% to RMB13,930 in 2011 from RMB8,109 in 2010, primarily due to our revenue from Beijing Summer Palace Splendor which had a high average selling price.

The following table sets forth revenue generated, recognized GFA sold, and average realized selling prices for each listed project in 2010 and 2011.

Project	Revenue		Recognized GFA Sold		Average Realized Selling Price	
	2010	2011	2010	2011	2010	2011
	(RMB in thousands)		(sq.m.)		(RMB per sq.m.)	
Beijing Tangning One . . .	—	5,683,712	—	195,089	—	29,133
Beijing Summer Palace Splendor	1,077,389	4,414,414	19,791	68,594	54,438	64,356
Shanghai Sunshine City . .	1,249,760	1,918,888	53,711	112,419	23,268	17,069
Chengdu North Paradise Walk	—	1,656,169	—	186,405	—	8,885
Wuxi Rose and Ginkgo Villa	—	1,610,813	—	128,995	—	12,487
Chengdu Thousand Castles	2,097,694	1,132,421	246,982	141,763	8,493	7,988
Chongqing Mopan Shan . .	—	1,129,459	—	106,078	—	10,647
Chongqing Chunsen Land	118,981	990,938	15,840	140,586	7,511	7,049
Chongqing Toschna Villa . .	1,310,829	789,039	139,459	60,498	9,399	13,042
Chongqing Peace Hill County	940,795	730,878	167,447	118,406	5,618	6,172
Beijing Chianti Riverside .	—	582,437	—	42,334	—	13,758
Chengdu Jade Town	—	458,495	—	19,549	—	23,453
Choqing Mu Yu Shi	—	415,517	—	46,336	—	8,967
Xi'an Fairy Castle	—	337,927	—	70,411	—	4,799
Shenyang Chianti	—	311,939	—	38,833	—	8,032
Chengdu Bridge County . .	1,538,050	272,448	133,146	17,385	11,552	15,671
Chengdu Flamenco Spain .	388,787	270,411	68,951	37,111	5,639	7,287
Shenyang Rose & Ginkgo Villa	—	190,437	—	21,329	—	8,929
Chongqing Sunshine Riverside	1,043,367	164,363	159,419	26,614	6,545	6,176
Beijing Elegance Loft . . .	2,121,082	64,874	468,480	13,939	4,528	4,654
Others	2,709,967	250,433	326,923	85,486	8,289	2,930
Total	<u>14,596,701</u>	<u>23,376,012</u>	<u>1,800,149</u>	<u>1,678,160</u>	<u>8,109</u>	<u>13,930</u>

- *Property Investment.* In 2010 and 2011, revenue generated from property investment accounted for 1.9% and 1.7%, respectively, of our total revenue. Revenue generated from property investment increased by 40.0% to RMB402.2 million in 2011 from RMB287.3 million in 2010. This increase was primarily due to the revenue growth of Chongqing North Paradise Walk and Chongqing West Paradise Walk and, to a lesser extent, the revenue growth of Chongqing MOCO Center and Chengdu Three Thousand Mall.
- *Property management and related services.* In 2010 and 2011, revenue generated from property management and related services accounted for 1.4% and 1.3%, respectively, of our total revenue. Revenue generated from property management and related services increased by 50.5% to RMB314.7 million in 2011 from RMB209.1 million in 2010, primarily due to the increase in service needs arising from properties newly completed and delivered in 2011.

Cost of Sales

Cost of sales increased by 43.3% to RMB14,324.3 million in 2011 from RMB9,995.9 million in 2010, primarily due to the increase in the amount of GFA delivered.

Gross Profit

As a result of the foregoing factors, gross profit increased by 91.6% to RMB9,768.6 million in 2011 from RMB5,097.2 million in 2010. Our gross profit margin increased to 40.5% in 2011 from 33.8% in 2010, primarily due to the high gross profit margin of our revenue from Beijing Summer Palace Splendor in 2011.

Other Income

Other income increased by 84.6% to RMB168.9 million in 2011 from RMB91.5 million in 2010. This increase was primarily due to the increase in interest income resulted from a greater amount of our cash deposits.

Other Gains and Losses

Other gains increased by 207.8% to RMB106.7 million in 2011 from RMB34.7 million in 2010, primarily due to the increase in foreign exchange gains, which resulted from an increased amount of borrowings denominated in US\$ and HK\$ as well as the appreciation of RMB against such currencies.

Fair Value Gain upon Transfer to Investment Properties

Fair value gain upon transfer to investment properties increased by 17.9% to RMB916.1 million in 2011 from RMB777.0 million in 2010, primary due to a greater number of projects that commenced construction in 2011 compared to 2010.

Change in Fair Value of Investment Properties

Change in fair value of investment properties increased by 0.1% to RMB1,714.4 million in 2011 from RMB1,713.1 million in 2010, primarily because the construction work on our investment properties progressed steadily in relation to the costs incurred.

Selling and Marketing Expenses

Selling and marketing expenses increased by 96.0% to RMB642.7 million in 2011 from RMB327.9 million in 2010, primarily due to the increase in our selling and marketing activities in connection with a greater number of projects and business locations, including the increase in promotional spending and a larger number of selling and marketing personnel.

Administrative Expenses

Administrative expenses increased by 63.6% to RMB709.1 million in 2011 from RMB433.5 million in 2010, primarily due to the increase in our employee headcount associated with the increase in the number of projects and business locations.

Finance Costs

Finance costs increased by 203.0% to RMB202.1 million in 2011 from RMB66.7 million in 2010 primarily due to the increase in our interest expense being recognized as finance costs instead of being capitalized as a significant portion of the borrowed funds we held in 2011 had not been used for project developments.

Share of Results of Jointly Controlled Entities

The share of results of jointly controlled entities increased by 76.8% to RMB323.5 million in 2011 from RMB183.0 million in 2010, primarily due to the increase in revenue from two property development projects, namely, the Bamboo Grove project in Chongqing, which was jointly developed with Chongqing Longhu Land, and the Century Peak View project in Chengdu, which was jointly developed with Chengdu Huixin, Chengdu Jia'nan, Chengdu Jinghui, and Chengdu Tuo Cheng.

Profit Before Taxation

As a result of the foregoing, profit before taxation increased by 61.9% to RMB11,444.2 million in 2011 from RMB7,068.5 million in 2010.

Income Tax Expense

Income tax expense increased by 120.6% to RMB4,523.9 million in 2011 from RMB2,051.1 million in 2010 primarily because our profit before taxation increased, resulting in an increase in EIT as well as an increase in LAT, which was subject to a progressively higher LAT rate.

Profit for the Year

Profit for the year increased by 37.9% to RMB6,920.3 million in 2011 from RMB5,017.4 million in 2010 and profit margin decreased to 28.7% in 2011 from 33.2% in 2010 as a result of the cumulative effect of the foregoing factors.

2010 Compared to 2009

Revenue

Our revenue increased by 32.7% to RMB15,093.1 million in 2010 from RMB11,374.0 million in 2009, primarily due to an increase in revenue generated from property development.

- *Property Development.* In 2009 and 2010, revenue generated from property development accounted for 97.0% and 96.7%, respectively, of our total revenue. Revenue generated from property development increased by 32.3% to RMB14,596.7 million in 2010 from RMB11,029.3 million in 2009, primarily due to an increase in the total recognized GFA sold. Our average realized selling prices per sq.m. for the properties delivered decreased 13.7% to RMB8,109 in 2010 from RMB9,400 in 2009, primarily due to the fact that we recognized revenue for Beijing Elegance Loft, a residential development project subject to size and price limits in accordance with affordable housing policies, in 2010.

The following table sets forth revenue generated, recognized GFA sold, and average realized selling prices for each listed for project in 2009 and 2010.

Project	Revenue		Recognized GFA Sold		Average Realized Selling Price	
	2009	2010	2009	2010	2009	2010
	(RMB in thousands)		(sq.m.)		(RMB per sq.m.)	
Beijing Rose and Ginkgo						
Villa	2,848,099	—	107,708	—	26,443	—
Chongqing Three						
Thousand Lane	1,765,806	46,106	294,440	12,181	5,997	3,785
Beijing Chianti	1,588,681	—	147,033	—	10,805	—
Chongqing Sunshine						
Riverside	817,910	1,043,367	167,558	159,419	4,881	6,545
Xi'an Qujiang Glory	686,894	4,317	58,558	327	11,730	13,201
Chongqing Peace Hill						
County	683,675	940,795	77,578	167,447	8,813	5,618
Chengdu Bridge County	681,975	1,538,050	57,643	133,146	11,831	11,552
Chongqing Chunsen						
Land	648,525	118,981	85,660	15,840	7,571	7,511
Beijing Blossom Chianti	646,087	1,528,366	56,179	91,289	11,501	16,742
Chongqing Wisdom Town	457,715	370,973	73,834	71,286	6,199	7,980
Beijing Elegance Loft	—	2,121,082	—	468,480	—	4,528
Chengdu Three Thousand						
Castles	—	2,097,694	—	246,982	—	8,493
Chongqing Toschna Villa	—	1,310,829	—	139,459	—	9,399
Shanghai Sunshine City	—	1,249,760	—	53,711	—	23,268
Beijing Summer Palace						
Splendor	—	1,077,389	—	19,791	—	54,438
Chongqing MOCO						
Center	—	522,796	—	97,487	—	5,363
Chengdu Flamenco Spain	—	388,787	—	68,951	—	5,639
Others	203,943	237,410	47,194	54,353	4,321	4,368
Total	<u>11,029,310</u>	<u>14,596,701</u>	<u>1,173,385</u>	<u>1,800,149</u>	<u>9,400</u>	<u>8,109</u>

- *Property Investment.* In 2009 and 2010, revenue generated from property investment accounted for 1.7% and 1.9%, respectively, of our total revenue. Revenue generated from property investment increased by 45.1% to RMB287.3 million in 2010 from RMB198.0 million in 2009, primarily due to an increase in rental income from North Paradise Walk Mall as a result of improved tenant mix and the commencement of operation of MOCO Center and Three Thousand Mall in 2010.
- *Property management and related services.* In 2009 and 2010, revenue generated from property management and related services accounted for 1.3% and 1.4%, respectively, of our total revenue. Revenue generated from property management and related services increased by 42.5% to RMB209.1 million in 2010 from RMB146.7 million in 2009, primarily due to an increase in the number of properties under management.

Cost of Sales

Cost of sales increased by 24.3% to RMB9,995.9 million in 2010 from RMB8,042.3 million in 2009. This is because our average recognized land cost decreased in 2010 as we delivered more high-density properties.

Gross Profit

As a result of the foregoing factors, gross profit increased by 53.0% to RMB5,097.2 million in 2010 from RMB3,331.6 million in 2009. Our gross profit margin increased to 33.8% in 2010 from 29.3% in 2009.

Other Income

Other income decreased by 78.3% to RMB91.5 million in 2010 from RMB421.2 million in 2009. This decrease was primarily due to the fact that we had a non-recurring excess compensation received from a primary development project of approximately RMB306.0 million in 2009.

Other Gains and Losses

Other gains increased by 147.7% to RMB34.7 million in 2010 from RMB14.0 million in 2009, primarily due to the increase in our foreign exchange gains, which resulted from an increased amount of borrowings denominated in US\$ and HK\$ as well as the appreciation of RMB against such currencies.

Fair Value Gain upon Transfer to Investment Properties

Fair value gain upon transfer to investment properties was RMB777.0 million in 2010, as compared to nil in 2009, primary due to amendments to IFRS. Please see “— Certain Consolidated Statement of Comprehensive Income Item — Fair Value Gain upon Transfer to Investment Properties” for detailed explanation.

Change in Fair Value of Investment Properties

Change in fair value of investment properties increased by 86.0% to RMB1,713.1 million in 2010 from RMB920.9 million in 2009, primarily due to the appreciation in value of our investment properties. Please see “— Certain Consolidated Statement of Comprehensive Income Item — Change in Fair Value of Investment Properties” for detailed explanation.

Selling and Marketing Expenses

Selling and marketing expenses increased by 4.4% to RMB327.9 million in 2010 from RMB314.1 million in 2009, due to increased selling and marketing staff costs which was in turn offset by a decrease in promotional cost. Our selling and marketing expenses were relatively stable in 2010 compared to 2009 despite an 81.5% increase in contract sales, reflecting our effective cost control.

Administrative Expenses

Administrative expenses increased by 2.9% to RMB433.5 million in 2010 from RMB421.1 million in 2009, primarily due to an increase in headcount and salaries and benefits for our personnel largely offset by a decrease in other administrative expenses.

Finance Costs

Finance costs increased by 142.5% to RMB66.7 million in 2010 from RMB27.5 million in 2009 primarily due to the increase in working capital loans.

Share of Results of Jointly Controlled Entities

The share of results of jointly controlled entities increased by 34.6% to RMB183.0 million in 2010 from RMB136.0 million in 2009, primarily due to an increase in the profits of Shanghai Hengrui Real Estate Company Limited, the developer of the Shanghai Rose and Ginkgo Villa project, and Longhu Land Limited, the developer of the Chongqing Bamboo Grove project.

Profit Before Taxation

As a result of the foregoing, profit before taxation increased by 74.1% to RMB7,068.5 million in 2010 from RMB4,061.0 million in 2009.

Income Tax Expense

Income tax expense increased by 30.8% to RMB2,051.1 million in 2010 from RMB1,568.6 million in 2009 primarily due to increased PRC enterprise income tax and the LAT payable based on increased profits.

Profit for the Year

Profit for the year increased by 101.3% to RMB5,017.4 million in 2010 from RMB2,492.5 million in 2009 primarily due to an increase in gross profit margin, fair value gain upon transfer to investment properties, change in fair value of investment properties and effective control of operating expenses. Profit margin increased to 33.2% in 2010 from 21.9% in 2009 as a result of the cumulative effect of the foregoing factors.

LIQUIDITY AND CAPITAL RESOURCES

We have financed our working capital, capital expenditures and other capital requirements primarily through internal funds, borrowings from banks, the issuance of the RMB Bonds, capital contributions from shareholders, proceeds raised from capital markets and proceeds from sales and presales of our developed properties.

Net Current Assets

As of June 30, 2012, we had net current assets of approximately RMB24,242.5 million (US\$3,815.9 million), which increased from RMB18,193.8 million as of December 31, 2011, primarily due to the increase of cash on hand and properties under development. Our Group's current assets as of June 30, 2012 were comprised of properties under development for sales of RMB50,163.6 million (US\$7,896.0 million), bank balances and cash of RMB17,047.4 million (US\$2,683.4 million), accounts and other receivables, deposits and prepayments of RMB3,567.9 million (US\$561.6 million), properties held for sale of RMB3,122.6 million (US\$491.5 million), pledged bank deposits of RMB421.0 million (US\$66.3 million), inventories of RMB794.4 million (US\$125.0 million), taxation recoverable of RMB1,747.7 million (US\$275.1 million) and amounts due from jointly controlled entities of RMB33.6 million (US\$5.3 million).

As of June 30, 2012, our current liabilities comprised accounts payable, deposits received and accrued charges of RMB41,146.9 million (US\$6,476.8 million), bank and other borrowings due within one year of RMB4,531.2 million (US\$713.2 million), taxation payable of RMB6,588.3 million (US\$1,037.0 million) and amounts due to jointly controlled entities of RMB389.3 million (US\$61.3 million).

Cash Flows

The following table presents selected cash flow data from our consolidated cash flow statements for the periods indicated.

	For the Year Ended December 31,			For the Six Months Ended June 30,		
	2009	2010	2011	2011	2012	2012
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	US\$'000
Net cash (used in) from operating activities	5,845,792	8,477,842	9,761,731	4,950,134	1,069,080	168,280
Net cash (used in) from investing activities	(5,378,880)	(12,090,666)	(10,773,939)	(7,275,608)	(1,565,168)	(246,367)
Net cash from (used in) financing activities	3,105,864	6,674,383	5,346,375	4,689,527	3,417,838	537,988
Net increase in cash and cash equivalents.	3,572,776	3,061,559	4,334,167	2,364,053	2,921,750	459,901
Cash and cash equivalents at the beginning of the year/period.	3,228,797	6,801,573	9,863,132	9,863,132	14,120,925	2,222,718
Cash and cash equivalents at the end of the year/ period	6,801,573	9,863,132	14,120,925	12,177,126	17,047,393	2,683,361

Cash Flows from Operating Activities

Our cash used in operations principally comprises amounts we invest in our properties under development. Our cash from operations is generated principally from the proceeds from sales of our properties, including pre-sales of properties under development.

For the six months ended June 30, 2012, we had net cash inflow from operating activities of RMB1,069.1 million (US\$168.3 million), primarily due to profit before taxation of RMB6,911.4 million (US\$1,087.9 million), partially offset by an increase in properties under development and properties held for sale of RMB2,219.4 million (US\$349.3 million) and PRC income tax paid of RMB1,777.3 million (US\$279.8 million).

In 2011, we had net cash inflow from operating activities of RMB9,761.7 million, primarily due to profit before taxation of RMB11,444.2 million, and an increase in properties under development and properties held for sale of RMB4,438.3 million, partially offset by an increase in accounts payable, deposits received and accrued charges of RMB9,074.7 million.

In 2010, we had net cash inflow from operating activities of RMB8,477.8 million, primarily due to profit before taxation of RMB7,068.5 million, and an increase in accounts payable, deposits received and accrued charges of RMB15,017.2 million, partially offset by an increase in properties under development and properties held for sale of RMB8,688.2 million.

In 2009, we had net cash inflow from operating activities of RMB5,845.8 million, primarily due to an increase in accounts payable, deposits received and accrued charges of RMB2,271.5 million.

Cash Flows from Investing Activities

For the six months ended June 30, 2012, we had net cash outflow from investing activities of RMB1,565.2 million (US\$246.4 million), primarily due to additions to investment properties of RMB699.5 million (US\$110.1 million) and deposits paid for acquisition of land use rights of RMB772.3 million (US\$121.6 million).

In 2011, we had net cash outflow from investing activities of RMB10,773.9 million, primarily due to additions to the prepaid lease payments of RMB7,194.9 million, deposits paid for acquisition for land use rights of RMB2,155.4 million, and additions to investment properties of RMB1,665.3 million.

In 2010, we had net cash outflow from investing activities of RMB12,090.7 million, primarily due to additions to prepaid lease payments of RMB8,311.4 million and deposits paid for acquisition of land use rights of RMB3,447.9 million.

In 2009, we had net cash outflow from investing activities of RMB5,378.9 million, primarily due to additions to prepaid lease payments of RMB1,411.1 million, deposits paid for acquisition of land use rights of RMB3,212.8 million and acquisition of a jointly controlled entity of RMB1,037.0 million, partially offset by compensation received from primary development project of RMB1,100.0 million.

Cash Flows from Financing Activities

For the six months ended June 30, 2012, we had net cash inflow from financing activities of RMB3,417.8 million (US\$538.0 million) primarily due to new bank loans and other loans raised in the amount of RMB8,254.2 million (US\$1,299.3 million), partially offset by the repayment of bank loans and other loans of RMB2,631.8 million (US\$414.3 million).

In 2011, we had net cash inflow from financing activities of RMB5,346.4 million primarily due to new bank loans and other borrowings raised in the amount of RMB9,371.5 million, partially offset by the repayment of bank loans and other loans of RMB7,354.0 million.

In 2010, we had net cash inflow from financing activities of RMB6,674.4 million, primarily due to an increase in new bank loans of RMB12,588.4 million, partially offset by repayment of bank loans of RMB5,031.4 million.

In 2009, we had net cash inflow from financing activities of RMB3,105.9 million, primarily due to net proceeds of RMB6,841.8 million received from issue of shares and new bank loans raised of RMB4,609.6 million, partially offset by repayment of bank loans of RMB9,250.1 million.

Capital Resources

Property developments require substantial capital investment for land acquisitions and construction and it may take many months or years before positive cash flows can be generated. We have funded our growth principally from internal funds, borrowings from banks, the issuance of the 2011 Notes, the issuance of the RMB Bonds, capital contributions from shareholders, proceeds from our IPO in 2009 and proceeds from sales and presales of our properties.

We intend to continue to fund our future development and debt servicing costs from existing financial resources and cash flows from operating activities. We may also raise additional funds through debt or equity offerings or sales or other dispositions of assets in the future to finance all or a portion of our future development, for debt servicing or for other purposes. Our ability to obtain adequate financing to satisfy our debt servicing requirements may be limited by our financial condition and results of operations and the liquidity of international and domestic financial markets. Any failure by us to achieve timely rollover, extension or refinancing of our short-term debt may result in our inability to meet our obligations in connection with debt servicing, accounts payable and/or other liabilities when they become due and payable. See “Risk Factors — Risks Relating to Our Business — Our business is capital intensive and our business nature may expose us to unstable and unpredictable cash flow. We may not be able to obtain sufficient funding for our business expansion.”

Restricted Cash

Our restricted cash consists of pledged bank deposits either to secure the banking facilities granted to us or restricted for mortgage sales of property. As of December 31, 2009, 2010 and 2011 and June 30, 2012, such deposits amounted to approximately RMB496.2 million, RMB499.4 million, RMB406.1 million and RMB421.0 million (US\$66.3 million), respectively. The deposits had fixed interest rates of 0.36% per annum for 2009, 0.36% per annum for 2010, 0.50% per annum for 2011 and 0.35% per annum for the six months ended June 30, 2012.

Indebtedness

Bank Loans and Other Borrowings

At the close of business on December 31, 2011 and June 30, 2012, we had total bank loans and other borrowings (including the 2011 Notes) of RMB23,966.7 million and RMB29,648.9 million (US\$4,666.9 million), respectively.

As of June 30, 2012, our bank borrowings were secured by certain investment properties, prepaid lease payments, properties under development, properties held for sale, and pledged bank deposits. See “— Liquidity and Capital Resources — Restricted Cash.”

	As of December 31,			As of June 30,	
	2009	2010	2011	2012	
	RMB'000	RMB'000	RMB'000	RMB'000	US\$'000
Bank loans, secured	5,810,000	7,614,700	9,199,252	14,456,778	2,275,583
Bank loans, unsecured	2,240,310	7,765,665	8,637,076	9,033,531	1,421,932
Other loan, secured	—	246,000	—	—	—
Other loan, unsecured	329,000	310,000	—	—	—
Bonds, secured	1,386,195	1,387,994	1,389,924	1,390,938	218,942
2011 Notes	—	—	4,740,473	4,767,662	750,458
Total bank loans and other borrowings	<u>9,765,505</u>	<u>17,324,359</u>	<u>23,966,725</u>	<u>29,648,909</u>	<u>4,666,915</u>

Our bank and other borrowings due within one year increased to RMB4,531.2 million (US\$713.2 million) as of June 30, 2012 as compared to RMB3,580.4 million as of December 31, 2011. The following tables show the maturity of our bank loans and other borrowings (including the 2011 Notes) as of the dates indicated:

	As of December 31,		
	2009	2010	2011
	RMB'000	RMB'000	RMB'000
Within one year or on demand	3,710,200	2,859,870	3,580,372
More than one year, but not exceeding two years	1,868,750	4,567,603	6,205,534
More than two years, but not exceeding three years	2,800,360	7,221,174	6,194,002
More than three years, but not exceeding four years	—	957,718	1,396,420
More than four years, but not exceeding five years	—	—	6,230,397
Exceeding five years	1,386,195	1,717,994	360,000
Total	<u>9,765,505</u>	<u>17,324,359</u>	<u>23,966,725</u>

	As of June 30,	
	2012	2012
	RMB'000	US\$'000
Within one year or on demand	4,531,168	713,233
Due after one year	20,350,079	3,203,224
2011 Notes	<u>4,767,662</u>	<u>750,458</u>
Total	<u>29,648,909</u>	<u>4,666,915</u>

On May 5, 2009, Chongqing Longhu Development issued bonds in an aggregate principal amount of RMB1.4 billion that are due in 2016. A portion of such bonds are listed and traded on the Shanghai Stock Exchange. The RMB Bonds have been secured by certain of our properties and land use rights. The proceeds from the issuance of the RMB Bonds were primarily used to finance our projects in Chongqing and Chengdu. For further details on the RMB Bonds, see “Description of Material Indebtedness and Other Obligations.”

Interest rates for the bank loans are at fixed and variable rates. The fixed rate borrowings carry interest at market rates. The interest rates for the remaining borrowings are at variable rates based on the interest rates quoted by the People’s Bank of China.

The following table shows our bank loans and other borrowings (including the 2011 Notes) by currency:

	As of December 31,			As of June 30,	
	2009	2010	2011	2012	2012
	RMB'000	RMB'000	RMB'000	RMB'000	US\$'000
Denominated in RMB	8,691,295	14,666,684	15,546,732	20,519,734	3,229,928
Denominated in US\$	—	—	4,740,473	4,767,662	750,458
Denominated in HK\$	<u>1,074,210</u>	<u>2,657,675</u>	<u>3,679,520</u>	<u>4,361,513</u>	<u>686,529</u>
Total	<u>9,765,505</u>	<u>17,324,359</u>	<u>23,966,725</u>	<u>29,648,909</u>	<u>4,666,915</u>

As of June 30, 2012, we had total credit facilities of approximately RMB47 billion (US\$7.4 billion) from a group of major PRC banks, including CCB, ABC and ICBC, among which approximately RMB33 billion (US\$5.2 billion) were undrawn.

Except as disclosed in this offering memorandum, we did not have any outstanding debt securities issued and outstanding or authorized or otherwise created but unissued, term loans, other borrowings or indebtedness in the nature of borrowing including bank overdrafts, liabilities under acceptances (other than normal trade bills), acceptance credits, hire purchase commitments, mortgages and charges, material contingent liabilities or guarantees outstanding at the close of business on June 30, 2012.

Contingent Liabilities

Our contingent liabilities comprise mortgage guarantees. We provided mortgage guarantees to PRC banks in respect of the mortgage loans provided by the PRC banks to purchasers of the properties we developed and sold. Our mortgage guarantees are issued from the dates of grant of the relevant mortgage loans and released upon the registration of the relevant mortgages in favor of the PRC banks.

The following table shows our total contingent liabilities as of the date indicated:

	As of December 31,			As of June 30,	
	2009	2010	2011	2012	2012
	RMB'000	RMB'000	RMB'000	RMB'000	US\$'000
Mortgage guarantees	2,686,846	5,204,923	7,755,814	8,000,548	1,259,334
Total	<u>2,686,846</u>	<u>5,204,923</u>	<u>7,755,814</u>	<u>8,000,548</u>	<u>1,259,334</u>

Off-Balance Sheet Commitments and Arrangements

Except for the contingent liabilities set forth above, we have not entered into any financial guarantees or other commitments to guarantee the payment obligations of any third parties. We have not entered into any derivative contracts that are not reflected in our consolidated financial statements. We do not have any variable interests in any unconsolidated entity that provides financing, liquidity, market risk or credit support to us or engages in leasing or hedging or research and development services with us.

Contractual Obligations

As of June 30, 2012, our contractual obligations in connection with our property development activities amounted to RMB13,884 million (US\$2,185.4 million), primarily arising from contracted construction fees or other capital commitments for future property developments. The following table sets forth our contractual obligations as of June 30, 2012.

	As of June 30, 2012
	(RMB in thousands)
	Total
Other commitments contracted but not provided for in the consolidated financial statements:	
Expenditure in respect of properties under development	11,741,237
Expenditure in respect of acquisition of land use rights	<u>2,143,152</u>
Total	<u>13,884,389</u>

MARKET RISK

Interest Rate Risk

Our business is sensitive to fluctuations in interest rates. As a portion of our long-term indebtedness is under loan agreements with variable interest rates, any increase in interest rates will increase our cost of financing. We currently do not hedge our interest rate risk but may do so in the future.

An increase in interest rates would also adversely affect our prospective purchasers' ability to obtain financing and depress overall housing demand. Higher interest rates may adversely affect our revenue, gross profits and net profits. The PBOC published benchmark one-year lending rates in China (which directly affect the property mortgage rates offered by commercial banks in the PRC) as of December 31, 2009, 2010 and 2011 and June 30, 2012 were 5.31%, 5.81%, 6.56% and 6.31%, respectively. We cannot assure you that the PBOC will not further raise lending rates or that our business, financial condition and results of operations will not be adversely affected as a result of these adjustments.

Foreign Exchange Rate Risk

We conduct our business primarily in Renminbi. On July 21, 2005, the PRC Government changed its policy of pegging the value of the Renminbi to the U.S. dollar. Under the new policy, the Renminbi is permitted to fluctuate within a narrow and managed band against a basket of certain foreign currencies. This change in policy has resulted in an appreciation of the Renminbi against the US dollar recently. The PRC government may take further actions that could cause future exchange rates to vary significantly from current or historical exchange rates. A depreciation of the Renminbi would adversely affect the value of any dividends we pay to investors outside the PRC and would also result in an increase in the price of goods with imported content which we source from our suppliers. An appreciation of the Renminbi, however, would adversely affect the value of proceeds we receive from the Notes offering if they are not converted into Renminbi in a timely manner. Any appreciation or depreciation of the Renminbi against either of these currencies would affect the value of these assets and liabilities. We currently do not engage in hedging activities designed or intended to manage such currency risk. See also "Risk Factors — Risks Relating to the Notes — Fluctuation in the value of RMB may have a material adverse effect on our business and on your investment."

Commodities Risk

We are exposed to fluctuations in the prices of raw materials for our property developments, primarily steel and cement. We do not engage in any hedging activities. Purchasing costs of steel and cement are generally accounted for a part of the construction contractor fees pursuant to our arrangements with the relevant construction contractors. Accordingly, rising prices for construction materials will affect our construction costs in the form of increased fee quotes by our construction contractors. As a result, fluctuations in the prices of our construction materials have a significant impact on our results of operations.

Inflation and Deflation

According to the China Statistical Bureau, China's overall national inflation rate, as represented by the general consumer price index, was approximately -0.7%, 3.3% and 5.4% in 2009, 2010 and 2011, respectively. As of the date of this offering memorandum, we have not been materially affected by any inflation or deflation. We cannot assure you that the inflation rate in the PRC will decrease or increase in the future. We cannot predict the impact that a sustained increase in inflation will have on our business, financial conditions, results of operations or prospects.

Equity Price Risk

We are exposed to equity price risks arising from equity investments. These equity investments are held for strategic rather than trading purposes, and we do not actively trade these investments.

NON-GAAP FINANCIAL MEASURES

We use EBITDA to provide additional information about our operating performance. EBITDA refers to our earnings before the following items:

- interest income/expense;
- amortization of intangible assets;
- non operating income/expense;
- income tax expense; and
- depreciation.

EBITDA is not a standard measure under IFRS. As the property development business is capital intensive, capital expenditure requirements and levels of debt and interest expenses may have a significant impact on the profit for the year/period of companies with similar operating results. Therefore, we believe the investor community commonly uses this type of financial measure to assess the operating performance of companies in our market sector.

As a measure of our operating performance, we believe that the most directly comparable IFRS measure to EBITDA is profit for the year/period. We use EBITDA in addition to profit for the year/period because profit for the year/period includes many accounting items associated with capital expenditures, such as depreciation, as well as non operating items, such as amortization of intangible assets and interest income and interest expense. These accounting items may vary between companies depending on the method of accounting adopted by a company. By minimizing differences in capital expenditures and the associated depreciation expenses as well as reported tax positions, intangible assets amortization and interest income and expense, EBITDA provides further information about our operating performance and an additional measure for comparing our operating performance with other companies' results. Funds depicted by this measure may not be available for debt service due to covenant restrictions, capital expenditure requirements and other commitments.

The following table reconciles our profit for the year/period under IFRS to our definition of EBITDA for the periods indicated.

	Year ended December 31,			Six months ended June 30,		
	2009	2010	2011	2011	2012	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	US\$'000
Profit before tax	4,061,040	7,068,474	11,444,230	4,767,372	6,911,350	1,087,887
Adjustment:						
Fair value (gains)/losses on investment properties	(920,945)	(1,713,090)	(1,714,447)	(754,783)	(501,607)	(78,956)
Fair value gain upon transfer to investment properties	—	(777,023)	(916,115)	(63,521)	(167,573)	(26,377)
Other income	(421,188)	(91,531)	(168,934)	(52,470)	(80,711)	(12,704)
Other gain and loss	(13,990)	(34,652)	(106,653)	(65,410)	65,662	10,336
Share of results of jointly controlled entities	(135,998)	(183,035)	(323,526)	(11,515)	(72,003)	(11,334)
Finance costs	27,499	66,677	202,141	73,954	40,897	6,437
Depreciation and Amortization	21,863	24,019	26,924	11,024	14,371	2,262
EBITDA	<u>2,618,281</u>	<u>4,359,839</u>	<u>8,443,620</u>	<u>3,904,651</u>	<u>6,210,386</u>	<u>977,551</u>

You should not consider our definition of EBITDA in isolation or construe it as an alternative to profit for the year/period or as an indicator of operating performance or any other standard measure under IFRS. Our definition of EBITDA does not account for taxes and other nonoperating cash expenses. Our EBITDA measures may not be comparable to similarly titled measures used by other companies. Investors should also note that EBITDA as presented herein may be calculated differently from Consolidated EBITDA as defined and used in the Indenture governing the Notes. Interest expense excludes amounts capitalized. See the sections entitled “Description of the Notes — Definitions” for a description of the manner in which Consolidated EBITDA is defined for purposes of the Indenture governing the Notes.

INDUSTRY OVERVIEW

Unless otherwise specified, the information set forth in this section has been extracted, in part, from various official government publications. Such information has not been independently verified by us, the Initial Purchasers, or any of our and their affiliates or advisors. The information may be inaccurate, incomplete, out-of-date or inconsistent with other information compiled within or outside the PRC.

MACRO-ECONOMIC ENVIRONMENT IN THE PRC

The PRC economy has achieved substantial growth since the PRC government introduced economic reforms and adopted an open door policy in the late 1970s. Such growth was further accelerated by the country's accession to the World Trade Organization in 2001 as a result of increasing inflow of foreign investment across all sectors of the economy. Between 2007 and 2011, China's nominal Gross Domestic Product ("GDP") increased from approximately RMB26,581 billion in 2007 to approximately RMB47,288 billion in 2011.

The table below sets forth selected economic statistics of China for the years indicated.

	2007	2008	2009	2010	2011
Nominal GDP (RMB billion)	26,581	31,405	34,093	40,153	47,288
Real GDP growth rate (%)	14.2	9.6	9.2	10.4	9.3
Per capita GDP (RMB)	20,169	23,708	25,608	30,015	35,083
Fixed asset investment (RMB billion) .	13,732	17,283	22,460	27,812	31,102

Source: National Bureau of Statistics of China

PRC PROPERTY MARKET OVERVIEW

Growth of the property market in the PRC

The favorable economic environment in the PRC has fueled the growth of the PRC property market. From 2007 to 2011, investment in real estate development in residential properties grew at a CAGR of 25.2%, increasing from RMB1,801.0 billion in 2007 to RMB4,430.8 billion in 2011. According to the National Bureau of Statistics, a total of approximately 970.3 million sq.m. of residential GFA was sold in 2011, representing a substantial increase as compared to the approximately 691.0 million sq.m. sold in 2007. During the same period, total GFA of commodity properties sold increased from approximately 761.9 million sq.m. to approximately 1,099.5 million sq.m.

Prices for real estate in the PRC also experienced remarkable growth between 2007 and 2011, with average selling prices of residential properties growing at a CAGR of 8.1% over the same period, increasing from RMB3,665 per sq.m. in 2007 to RMB5,011 per sq.m. in 2011. The average selling price of all commodity properties increased from RMB3,885 to RMB5,377 during the same period.

As a result of the above two factors, the PRC property industry witnessed significant growth in revenue from the sale of properties, with the total real estate sales revenue leaping from RMB2,960.4 billion in 2007 to RMB5,911.9 billion in 2011.

The table below sets forth selected data relating to the PRC property market for the years indicated:

	2007	2008	2009	2010	2011
Real estate investment (RMB billion)	2,528.0	3,058.0	3,623.2	4,826.7	6,174.0
Total GFA of commodity properties sold (million sq.m.)	761.9	620.9	947.6	1,043.5	1,099.5
Total GFA of residential properties sold (million sq.m.)	691.0	558.9	861.9	930.5	970.3
Investment in real estate development in residential properties (RMB billion)	1,801.0	2,208.1	2,561.9	3,403.8	4,430.8
Average price of commodity properties (RMB per sq.m.)	3,885	3,877	4,695	5,029	5,377
Average price of residential properties (RMB per sq.m.)	3,665	3,655	4,474	4,724	5,011
Revenue from sales of properties (RMB billion)	2,960.4	2,407.1	4,399.5	5,247.9	5,911.9

Source: National Bureau of Statistics of China

Key drivers of the PRC property market

In addition to the strong sustainable growth of the PRC economy which has resulted in rising disposable income for the PRC population, rapid urbanization and certain real estate market reforms undertaken by the central government have been key contributors to the growing demand in the PRC property sector.

Urbanization

In recent years, the pace of urbanization in the PRC has been rapid. Urbanization rates rose from 45.9% in 2007 to 51.3% in 2011. Per capita disposable income of urban household also dramatically increased from RMB13,786 in 2007 to RMB21,810 in 2011. The China National Bureau of Statistics estimates that the PRC's urbanization rates will reach 50% by 2020 and 70% by 2050. Should these rates materialize, demand for urban properties is expected to rise further. The table below sets forth selected data relating to urbanization trends in the PRC for the years indicated:

	2007	2008	2009	2010	2011
Urban population (in millions)	606	624	645	670	691
Total population (in millions)	1,321	1,328	1,335	1,341	1,347
Urbanization rate (%)	45.9	47.0	48.3	49.9	51.3
Per capita disposable income of urban households (RMB)	13,786	15,781	17,175	19,109	21,810

Source: National Bureau of Statistics of China

Real estate market reforms and government policies (Request legal counsel's input)

Growth of the property market has been promoted and made possible by a series of reforms in the PRC real estate industry, which only commenced in the 1990s. Prior to the housing reform in 1998, real estate development in China was an integral part of the country's planned economy with the PRC government developing and supplying housing for its urban population under a welfare system. The state-allocated housing policy was abolished in 1998, creating a market-based system for property transactions. Individuals were subsequently encouraged to purchase their own properties with mortgage financing, hence bolstering the growth of the property market. At the same time, the PRC government controls policies affecting the development of the real estate market, such as those relating to land supply, land grant process, building code, mortgage interest rate, down payment rate, etc. Therefore, government regulations and policies play an important role in PRC's property market. For a discussion of key real estate reforms and changes in PRC government policies, see "Regulation." A brief timeline of key property reforms and government regulations and policies is set out below.

- 1988 The PRC government amended the national constitution to permit the transfer of state-owned land use rights.
- 1994 The PRC government further implemented property reform and established an employer/employee-funded housing fund.
- 1995 The PRC government issued regulations regarding the sales and presales of property, establishing a regulatory framework for property sales.
- 1998 The PRC government abolished its state-allocated housing policy.
- 1999 The PRC government extended its maximum mortgage term to 30 years.
 - The PRC government increased its maximum mortgage financing from 70% to 80%.
 - The PRC government formalized procedures for the sale of property in the secondary market.
- 2000 The PRC government issued regulations to standardize the quality of construction projects, establishing a framework for administering construction quality.
- 2001 The PRC government issued regulations relating to the sales of commodity properties.
- 2002 The PRC government promulgated the Rules Regarding the Grant of State-Owned Land Use Rights by Way of Tender, Auction and Listing-For-Sale.
 - The PRC government eliminated the dual system for domestic and overseas property buyers in China.

- 2003 The PRC government promulgated rules for more stringent administration of property loans with a view to reducing the credit and systemic risks associated with such loans.
- The State Council issued a notice for sustainable and healthy development of the property market.
- 2004 The State Council issued a notice requiring that, with respect to property development projects (excluding ordinary standard residential houses), the proportion of capital funds should be increased from 20% to 35%. The Ministry of Construction (“MOC”), renamed as the Ministry of Housing and Urban-Rural Development (“MOHURD”) in 2008, amended Administrative Measures on the Presale of Commercial Housing in Cities. CBRC issued the Guideline for Commercial Banks on Risks of Real Estate Loans to further strengthen the risk management of commercial banks on property loans.
- 2005 The PRC government instituted additional measures to discourage speculation in certain regional markets including increasing the minimum required down payment to 30% of the total purchase price, eliminating the preferential mortgage interest rate for residential housing, imposing a business tax of 5% for sales within two years of purchase, and prohibiting reselling unfinished properties before they are completed.
- 2006 to mid-2008. . The PRC government implemented additional land supply, bank financing, foreign investment and other measures to curtail rapid increases in property prices, to encourage the development of middle- to low-end housing and to promote healthy development of the PRC property industry.
- To further curtail speculation over development and rapid increases in property prices, the PRC government issued regulations to urge the full and effective use of existing construction land and the preservation of farming land and rules to control financial institutions’ property financings. Starting from June 1, 2006, transfer of residential properties by individuals within five years of purchase is subject to business tax based on the sales income.
- Mid-2008 to third quarter of 2009 . . . The PRC government implemented a number of measures to combat the global economic slowdown. These measures include the lowering of the PBOC benchmark bank lending rates, the internal capital ratio for property projects and the downpayment requirements for purchasing ordinary residential properties. From January 1, 2009 to December 31, 2009, transfer of non ordinary residential properties by individuals with two years of purchase is subject to business tax based on the sales income, while the business tax levied on the transfer of ordinary residential properties by individuals within two years of purchase is based on the difference between the sales income and the purchase price.
- Fourth quarter of 2009 The PRC government adjusted some of its policies in order to enhance regulation in the property market, to restrain property purchases for investment or speculation purposes and to keep property prices from rising too quickly in certain cities, including abolishing certain preferential treatment relating to business tax payable upon transfers of residential properties.

2010 The PRC government issued a number of measures and policies to curtail the overheating of the property market. These measures and policies include increasing the down payment and the loan interest rates for properties purchased with mortgage loans, imposing more stringent requirements on the payment of land premiums, suspending grants of mortgage loans to nonresidents who cannot provide any proof of local tax or social insurance payment for more than one year, abolishing certain preferential tax treatment and limiting the number of residential properties one household can purchase in certain areas. The PRC government also clarified certain issues with respect to the calculation, settlement and collection of LAT in order to enforce the settlement and collection of LAT, and the criteria for commercial banks to identify the second housing unit when approving mortgage loans. Effective January 1, 2010, the tax regulations provide as follows: 1) if the transfer occurs within five years of purchase, transfer of non-ordinary residential properties is subject to business tax based on the sales proceeds, while transfer of ordinary residential properties is subject to business tax based on the difference between the original purchase price and the sales proceeds; and 2) if the transfer occurs after five years of purchase, transfer of non-ordinary residential properties is subject to business tax based on the difference between the original purchase price and the sales proceeds, while transfer of ordinary residential properties is exempted from business tax.

January 1, 2011 to Present. The PRC government issued the notices to further regulate the property market, including raising minimum down payment for second house purchasers, abolishing the business tax preferential treatment on transfer of ordinary residential properties within five years, imposing more stringent fines on idle land, further limiting the number of residential properties one household can purchase. Effective January 27, 2011, transfer of ordinary residential properties within five years of purchase is subject to business tax based on the sales proceeds. In addition, on January 28, 2011, Shanghai and Chongqing commenced trials in levying property tax. As of November 1, 2011, 47 cities, including Beijing, Shanghai, Guangzhou, Tianjin, Nanjing, Chengdu, Wuxi, Qingdao, Hangzhou, Xi'an, Changzhou, Shengyang and Dalian, have promulgated local measures to restrict housing purchases, as a step to implement the Notice of the State Council on Issues Related to Further Enhancing the Regulation and Control of Real Estate Market issued on January 26, 2011.

KEY REAL ESTATE MARKETS

While the first-tier cities including Beijing and Shanghai have attracted significant amounts of real estate investment from both homebuyers and investors, property markets in other areas of China have experienced remarkable growth as well. To fully capitalize on the tremendous real estate development and investment opportunities across the PRC, we have established a portfolio of projects in cities which are ranked among the top in China by their respective real estate investment amount. We originated in Chongqing. We currently focus on Western China, the Pan Bohai Rim, the Yangtze River Delta and Southern China, four regions that have growth potential.

WESTERN CHINA

CHONGQING

Overview

As a PRC government designated pilot reform city under the Western Development Plan, Chongqing is one of the most important economic hubs and transportation hubs of western China, and has witnessed a sharp increase in investors' interests. Chongqing is also the fourth self-administered municipality in China, after Beijing, Shanghai and Tianjin, covering an area of approximately 82,400 square kilometers. Chongqing had a permanent population of approximately 29.2 million at the end of 2011.

As a result of recent policy initiatives, the Chongqing economy has experienced a remarkable growth in the past five years. GDP increased from RMB467.6 billion in 2007 to RMB1,001.1 billion in 2011, representing a CAGR of approximately 21.0% over the same period. Per capita GDP grew from RMB16,629 in 2007 to RMB34,500 in 2011, representing a CAGR of approximately 20.0%. The table below sets forth selected data relating to economic development in Chongqing for the years indicated:

	2007	2008	2009	2010	2011
Nominal GDP (RMB billion)	467.6	579.4	653.0	792.6	1,001.1
Per capita GDP (RMB)	16,629	20,490	22,920	27,596	34,500
GDP growth rate (%)	15.9	14.5	14.9	17.1	16.4
Per capita disposable income of urban households (RMB)	12,591	14,368	15,749	17,532	20,250

Source: National Bureau of Statistics of China, Chongqing Statistical Yearbook, CEIC 2007-2011

Chongqing property market

In line with its positive economic sentiment and growing housing demand, Chongqing's real estate market experienced considerable growth in recent years. Average commodity property prices grew at a CAGR of approximately 14.8% from RMB2,723 per sq.m. in 2007 to RMB4,734 per sq.m. in 2011. Total GFA of residential properties sold increased from 33.1 million sq.m. in 2007 to 40.6 million sq.m. in 2011. The table below sets forth selected data relating to real estate development in Chongqing for the years indicated:

	2007	2008	2009	2010	2011
Total GFA completed (million sq.m.) . . .	22.5	23.7	29.1	26.3	34.2
Total GFA of commodity properties sold (million sq.m.)	35.5	28.7	40.0	43.1	45.3
Total GFA of residential properties sold (million sq.m.)	33.1	26.7	37.7	39.9	40.6
Average price of commodity properties (RMB per sq.m.)	2,723	2,785	3,442	4,281	4,734
Sales revenue of commodity properties (RMB billion)	96.7	80.0	137.8	184.7	214.6

Source: National Bureau of Statistics of China, Chongqing Statistical Yearbook, CEIC 2007-2011

CHENGDU

Overview

Chengdu is the provincial capital of the Sichuan Province and has emerged as an important manufacturing hub in southwest China following the entry of a number of large multinational companies. Covering an area of approximately 12,390 square kilometers, Chengdu's total permanent population was approximately 11.5 million at the end of 2010.

Having benefited from the PRC government's Western Development Plan, Chengdu has experienced substantial economic growth, with nominal GDP increasing at a CAGR of approximately 19.8% from RMB332.4 billion in 2007 to RMB685.5 billion in 2011. Per capita disposable income in Chengdu also grew significantly from RMB14,849 in 2007 to RMB23,932 in 2011, indicating the increasing purchase power of the Chengdu population. The table below sets forth selected data relating to economic development in Chengdu for the years indicated:

	2007	2008	2009	2010	2011
Nominal GDP (RMB billion)	332.4	390.1	450.3	555.1	685.5
Per capita GDP (RMB)	26,525	30,855	35,215	48,510	48,755
GDP growth rate (%)	15.3	12.1	14.7	15.0	15.2
Per capita disposable income of urban households (RMB)	14,849	15,580	17,589	19,920	23,932

Sources: National Bureau of Statistics of China, Sichuan Statistical Yearbook, Chengdu Statistical Communique, CEIC 2007-2011

Chengdu property market

Chengdu's property market has also experienced a robust upward trend in recent years. According to the National Bureau of Statistics, the average price of commodity properties grew at a CAGR of approximately 11.6% from RMB4,276 per sq.m. in 2007 to RMB5,937 per sq.m. in 2010 and residential GFA sold from 20.8 million sq.m. in 2007 to 23.2 million sq.m. in 2011. The table below sets forth selected data relating to real estate development in Chengdu for the years indicated:

	2007	2008	2009	2010	2011
Total GFA completed (million sq.m.) . . .	10.9	9.6	16.4	15.8	15.7
Total GFA of commodity properties sold (million sq.m.)	22.3	14.6	27.1	25.6	27.1
Total GFA of residential properties sold (million sq.m.)	20.8	13.6	25.5	22.9	23.2
Average price of commodity properties (RMB per sq.m.)	4,276	4,857	4,925	5,937	N/A
Sales revenue of commodity properties (RMB billion)	95.2	70.9	133.4	151.9	181.1

Sources: National Bureau of Statistics of China, Sichuan Statistical Yearbook, Chengdu Statistical Communique, CEIC 2007-2011

XI'AN

Overview

The capital of Shaanxi Province, Xi'an is a historical city and an important tourist destination as the home to China's terracotta warriors. It is the core political, economic and cultural center of northwest China and a significant high-tech manufacturing hub designated by the PRC government as one of five "China Outsourcing Bases." Xi'an covers an area of approximately 10,108 square kilometers and had a total permanent population of approximately 7.8 million at the end of 2010.

Xi'an has experienced rapid economic growth over the past few years. Nominal GDP more than doubled from RMB176.4 billion in 2007 to RMB386.4 billion in 2011, representing a CAGR of 21.7%. Per capita disposable income also increase from RMB12,662 to RMB21,239 over the same period.

The table below sets forth selected data relating to economic development in Xi'an for the years indicated:

	2007	2008	2009	2010	2011
Nominal GDP (RMB billion)	176.4	219.0	272.4	324.1	386.4
Per capita GDP (RMB)	21,339	26,259	32,411	38,341	N/A
GDP growth rate (%)	14.7	15.6	14.5	14.5	13.8
Per capita disposable income of urban households (RMB)	12,662	15,207	18,963	22,244	21,239

Sources: National Bureau of Statistics of China, Xi'an Statistical Yearbook, Xi'an Statistical Communique, CEIC 2007-2011

Xi'an property market

According to the National Bureau of Statistics, the average price of commodity properties grew from RMB3,379 per sq.m. in 2007 to RMB4,453 per sq.m. in 2010, representing a CAGR of 9.6%. Residential GFA sold more than doubled to 16.9 million sq.m. in 2011 from 7.8 million sq.m. in 2007, resulting in an unprecedented growth in property sales revenue. The table below sets forth selected data relating to real estate development in Xi'an for the years indicated:

	2007	2008	2009	2010	2011
Total GFA completed (million sq.m.) . . .	4.8	3.5	5.4	4.6	6.3
Total GFA of commodity properties sold (million sq.m.)	8.3	7.7	12.6	15.9	18.0
Total GFA of residential properties sold (million sq.m.)	7.8	7.2	12.0	15.2	16.9
Average price of commodity properties (RMB per sq.m.)	3,379	3,906	3,890	4,453	N/A
Sales revenue of commodity properties (RMB billion)	28.2	30.0	48.9	70.7	110.1

Sources: National Bureau of Statistics of China, Xi'an Statistical Yearbook, Xi'an Statistical Communique, CEIC 2007-2011

YUXI

Overview

Yuxi is a prefecture-level city in the Yunnan Province and is approximately 90 kilometers south of Kunming, the capital of Yunnan. The city covers an area of approximately 15,285 square kilometers and had a total permanent population of approximately 2.3 million in 2010.

Yuxi is one of the fastest growing small cities in China. In recent years its nominal GDP grew from RMB49.6 billion in 2007 to RMB87.7 billion in 2011, and its per capita GDP increased at a CAGR of 14.6% from RMB21,992 to RMB37,913 over the same period.

The table below sets forth selected data relating to economic development in Yuxi for the years indicated:

	2007	2008	2009	2010	2011
Nominal GDP (RMB billion)	49.6	59.6	64.4	73.6	87.7
Per capita GDP (RMB)	21,992	26,260	28,245	32,068	37,913
GDP growth rate (%)	13.2	13.0	11.8	12.8	12.1
Per capita disposable income of urban households (RMB)	11,193	13,264	14,741	16,471	18,527

Sources: National Bureau of Statistics of China, Yuxi Statistical Communique, CEIC 2007-2011

PAN BOHAI RIM

BEIJING

Overview

As the nation's capital, Beijing is a municipality that covers an area of approximately 16,808 square kilometers and had a total permanent population of approximately 19.6 million at the end of 2010.

Beijing's economy has developed significantly over the years. This is primarily due to robust growth of the national economy as well as the increasing inflow of foreign direct investment. From 2007 to 2011, Beijing's nominal GDP grew from RMB984.7 billion to RMB1,600.0 billion, representing a CAGR of approximately 12.9% over the same period. Per capita GDP also increased significantly from RMB61,274 in 2007 to RMB80,394 in 2011. Since August 2008, Beijing has further enhanced its international profile with the successful hosting of the Olympic Games as well as an improved environment and transportation system, which is anticipated to further attract direct investment and new demand for residential properties in the city.

The table below sets forth selected data relating to economic development in Beijing for the years indicated:

	2007	2008	2009	2010	2011
Nominal GDP (RMB billion)	984.7	1,111.5	1,215.3	1,411.4	1,600.0
Per capita GDP (RMB)	61,274	66,797	70,452	75,943	80,394
GDP growth rate (%)	14.5	9.1	10.2	10.3	8.1
Per capita disposable income of urban households (RMB)	21,989	24,725	26,738	29,073	32,903

Sources: National Bureau of Statistics of China, China Statistical Yearbook, Beijing Statistical Communique, CEIC 2007-2011

Beijing property market

Despite the series of austerity measures implemented by the PRC government to cool the real estate market, Beijing's property market has continued to attract investment in the recent years. The city's average selling price of commodity properties also rose significantly to RMB17,782 per sq.m. in 2010, representing a CAGR of 15.5% from RMB11,553 in 2007. The table below sets forth selected data relating to real estate development in Beijing for the years indicated:

	2007	2008	2009	2010	2011
Total GFA completed (million sq.m.) . . .	28.9	25.6	26.8	23.9	22.5
Total GFA of commodity properties sold (million sq.m.)	21.8	13.4	23.6	16.4	14.4
Total GFA of residential properties sold (million sq.m.)	17.3	10.3	18.8	12.0	10.3
Average price of commodity properties (RMB per sq.m.)	11,553	12,418	13,799	17,782	N/A
Sales revenue of commodity properties (RMB billion)	251.5	165.8	326.0	291.5	242.6

Sources: National Bureau of Statistics of China, China Statistical Yearbook, Beijing Statistical Communique, CEIC 2007-2011

SHENYANG

Overview

As the capital city of Liaoning Province, Shenyang has long been the economic and industrial center of northeastern China. Covering an area of approximately 12,980 square kilometers, Shenyang's total permanent population was approximately 7.2 million at the end of 2010.

Benefiting from its strategic position in northeastern China, and the strategy of rejuvenating old industrial bases announced in the 11th Five-Year Plan, Shenyang has witnessed substantial economic growth with its nominal GDP growing from RMB322.1 billion in 2007 to RMB591.5 billion in 2011, representing a CAGR of approximately 16.4% over the same period. Per capita disposable income also grew from RMB14,607 in 2007 to RMB23,326 in 2011.

The table below sets forth selected data relating to economic development in Shenyang for the years indicated:

	2007	2008	2009	2010	2011
Nominal GDP (RMB billion)	322.1	386.0	426.9	501.8	591.5
Per capita GDP (RMB)	41,767	49,166	54,654	62,357	72,637
GDP growth rate (%)	22.8	16.3	14.1	14.1	12.3
Per capita disposable income of urban households (RMB)	14,607	17,013	18,475	20,541	23,326

Sources: National Bureau of Statistics of China, Liaoning Statistical Yearbook, Shenyang Statistical Communique, CEIC 2007-2011

Shenyang property market

In line with the city's substantial GDP growth, Shenyang's property prices have increased correspondingly, with the average price of commodity properties growing at a CAGR of approximately 13.5% from RMB3,699 per sq.m. in 2007 to RMB5,411 per sq.m. in 2010. Total GFA of residential properties sold increased from 13.6 million sq.m. in 2007 to 19.5 million sq.m. in 2011. The table below sets forth selected data relating to real estate development in Shenyang for the years indicated:

	2007	2008	2009	2010	2011
Total GFA completed (million sq.m.) . . .	12.9	12.9	12.9	13.9	20.2
Total GFA of commodity properties sold (million sq.m.)	14.6	14.7	15.3	17.5	21.8
Total GFA of residential properties sold (million sq.m.)	13.6	13.1	13.7	15.2	19.5
Average price of commodity properties (RMB per sq.m.)	3,699	4,127	4,464	5,411	N/A
Sales revenue of commodity properties (RMB billion)	54.1	60.5	68.4	94.5	128.2

Sources: National Bureau of Statistics of China, Liaoning Statistical Yearbook and Shenyang Statistical Communique 2007-2011

QINGDAO

Overview

Qingdao is one of the most important industrial, sea transportation and tourism centers in Shandong Province. In 2006, Qingdao was ranked one of six "golden cities" by the World Bank, out of 120 Chinese cities assessed, based on factors including investment climate and government effectiveness. Qingdao covers an area of approximately 10,654 square kilometers, and its total permanent population was approximately 7.7 million at the end of 2011.

Qingdao has witnessed substantial economic growth with its nominal GDP growing from RMB378.7 billion in 2007 to RMB661.6 billion in 2011, representing a CAGR of approximately 15.0% over the same period. Per capita disposable income also grew from RMB17,856 in 2007 to RMB28,567 in 2011.

The table below sets forth selected data relating to economic development in Qingdao for the years indicated:

	2007	2008	2009	2010	2011
Nominal GDP (RMB billion)	378.7	443.6	485.4	566.6	661.6
Per capita GDP (RMB)	45,399	52,677	57,251	65,812	75,546
GDP growth rate (%)	16.0	13.2	12.2	12.9	11.7
Per capita disposable income of urban households (RMB)	17,856	20,464	22,368	24,998	28,567

Sources: National Bureau of Statistics of China, Qingdao Statistical Yearbook, Qingdao Statistical Communique, CEIC 2007-2011

Qingdao property market

In line with the rapid economic growth, Qingdao's real estate market also grew significantly in recent years. Sales revenue of commodity properties increased at a CAGR of 15.5% from RMB43.3 billion in 2007 to RMB77.1 billion in 2011.

The table below sets forth selected data relating to real estate development in Qingdao for the years indicated:

	2007	2008	2009	2010	2011
Total GFA of commodity properties completed (million sq.m.)	6.4	6.6	8.1	10.2	9.1
Total GFA of commodity properties sold (million sq.m.)	8.3	7.7	12.6	13.6	10.3
Total GFA of residential properties sold (million sq.m.)	7.7	6.9	11.5	12.1	9.2
Average price of commodity properties (RMB per sq.m.)	5,201	5,094	5,576	6,576	N/A
Sales revenue of commodity properties (RMB billion)	43.3	39.2	70.4	89.5	77.1

Sources: National Bureau of Statistics of China, Qingdao Statistical Yearbook, Qingdao Statistical Communique, CEIC 2007-2011

DALIAN

Overview

Dalian is the second largest city in Liaoning Province and an important modern industrial and transportation center in northeastern China. According to a nationwide appraisal by the National Bureau of Statistics, Dalian ranks eighth among Chinese cities in terms of overall strength. The city covers an area of approximately 12,574 square kilometers and had a total permanent population of approximately 5.9 million at the end of 2010.

Dalian has achieved double-digit economic growth in the recent years with nominal GDP almost doubling from RMB313.1 billion in 2007 to RMB615.0 billion in 2011, and its per capita GDP increasing at a CAGR of 15.3% from RMB51,630 to RMB91,287 over the same period.

The table below sets forth selected data relating to economic development in Dalian for the years indicated:

	2007	2008	2009	2010	2011
Nominal GDP (RMB billion)	313.1	385.8	435.0	515.8	615.0
Per capita GDP (RMB)	51,630	63,198	70,781	77,704	91,287
GDP growth rate (%)	17.4	16.5	15.0	15.2	13.5
Per capita disposable income of urban households (RMB)	15,109	17,500	19,014	21,293	24,276

Sources: National Bureau of Statistics of China, Dalian Statistical Yearbook, Dalian Statistical Communique, 2007-2011

Dalian property market

Compared with the rapid economic growth, Dalian's real estate market grows relatively slow. Total GFA of residential properties sold increased from 7.8 million sq.m. in 2007 to 8.3 million sq.m. in 2011. Sales revenue of commodity properties increased at a CAGR of 12.3% from RMB46.1 billion in 2007 to RMB73.3 billion in 2011.

The table below sets forth selected data relating to real estate development in Dalian for the years indicated:

	2007	2008	2009	2010	2011
Total GFA of commodity properties completed (million sq.m.)	4.3	7.5	5.5	5.7	9.5
Total GFA of commodity properties sold (million sq.m.)	8.3	8.2	11.5	12.2	9.1
Total GFA of residential properties sold (million sq.m.)	7.8	7.7	10.9	11.3	8.3
Average price of commodity properties (RMB per sq.m.)	5,568	5,774	6,249	7,044	N/A
Sales revenue of commodity properties (RMB billion).	46.1	47.5	72.0	85.6	73.3

Sources: National Bureau of Statistics of China, Dalian Statistical Yearbook, Dalian Statistical Communique, 2007-2011

YANTAI

Overview

Yantai is a prefecture-level city in northeastern Shandong province. It is a robust economic center and the largest fishing seaport in Shandong. The city covers an area of approximately 13,740 square kilometers and had a total permanent population of approximately 6.5 million in 2011.

Yantai is one of the fastest growing small cities in China. In recent years its nominal GDP grew from RMB288.0 billion in 2007 to RMB490.7 billion in 2011, and its per capita GDP increased at a CAGR of 14.3% from RMB41,271 to RMB70,380 over the same period.

The table below sets forth selected data relating to economic development in Yantai for the years indicated:

	2007	2008	2009	2010	2011
Nominal GDP (RMB billion)	288.0	343.4	370.2	435.8	490.7
Per capita GDP (RMB)	41,271	49,012	52,683	62,254	70,380
GDP growth rate (%)	16.6	13.1	13.5	14.1	12.1
Per capita disposable income of urban households (RMB)	16,772	19,350	21,125	23,288	26,542

Sources: National Bureau of Statistics of China, Yantai Statistical Communique, CEIC 2007-2011

YANGTZE RIVER DELTA

SHANGHAI

Overview

Shanghai has long been established as one of the most important financial and trading centers of the PRC and the location of choice for a vast number of multinational corporations seeking to establish headquarters in China. The municipality covers an area of approximately 6,341 square kilometers and had a total permanent population of approximately 23.4 million in 2011.

The Shanghai economy has been growing rapidly since the 1990s. Shanghai's GDP increased from RMB1249.4 billion in 2007 to RMB1,919.6 billion in 2011, representing a CAGR of approximately 11.3%. Per capita GDP grew from RMB62,041 in 2007 to RMB82,560 in 2011, representing a CAGR of 7.4% over the same period. As the host of the World Expo in 2010, Shanghai is expected to continue to benefit from foreign investment, further strengthening its position as the leading economic and financial center of the nation.

The table below sets forth selected data relating to economic development in Shanghai for the years indicated:

	2007	2008	2009	2010	2011
Nominal GDP (RMB billion)	1249.4	1407.0	1504.6	1716.6	1919.6
Per capita GDP (RMB)	62,041	66,932	69,164	76,074	82,560
GDP growth rate (%)	15.2	9.7	8.2	10.3	8.2
Per capita disposable income of urban households (RMB)	23,623	26,675	28,838	31,838	36,230

Sources: National Bureau of Statistics of China, Shanghai Statistical Yearbook, CEIC 2007-2011

Shanghai property market

The Shanghai property market has been relatively stagnant over the past few years. However, Shanghai World Expo 2010 was a positive catalyst for the Shanghai property market due to related infrastructure improvements and revitalization of the expo venue.

According to the National Bureau of Statistics, 14.7 million sq.m. of residential properties were sold in Shanghai in 2011. The average selling price increased from RMB8,361 per sq.m. in 2007 to RMB14,503 per sq.m. in 2011, representing a CAGR of 14.8%. The table below sets forth selected data relating to real estate development in Shanghai for years indicated:

	2007	2008	2009	2010	2011
Total GFA completed (million sq.m.) . . .	33.8	24.8	21.0	19.4	22.4
Total GFA of commodity properties sold (million sq.m.)	36.9	23.0	33.7	20.6	17.7
Total GFA of residential properties sold (million sq.m.)	32.8	19.7	29.3	16.9	14.7
Average price of commodity properties (RMB per sq.m.)	8,361	8,195	12,840	14,400	14,503
Sales revenue of commodity properties (RMB billion)	308.9	189.5	433.0	298.1	256.9

Sources: National Bureau of Statistics of China, Shanghai Statistical Yearbook, CEIC 2007-2011

WUXI

Overview

Wuxi is a historical commercial center and the second largest economy in Jiangsu Province in terms of GDP, one of the most prosperous regions in China. It covers an area of approximately 4,788 square kilometers and had a total permanent population of approximately 4.7 million at the end of 2011.

Propelled by its private economy and foreign investment, Wuxi has achieved robust economic growth with nominal GDP increasing at a CAGR of approximately 15.4% from RMB388.0 billion in 2007 to RMB688.0 billion in 2011, and its per capita GDP reached RMB107,437 in 2011.

The table below sets forth selected data relating to economic development in Wuxi for the years indicated:

	2007	2008	2009	2010	2011
Nominal GDP (RMB billion)	388.0	446.1	499.2	579.3	688.0
Per capita GDP (RMB)	65,570	73,733	81,146	92,167	107,437
GDP growth rate (%)	15.3	12.4	11.6	13.2	11.6
Per capita disposable income of urban households (RMB)	20,898	23,263	25,027	27,750	31,638

Sources: National Bureau of Statistics of China, Jiangsu Statistical Yearbook, Wuxi Statistical Communique, CEIC 2007-2011

Wuxi property market

In line with the city's substantial growth in per capita GDP, Wuxi's real estate market experienced significant growth in recent years. The average commodity property price grew from RMB4,573 per sq.m. from 2007 to RMB7,764 per sq.m. in 2011, representing a CAGR of 19.3%, and sales revenue of commodity properties increased to RMB81.1 billion in 2010 from RMB35.1 billion in 2007.

The table below sets forth selected data relating to real estate development in Wuxi for the years indicated:

	2007	2008	2009	2010	2011
Total GFA of commodity properties completed (million sq.m.)	6.1	7.1	6.8	10.0	8.1
Total GFA of commodity properties sold (million sq.m.)	7.7	5.4	11.1	10.5	6.6
Average price of commodity properties (RMB per sq.m.)	4,573	5,375	5,997	7,764	N/A
Sales revenue of commodity properties (RMB billion)	35.1	28.9	66.6	81.1	N/A

Sources: National Bureau of Statistics of China, Jiangsu Statistical Yearbook, Wuxi Statistical Communique, CEIC 2007-2011

CHANGZHOU

Overview

Situated in the center of the Yangtze River Delta, Changzhou is an important modern manufacturing base in the region, forming a metropolitan region with Suzhou and Wuxi. The city covers an area of approximately 4,385 square kilometers and had a total permanent population of approximately 3.6 million at the end of 2011.

Changzhou has achieved double-digit economic growth in the recent years with nominal GDP increasing from RMB191.4 billion in 2007 to RMB358.1 billion in 2011, and its per capita GDP increasing at a CAGR of 14.9% from RMB44,452 to RMB77,485 over the same period.

The table below sets forth selected data relating to economic development in Changzhou for the years indicated:

	2007	2008	2009	2010	2011
Nominal GDP (RMB billion)	191.4	226.6	252.0	304.5	358.1
Per capita GDP (RMB)	44,452	51,746	56,890	67,327	77,485
GDP growth rate (%)	15.6	12.4	11.7	13.1	12.2
Per capita disposable income of urban households (RMB)	19,089	21,234	23,392	25,875	29,559

Sources: National Bureau of Statistics of China, Changzhou Statistical Yearbook, Changzhou Statistical Communique 2007-2011

Changzhou property market

In line with the rapid economic growth, the average price of commodity properties in Changzhou grew from RMB3,944 per sq.m in 2007 to RMB6,041 per sq.m. in 2010, and sales revenue of commodity properties increased from RMB22.9 billion to RMB55.3 billion over the same period, representing a CAGR of 34.3%.

The table below sets forth selected data relating to real estate development in Changzhou for the years indicated:

	2007	2008	2009	2010	2011
Total GFA of commodity properties sold (million sq.m.)	5.8	5.0	9.2	9.2	6.6
Total GFA of residential properties sold (million sq.m.)	5.1	4.3	8.0	7.8	5.4
Average price of commodity properties (RMB per sq.m.)	3,944	4,363	4,831	6,041	N/A
Sales revenue of commodity properties (RMB billion)	22.9	22.0	44.6	55.3	N/A

Sources: National Bureau of Statistics of China, Changzhou Statistical Yearbook, Changzhou Statistical Communique, 2007-2011

HANGZHOU

Overview

As the capital of Zhejiang Province, Hangzhou has long been an economic and industrial center of eastern China. Covering an area of approximately 16,596 square kilometers, Hangzhou's total permanent population was approximately 7.0 million in 2011.

Benefiting from its strategic position in eastern China, Hangzhou has witnessed substantial economic growth with its nominal GDP growing from RMB410.0 billion in 2007 to RMB701.9 billion in 2011, representing a CAGR of approximately 14.4% over the same period. Per capita GDP also grew from RMB52,590 in 2007 to RMB80,395 in 2011.

The table below sets forth selected data relating to economic development in Hangzhou for the years indicated:

	2007	2008	2009	2010	2011
Nominal GDP (RMB billion)	410.0	478.1	508.8	594.9	701.9
Per capita GDP (RMB)	52,590	60,414	63,333	69,828	80,395
GDP growth rate (%)	14.6	11.0	10.0	12.0	10.1
Per capita disposable income of urban households (RMB)	21,689	23,534	26,171	30,035	32,434

Sources: National Bureau of Statistics of China, Hangzhou Statistical Yearbook, Hangzhou Statistical Communique, CEIC 2007-2011

Hangzhou property market

Compared with the rapid economic growth, the property market in Hangzhou has been relatively stagnant over the past few years. According to the National Bureau of Statistics, 6.8 million sq.m. of residential properties were sold in Hangzhou in 2011. The average selling price increased from RMB7,616 per sq.m. in 2007 to RMB14,133 per sq.m. in 2010, representing a CAGR of 22.9%.

The table below sets forth selected data relating to real estate development in Hangzhou for the years indicated:

	2007	2008	2009	2010	2011
Total GFA of commodity properties completed (million sq.m.)	7.7	8.9	7.6	11.0	11.3
Total GFA of commodity properties sold (million sq.m.)	11.5	7.8	14.6	9.9	7.3
Total GFA of residential properties sold (million sq.m.)	10.4	6.8	13.1	8.0	6.8
Average price of commodity properties (RMB per sq.m.)	7,616	8,409	10,555	14,133	N/A

Sources: National Bureau of Statistics of China, Hangzhou Statistical Yearbook, Hangzhou Statistical Communique, CEIC 2007-2011

NINGBO

Overview

Located in the northeast of Zhejiang Province, Ningbo is an import seaport city and exporting center. Covering an area of approximately 9,816 square kilometers, Ningbo's total permanent population was approximately 5.8 million in 2011.

Benefiting from its strategic position in east China, Ningbo has witnessed substantial economic growth with its nominal GDP growing from RMB343.5 billion in 2007 to RMB605.9 billion in 2011, representing a CAGR of approximately 15.2%. Over the same period, per capita disposable income also grew from RMB22,307 in 2007 to RMB34,321 in 2011.

The table below sets forth selected data relating to economic development in Ningbo for the years indicated:

	2007	2008	2009	2010	2011
Nominal GDP (RMB billion)	343.5	396.4	432.9	516.3	605.9
Per capita GDP (RMB)	66,067	69,997	60,720	69,368	N/A
GDP growth rate (%)	14.9	10.1	8.9	12.5	10.0
Per capita disposable income of urban households (RMB)	22,307	25,196	27,237	30,166	34,321

Sources: National Bureau of Statistics of China, Zhejiang Statistical Yearbook, Ningbo Statistical Communique, CEIC 2007-2011

Ningbo property market

According to the National Bureau of Statistics, the average price of commodity properties grew from RMB6,251 per sq.m. in 2007 to RMB11,224 per sq.m. in 2010, representing a CAGR of 21.5%. Sales revenue of commodity properties also increases from RMB50.3 billion in 2007 to RMB58.1 billion in 2011.

The table below sets forth selected data relating to real estate development in Ningbo for the years indicated:

	2007	2008	2009	2010	2011
Total GFA completed (million sq.m.) . . .	N/A	7.8	6.7	6.4	8.8
Total GFA of commodity properties sold (million sq.m.)	8.0	4.5	8.2	6.9	5.3
Total GFA of residential properties sold (million sq.m.)	6.6	3.6	6.5	5.0	4.4
Average price of commodity properties (RMB per sq.m.)	6,251	7,224	8,992	11,224	N/A
Sales revenue of commodity properties (RMB billion)	50.3	32.4	73.3	77.5	58.1

Sources: National Bureau of Statistics of China, Zhejiang Statistical Yearbook, Ningbo Statistical Communique, CEIC 2007-2011

SOUTHERN CHINA

XIAMEN

Overview

Xiamen is the second largest city in Fujian province next to the capital Fuzhou. As one of the five earliest special economic zones, Xiamen benefits from foreign investments. The city covers an area of approximately 1,575 square kilometers and had a total permanent population of approximately 1.9 million in 2011.

Xiamen has achieved double-digit economic growth in the recent years with nominal GDP increasing from RMB138.8 billion in 2007 to RMB253.9 billion in 2011, representing a CAGR of 16.3%. Its per capita GDP also increased RMB56,188 to RMB70,734 over the same period.

The table below sets forth selected data relating to economic development in Xiamen for the years indicated:

	2007	2008	2009	2010	2011
Nominal GDP (RMB billion)	138.8	156.0	173.7	206.0	253.9
Per capita GDP (RMB)	56,188	62,651	68,938	58,337	70,734
GDP growth rate (%)	16.6	11.1	8.0	15.1	15.1
Per capita disposable income of urban households (RMB)	21,503	23,948	26,131	29,253	33,565

Sources: National Bureau of Statistics of China, Fujian Statistical Yearbook, Xiamen Statistical Communique, CEIC 2007-2011

Xiamen property market

According to the National Bureau of Statistics, 2.6 million sq.m. of residential properties were sold in 2011. The average selling price increased from RMB8,250 per sq.m. in 2007 to RMB8,883 per sq.m. in 2011. The table below sets forth selected data relating to real estate development in Xiamen for years indicated:

	2007	2008	2009	2010	2011
Total GFA completed (million sq.m.) . . .	N/A	6.2	7.1	6.8	6.1
Total GFA of commodity properties sold (million sq.m.)	5.0	3.9	5.3	4.3	4.4
Total GFA of residential properties sold (million sq.m.)	3.7	1.5	4.0	2.4	2.6
Average price of commodity properties (RMB per sq.m.)	8,250	5,256	7,951	8,883	N/A
Sales revenue of commodity properties (RMB billion)	41.1	20.5	42.1	37.9	44.8

Sources: National Bureau of Statistics of China, Fujian Statistical Yearbook, Xiamen Statistical Communique, CEIC 2007-2011

QUANZHOU

Overview

Quanzhou is a prefecture-level city in southern Fujian province. As of 2010, Quanzhou is the 12th largest Chinese extended metropolitan area. The city covers an area of approximately 11,245 square kilometers and had a total permanent population of approximately 6.9 million in 2011.

Quanzhou's GDP ranks first in Fujian Province for 20 years. In recent years its nominal GDP grew from RMB228.4 billion in 2007 to RMB427.1 billion in 2011, and its per capita GDP increased at a CAGR of 15.3% from RMB29,601 to RMB52,245 over the same period.

The table below sets forth selected data relating to economic development in Quanzhou for the years indicated:

	2007	2008	2009	2010	2011
Nominal GDP (RMB billion)	228.4	270.5	307.0	356.5	427.1
Per capita GDP (RMB)	29,601	34,840	39,227	44,563	52,245
GDP growth rate (%)	15.9	14.1	12.5	12.8	13.5
Per capita disposable income of urban households (RMB)	18,097	20,420	22,913	25,155	28,703

Sources: National Bureau of Statistics of China, Fujian Statistical Yearbook, Quanzhou Statistical Communique, CEIC 2007-2011

Retail Property Market in China

The rapid urbanization and growth of disposable income in China has benefited the retail sector, which has experienced strong growth in recent years. As China's population becomes more affluent, its retail habits are shifting from spending on necessities towards discretionary spending. As a result, demand for retail spaces such as convenience stores, supermarkets and shopping malls has been growing quickly. This also presents a great opportunity for the PRC's retail property market.

BUSINESS

OVERVIEW

We are a national leader in China's real estate market engaged in property development, investment and management across the country with strong presence in Western China, the Pan Bohai Rim and the Yangtze River Delta, and a growing presence in Southern China. For the six months ended June 30, 2012, we ranked eighth among all PRC real estate developers with contract sales of RMB17.5 billion (US\$2.8 billion)*. As of June 30, 2012, we had 69 projects in 15 different cities under development or planning with a total land bank of approximately 35.0 million sq.m. in GFA. We have a wide product spectrum and a broad customer base. We offer residences for the mass market, the middle class and the affluent, and our residential property development projects cover a wide range of middle- to high-end products, including high-rise apartment buildings, low-rise garden apartments, townhouses and luxury stand-alone houses. We have also built various middle- to large-scale shopping malls and other investment properties. Our aim is to become one of the most respected and trusted national market leaders in the property industry in China.

Our business originated in Chongqing, the largest and most populous municipality in Western China, in 1994. Under our "Multiple Products, Selected Regional Focus and Compounding Profit" strategy, we first expanded our business into the Pan Bohai Rim, the Yangtze River Delta and then Southern China. In 2005, we established our presence in Beijing, China's capital and the top-tier city of the Pan Bohai Rim. In 2007, we expanded into Shanghai, the top-tier city of the Yangtze River Delta. In 2012, we expanded into Xiamen, one of the most populous cities in Southern China. Within each of these geographical regions, we have strategically aimed to initially capture the region's top-tier city, which we believe to be of strategic significance to establish our national presence, and then leveraged our success in that city to expand into the next-tier cities. In Western China, leveraging our success in Chongqing, we subsequently expanded into Chengdu in 2005, Xi'an in 2007 and Yuxi in 2010. In the Pan Bohai Rim, we entered into Shenyang and Qingdao in 2009, as well as Dalian and Yantai in 2010. In the Yangtze River Delta, we expanded our presence to Wuxi, Changzhou and Hangzhou in 2009 and Ningbo in 2011. We chose Xiamen, one of the most populous cities in Southern China, to expand our presence into the region in 2012.

We have established strong market positions in our strategically focused regions. We are the market leader in Chongqing and ranked first in terms of both contract sales and GFA sold from 2005 to 2011 and through the six months ended June 30, 2012*. We are also a leading player in Chengdu, the capital city of Sichuan province, the most populous province in Western China. In Chengdu, we ranked eighth in terms of contract sales in the six months ended June 30, 2012*. In the Beijing residential property market, we ranked third in terms of contract sales in 2011*. We also achieved considerable success in various other regions across China. We ranked first in Yantai, second in Changzhou, sixth in Qingdao, sixth in Xi'an, eighth in Wuxi and tenth in Hangzhou, respectively, in terms of contract sales for the six months ended June 30, 2012*.

In 2009, 2010 and 2011 and the six months ended June 30, 2012, we entered into sales contracts for our property development projects (including those undertaken by our jointly controlled entities) with an aggregate contract value of approximately RMB18.4 billion, RMB33.3 billion, RMB38.3 billion and RMB17.5 billion (US\$2.8 billion), respectively. We believe that our strategic geographic expansion from Western China to the Pan Bohai Rim, the Yangtze River Delta and Southern China, together with organic growth of our business in cities in which we have already established a presence, have contributed to our overall growth in contract sales and reduced the geographic concentration of our business. As a percentage of our total contract sales, our contract sales from Western China decreased from 53.6% in 2009 to 51.7% in the six months ended June 30, 2012, and our contract sales from the Pan Bohai Rim decreased from 33.2% to

* Source: CRIC.

25.1% during the same period, while contract sales from the Yangtze River Delta increased from 13.2% to 23.2% during the same period. Our revenue from property investment increased from RMB198.0 million in 2009 to RMB402.2 million in 2011 at a CAGR of 42.5% and increased by 34.8% from RMB168.2 million in the six months ended June 30, 2011 to RMB226.7 million (US\$35.7 million) in the same period in 2012.

Depending on the construction and development stage, we categorize the GFA of both types of projects into three groups: completed GFA remaining unsold, GFA under development, and GFA under planning. For investment properties, completed GFA remaining unsold means the entire GFA of the investment properties as we continue to own them after completion of construction. Our GFA under development and GFA under planning constitute our land bank.

As of June 30, 2012, we had total completed GFA remaining unsold of 1,173,489 sq.m. from 29 projects, of which 19 were development properties and 10 were investment properties. As of the same date, our total GFA under development or planning was 35,028,973, covering 69 projects, of which 58 were development properties and 11 were investment properties. For further information regarding the GFA breakdown of our portfolio of projects under various stages of development, see “Business — Our Business — Overview of Our Land Bank and Our Completed Projects.”

Our land bank includes GFA under development and GFA under planning. The following table summarizes our land bank by city as of June 30, 2012:

CITIES	Completed GFA Remaining Unsold	GFA Under Development	GFA Under Planning
	(sq.m.)	(sq.m.)	(sq.m.)
Western China			
Chongqing	819,273	3,171,047	3,319,453
Chengdu	264,002	2,088,323	1,917,293
Xi'an	501	1,016,432	1,371,761
Yuxi	—	—	821,619
<i>Subtotal</i>	<i>1,083,776</i>	<i>6,275,802</i>	<i>7,430,126</i>
Pan Bohai Rim			
Beijing	13,160	971,681	546,685
Yantai	—	533,538	7,166,528
Dalian	—	—	669,724
Shenyang	33,579	522,694	2,590,937
Qingdao	2,517	519,949	549,186
<i>Subtotal</i>	<i>49,256</i>	<i>2,547,862</i>	<i>11,523,060</i>
Yangtze River Delta			
Shanghai	24,146	375,998	290,800
Wuxi	1,031	367,698	862,622
Changzhou	1,106	1,108,383	1,150,714
Hangzhou	14,175	577,941	963,392
Ningbo	—	495,171	529,675
<i>Subtotal</i>	<i>40,458</i>	<i>2,925,191</i>	<i>3,797,203</i>
Southern China			
Xiamen	—	—	529,730
<i>Subtotal</i>	<i>—</i>	<i>—</i>	<i>529,730</i>
Total GFA	1,173,489	11,748,854	23,280,119

We believe we enjoy brand and product recognition among certain regulators (such as those mentioned below), customers and suppliers. Over the past decade, we have received a multitude of recognition and awards, including the following:

- In 2012, we were named “Most Valuable Public Company in the Real Estate Industry in China” (中國最具價值地產上市企業) jointly by Bo’ao Forum Real Estate Committee and The Guandian Real Estate New Media. We were also named one of “The Best 50 Public Companies in Asia Pacific” by Forbes Magazine in 2012;
- In 2011, we were included in the top-ten lists for “The Best Real Estate Companies in China” (中國房地產開發企業10強) and “The Most Stable Real Estate Companies in China,” (中國房地產開發企業穩健經營10強) both jointly issued by The Real Estate Association of China, The Real Estate Research Committee of China and the Real Estate Evaluation Center of China;
- In 2010, our North Paradise Walk project in Chongqing was named “Best Landlord” in 2010 (together with CR Land’s Shenzhen Mixc City and Hang Lung Properties’ Shanghai Grand Gateway) by the China Shopping Center Development Association of Mall China (中國購物中心產業資訊中心和中購聯中國購物中心);
- For the years in which we were surveyed (2003, 2005, 2006 and 2009), we were consistently ranked number one in the “National Residential Customers’ Satisfaction Survey” (全國住宅用戶滿意度調查), a survey conducted by the China Association for Quality (中國質量協會). For instance, in 2006, we scored 92.3 points in user satisfaction and 89.5 points in customer loyalty, out of a total of 100 points, the highest among more than 20 property companies surveyed;
- In 2009, our King Land project in Chengdu was awarded the Gold Prize of the “Zhan Tianyou Prize for Excellent Residential Project Areas 2009” by the China Civil Engineering Society (2009中國土木工程詹天佑獎優秀住宅小區金獎);
- In 2008, our “Longhu” (龍湖) brand name was accredited by the State Administration for Industry and Commerce as a “Well-known Trademark in China” (中國馳名商標);
- In 2007, our Crystal Town project in Chongqing was granted the “China Construction Project Luban Prize” (中國建築工程魯班獎), a prize given in recognition of the highest quality of construction work, by the Ministry of Construction and the Architecture Association of China (中國建築業協會);
- In 2007, we were recognized as one of the “Top 500 in 2006 China Enterprise Information” (2006年度中國企業信息化500強) by the National Information Evaluation Center of the China Electronic Commerce Association (CECA國家信息化測評中心) (one of the only two real estate companies in China winning such recognition); and
- In 2004, our Chunsen Land project in Chongqing won the “Next LA Citation Award” by the American Institute of Architects, Los Angeles in connection with its design.

Aside from our contract sales, we have access to diversified funding channels, thereby enabling us to increase liquidity and optimize our financing capabilities. Within the PRC, we have formed relationships with major domestic banks including ABC, CCB and ICBC. As of June 30, 2012, we had total credit facilities of approximately RMB47 billion (US\$7.4 billion) from a group of major PRC banks including CCB, ABC and ICBC, among which approximately RMB33 billion (US\$5.2 billion) were undrawn. In May 2009, our RMB1.4 billion corporate bond was listed on the Shanghai Stock Exchange, which was the only such issuance approved by the NDRC for non-State Owned Enterprise PRC real estate developers. We also have funding sources outside of China. Prior to our IPO in Hong Kong in 2009, we obtained a HK\$2.52 billion term loan provided by various banking institutions and affiliates of real estate developers to pay up capital

contributions to certain of our subsidiaries and as general working capital for our offshore subsidiaries. We fully repaid this term loan prior to our IPO in 2009. We completed a successful IPO in Hong Kong in November 2009 despite difficult market conditions at that time. Listing on the Hong Kong Stock Exchange provided us with a ready source of financing through public market fundraising. In April 2010, we obtained a HK\$2.15 billion four-year syndicated loan on an unsecured basis from a number of international and domestic banking institutions in Hong Kong. In March 2011, we obtained HK\$1.20 billion four-year club loan in Hong Kong from three banks. On April 7, 2011, we issued the 2011 Notes in an aggregate principal amount of US\$750 million. In April 2012, we obtained a three-year syndicated loan of HK\$2.43 billion in Hong Kong from nine banks.

OUR STRENGTHS

We believe that our success and future prospects are supported by a combination of the following competitive strengths:

We are a national leader in the PRC real estate market with strong presence in Western China, the Pan Bohai Rim and the Yangtze River Delta, and a growing presence in Southern China.

We are a national leader in the PRC real estate market. As of June 30, 2012, we had a total land bank of approximately 35.0 million sq.m. of GFA in 15 different cities across Western China, the Pan Bohai Rim, the Yangtze River Delta and Southern China. From 2005 to 2011, the amount of our contract sales grew from RMB3.5 billion to RMB38.3 billion at a CAGR of 49%.

We have succeeded in expanding our business from Western China into the Pan Bohai Rim, the Yangtze River Delta and Southern China, and have established a strong presence in all of our strategic regions except Southern China, a region we recently expanded into in June 2012. We established our presence in the PRC capital city of Beijing, the top-tier city of the Pan Bohai Rim, in 2005; in Shanghai, the top-tier city of the Yangtze River Delta, in 2007; and in Xiamen, one of the most populous cities of Southern China, in 2012. Within each of these geographic regions, we have adopted the strategy of initially capturing the top-tier city of that region and then leveraging our success in that city to expand into the next-tier cities. As a result, we have established a strong presence in each of Western China, the Pan Bohai Rim and the Yangtze River Delta. We believe that our presence in Southern China will continue to grow.

Western China. Our business originated in Chongqing in 1994, and following our success in Chongqing, we subsequently expanded into Chengdu in 2005, Xi'an in 2007 and Yuxi in 2010. We are the market leader in Chongqing, the largest and most populous municipality in Western China as well as in China. We ranked first in terms of both contract sales and GFA sold from 2005 to 2011 and through the six months ended June 30, 2012 in Chongqing*. We are also a leading player in the residential property market of Chengdu, the capital of Sichuan province, the most populous province in Western China. In Chengdu, we ranked eighth in terms of contract sales in the six months ended June 30, 2012*. In Xi'an, we ranked sixth in terms of contract sales in the six months ended June 30, 2012*.

Pan Bohai Rim. We entered Beijing in 2005 and expanded into Shenyang and Qingdao in 2009 and Dalian and Yantai in 2010. Our products in this region have also been well-received by our customers. In the Beijing residential property market, we ranked third in terms of annual contract sales in 2011*. In Qingdao, our contract sales ranked sixth in the six months ended June 30, 2012*. We were also ranked first in terms of contract sales in Yantai in 2011 and the six months ended June 30, 2012*.

* Source: CRIC.

Yangtze River Delta. We entered Shanghai in 2007, and expanded into Wuxi, Changzhou and Hangzhou in 2009. We achieved considerable success in Changzhou and Wuxi in the first year we launched pre-sales in those markets, and we continued to maintain our leading positions, ranking second, eighth and tenth, in Changzhou, Wuxi and Hangzhou, respectively, in terms of contract sales in the six months ended June 30, 2012*. Our projects, Wuxi Rose and Ginkgo Villa (Taike Yuan), Changzhou Chianti (Qing Long Project), and Hangzhou Rose and Ginkgo Villa (Xia Sha Project) received overwhelming market responses upon their respective launches in May, October and November 2010, with approximately 96%, 100% and 93% of the offered units subscribed for on the first day of pre-sales at premium pricing, generating approximately RMB1.9 billion, RMB1.3 billion and RMB1.2 billion of contract sales in 2010, respectively.

Southern China. Consistent with our expansion strategy, we expanded into Southern China by launching our first project, Jimei Guankou Project, in Xiamen, one of the most populous cities in Southern China, in 2012.

We believe that our track record of successful expansion in Western China, the Pan Bohai Rim, the Yangtze River Delta and Southern China, and our established nationwide presence will enable us to continue expanding our business into other regions of the PRC.

We deliver a wide spectrum of quality products through our proprietary product design bank and quick-turnover execution capabilities.

We have extensive experience in developing a wide range of properties including high-rise and low-rise apartment buildings, low-rise garden apartments, townhouses and luxury stand-alone villas. We offer residences to a broad customer base including the mass market, the middle class and the affluent segments. Apart from residential properties, we also develop and own investment properties and have expertise in operating shopping malls of various sizes and targeting different populations, including metropolitan shopping centers, community shopping centers or lifestyle shopping centers.

Our wide spectrum of quality products allows us to access a wide range of customers from different age groups and income brackets. This would not only diversify our target customer base but also increase our chance of securing demand for upgrades from our existing customers since we can offer them choices of higher-end properties as their purchasing power improves. Our multi-series product offerings based on modular product designs, combined with our quick turnover and quality work, have helped us replicate our success in various cities, achieve sales growth and brand building. Our diversified product portfolio also puts us in a better position to mitigate market risks in the PRC.

Over the years, we have developed a proprietary product design bank encompassing various structural layout modules, such as the quasi-detached villa, the courtyard-townhouse and the duplex apartment, and property styles, such as the Toscana, the Contemporary Chinese, the Mediterranean and the British styles. These innovative modular product designs are stored in our R&D management system and can be quickly fine-tuned, matched and combined to suit the tastes of customers in a broad range of markets. For example, our vertical split-level garden apartments, which were awarded a design patent in the PRC, feature low density and high construction quality in a compact layout. We have also incorporated contemporary Chinese architectural designs into our Wisdom Town project, British architectural designs into our Peace Hill County project and Mediterranean architectural designs into our Shanghai Rose and Ginkgo Villa project. We believe our projects have been well received in the market and we believe this illustrates the quality and versatility of our proprietary product design bank.

Our standardized development process and project execution capabilities enable us to generate cash inflow quickly and achieve positive cash flow soon after land acquisitions. Our 2011

* Source: CRIC.

contract sales assets turnover rate, which is defined as contract sales divided by the average of the year's beginning and ending total assets, was 45.3%. For our typical project development, construction starts approximately three months after land acquisition and pre-sales occur approximately nine months after land acquisition. We typically reach cash break-even 12 months after land acquisition. This quick turnover strategy ensures a healthy cash flow during a development cycle. For example, one of our projects, Beijing Chianti, started pre-sales seven months after land acquisition and we achieved cash break-even nine months after land acquisition.

We have built a well-known premium brand supported by our quality product offerings and well-regarded property management services, as evidenced by our loyal customer base and superior pricing power.

We have maintained high standards across different product lines and have earned strong market recognition as well as various professional and governmental accreditations. In 2008, our “Longhu” (龍湖) brand name was accredited by the State Administration for Industry and Commerce as a “Well-known Trademark in China” (中國馳名商標). In 2009, our King Land project in Chengdu was awarded the Gold Prize of the “Zhan Tianyou Prize for Excellent Residential Project Areas 2009” by the China Civil Engineering Society (2009中國土木工程詹天佑獎優秀住宅小區金獎). Some other projects that have won awards nationally and locally include the Crystal Town project for the mass market segment and the Fragrant Forest and the Blue Lake County projects for the luxury segment. In 2010, we, as the owner of North Paradise Walk in Chongqing, were awarded the “Best Landlord” among only three recipients in the PRC, by the China Shopping Center Development Association of Mall China (中國購物中心產業資訊中心和中購聯中國購物中心).

Sound property management, we believe, enhances customer satisfaction and preserves the investment value of our properties. We ranked number one in all four years (2003, 2005, 2006 and 2009) in which we were selected to participate in the “National Residential Customers’ Satisfaction Survey” (全國住宅用戶滿意度調查) conducted by the China Association for Quality (中國質量協會). We believe our property management division has helped to differentiate and promote our brand name. Chongqing Xinlonghu is accredited as a Grade I Quality Property Management Enterprise (一級資質物業管理企業) as assessed by the Ministry of Construction in 2005. In March 2008, we were recognized as one of the “Top 10 Brand Names of Property Management Industry in China” (中國物業行業十大品牌) by People’s Daily and China High-Tech Industrialization Association. In November 2008, we were recognized as one of the “Top 10 Excellent Property Management Enterprises with High Quality of Services of the Year” (2008中國優秀物業服務企業服務質量 Top 10) by China Real Estate Top 10 Research Group (中國房地產Top 10研究組).

Our brand premium is evidenced by our loyal customer base and superior pricing power. In a 2010 survey conducted by FG Consulting Co., Ltd. (北京賽惟諮詢有限公司), our customer satisfaction rate was 89%, customer referral rate was 82% and our repeated customer rate was 24%, all of which reflects our customers’ satisfaction with our products and services and their loyalty to us. The success of our “Longfor” (龍湖) brand is also evidenced by our ability to command premium pricing for our property projects. For example, although Beijing Rose and Ginkgo Villa, our townhouse project, was priced at a higher average selling price than most luxury stand-alone villas (which generally command higher prices than townhouses) in the same district, the project still generated overwhelming market demand, with approximately 95% of the offered units subscribed for on the first day of pre-sales in 2007. As another example, although Wuxi Rose and Ginkgo Villa was priced at an average selling price, or ASP, higher than the market ASP of similar products, the project still generated overwhelming market demand, with approximately 96% of the offered units subscribed for on the first day of pre-sales in 2010.

We have a well-diversified and quality land bank across China to ensure our healthy growth.

Our land bank is well diversified across Western China, the Pan Bohai Rim, the Yangtze River Delta and Southern China, ensuring a well-balanced development presence. As of June 30, 2012, we had approximately 35.0 million sq.m. of quality land bank with approximately 40.2% in the Pan Bohai Rim, 39.1% in Western China, 19.2% in the Yangtze River Delta and 1.5% in Southern China. Approximately 6.2% of our land bank is located in top-tier cities including Beijing and Shanghai, 62.8% in second-tier cities including Chongqing, Chengdu, Xi'an, Wuxi, Hangzhou, Ningbo, Qingdao, Shenyang, Dalian and Xiamen and 31.0% in third-tier cities including Changzhou, Yantai and Yuxi. We target to assign approximately 15% of our land bank for commercial real estate developments with the remaining portion approximately equally distributed between high-density and low-density residential developments.

We have a low land cost relative to ASP. In the six months ended June 30, 2012, our contract sales ASP was RMB9,424 per sq.m. and our average land cost was RMB1,879 per sq.m., accounting for approximately 19.9% of our ASP. Given this low ratio, we can dedicate more capital and resources to building quality products and increasing our profit margin, ultimately delivering more value to both our customers and shareholders and consequently further strengthening our brand name. Our low land cost can also provide us with a better cushion against industry down cycles. In terms of location selection, we strategically purchase our land bank in cities where there is significant economic growth potential and that have planned new urban development, in order to capitalize on key future transportation infrastructure and landmarks and ensure premium pricing going forward.

We have continued to broaden our funding sources and maintained strong liquidity.

Aside from fundings from our contract sales, we have access to diversified funding channels as our business grows, thereby increasing liquidity and optimizing our financing capabilities.

Within the PRC, we have formed relationships with major domestic banks including ABC, CCB and ICBC. We have been given an AAA rating by CCB and an AAA+ rating ABC. As of June 30, 2012, we had total credit facilities of approximately RMB47 billion (US\$7.4 billion) from a group of major PRC banks, including CCB, ABC and ICBC, among which approximately RMB33 billion (US\$5.2 billion) were undrawn. In May 2009, our RMB1.4 billion corporate bond was listed on the Shanghai Stock Exchange, the only non-State Owned Enterprise PRC developer approved by the NDRC.

We also have funding sources outside of China. We completed a successful IPO in Hong Kong in November 2009 despite difficult market conditions at that time. Listing on the Hong Kong Stock Exchange provided us a ready source of financing through future public market fund raising. In April 2010, we obtained a HK\$2.15 billion four-year syndicated loan on an unsecured basis from a number of international and domestic banking institutions in Hong Kong. In March 2011, we obtained HK\$1.20 billion four-year club loan in Hong Kong from three banks. We issued the 2011 Notes in an aggregate principal amount of US\$750 million. In April 2012, we obtained a three-year syndicated loan of HK\$2.43 billion in Hong Kong from nine international banks.

Our cash and debt profile indicators also improved in recent years. Our average debt maturity was 4.0 years as of June 30, 2012. Our unsecured debt as a percentage of our total debts has increased from 26.3% in 2009 to 46.5% in the six months ended June 30, 2012. Our unrestricted ending cash balances in 2009, 2010, 2011 and the six months ended June 30, 2012 were RMB6,801.6 million, RMB9,863.1 million, RMB14,120.9 million and RMB17,047.4 million (US\$2,683.4 million), respectively.

We have an efficient operation enabled by our decentralized decision-making structure, outstanding workforce and robust information technology system.

We have an efficient operation enabled by our decentralized decision-making structure, outstanding workforce and robust information technology system.

We are a national real estate development company with a decentralized, two-level decision-making structure. Our two-level structure, namely, the headquarters and the city-level management, is flat and nimble. Our headquarters delegate substantial power to the city-level management in making project-specific and city-specific operational decisions while retaining company-wide decision-making authority. We believe the decentralized decision-making structure is critical given the localized nature of the property business and the distinctive cultures in different regions of China. This structure also enables our senior management to be promptly informed of market developments and contributes crucially to our quick execution.

Pursuant to our human resources strategy, we recruit our managers with an emphasis on entrepreneurial spirit and our general staff on a service-oriented attitude. Emphasizing on-the-job training, we evaluate our employees comprehensively and provide them with career opportunities. We strive to cultivate a “One Longfor” corporate culture of commitment and discipline across the entire company. We emphasize passion and dedication and downplay title and status. We encourage collaboration and discourage bureaucracy. Our employees are driven by their passion for excellence and at the same time are highly disciplined and methodical. Our result-driven remuneration policy provides competitive total compensation (base salary, bonus and stock options). As of June 30, 2012, our employees had been collectively awarded approximately 5.91% of our Company through our stock award and stock options program.

Our information technology system is also key to our success. We have an integrated company-wide information technology system that allows us to maintain a high degree of intra-group transparency, which in turn enhances our internal control and helps institutionalize our best practices. This enables us to monitor the overall consistency of our operations while delegating more decision-making authority to our local subsidiaries. Since 1999, we have systematically invested in information technology to make our processes and product know-how easy to use and convenient to share. For example, our OA system enables us to assess our IT platform via the Internet or wireless cell phones at any time and anywhere as long as connectivity can be established. Our OA system comprises expandable modules which include office automation, knowledge management, cost management, project planning, human resources, and customer relationship management. In addition, we implemented business intelligence systems. Employees can, among other things, access the latest sales information, approve contracts, make payment instructions, share work experience, check the cost status and progress of each project, read company policies and regulations and handle administrative procedures such as filing expenses claims on a real-time basis. In 2007, we were recognized as one of the “Top 500 in 2006 China Enterprise Information” (2006年度中國企業信息化500強) by the National Informatization Evaluation Center of the China Electronic Commerce Association (CECA國家信息化測評中心) (one of the only two real estate companies in China winning such recognition).

OUR STRATEGY

We have adopted a “Multiple Products, Selected Regional Focus and Compounding Profit” strategy under which we focus initially on cultivating the capability to develop multiple types of properties in cities where we already operate and then expand selectively into other PRC regions that are expected to have a large inflow of population and, in particular, locations where higher income people prefer to reside. We aim to become a market leader in every regional market we enter into by establishing a business presence in a wide range of market segments. We believe that once we have a sizable market share in the targeted regional markets, we can maximize our bargaining power with suppliers and customers, attract more talented employees and be more effective in liaising with local government authorities. We seek to integrate residential and

commercial developments to maximize synergy and we gradually roll out investment properties to achieve stable income growth. We believe our strategy will be effective in stabilizing our growth and exploiting the long-term growth of the PRC property market. We will continue to execute this strategy based on the following priorities.

Further implement our region-by-region growth strategy.

We have established a presence in 15 cities in four strategic regions of the PRC: Western China, the Pan Bohai Rim, the Yangtze River Delta and Southern China. We will continue to increase our presence in these regions. We plan to continue to consolidate our leadership position in Western China by maintaining our market leadership in Chongqing, increasing our market share in Chengdu, reinforcing our presence in Xi'an and Yuxi. In the Pan Bohai Rim, we intend to capitalize on our existing market position and further expand in Beijing. We have also succeeded in penetrating the Qingdao market. By leveraging our success and resources in Beijing and Qingdao, we plan to increase our presence in Shenyang and develop more projects in Dalian, Yantai and Shenyang. Furthermore, we intend to increase the number of projects in and around the Yangtze River Delta, including further expansion in the Wuxi, Changzhou, Hangzhou and Ningbo markets, and enlarge our Shanghai management team to support such growth. Within each of the Pan Bohai Rim, the Yangtze River Delta and Southern China regions, we will continue to explore opportunities in other cities as well.

We will also continue to explore business opportunities in other regions of the PRC. We are constantly monitoring the PRC real estate market and looking for the next strategic expansion target. Once we make a decision to enter into a new region, we will continue to follow our strategy of first capturing the key cities in that region and then leveraging our success in the key cities to gradually expand into lower-tier cities within that region.

Prudently expand our investment property portfolio.

Expanding our investment property portfolio is one of our key strategic focuses. As of June 30, 2012, we owned ten completed investment properties in Beijing, Chongqing and Chengdu, all of which we held for investment purposes. We have accumulated nine years of operational experience in managing investment properties since 2003. One of our key retail assets, the North Paradise Walk Mall (北城天街購物廣場), is regarded as a landmark mall in Chongqing. In 2010, we, as the owner of the North Paradise Walk Mall in Chongqing, were awarded the "Best Landlord," one of only three recipients in the PRC, by the China Shopping Center Development Association of Mall China. The investment properties we operate typically have high occupancy rates and generate steady rental income. Our revenue from property investment increased from RMB198.0 million in 2009 to RMB402.2 million in 2011 at a CAGR of 42.5% and increased by 34.8% from RMB168.2 million in the six months ended June 30, 2011 to RMB226.7 million (US\$35.7 million) in the same period in 2012.

We will focus on developing mixed-use properties by conducting strategic land acquisitions. We will select locations for such developments near key transportation hubs and aim to transform such locations into new business districts. We believe land value in such locations is also likely to appreciate in value over time. Furthermore, by adopting a mixed-use project development strategy, we aim to take advantage of the stable and quality customer base at our residential projects that are usually near transportation hubs. We also plan to develop and operate an additional 10 mid- to large-scale shopping centers with a total expected GFA approximately 2.1 million sq.m. by the end of 2018.

We believe our investment properties portfolio will diversify our revenue sources and improve our revenue stability, which will reduce our exposure to volatility within any particular property segment.

Maintain our short development cycle to further strengthen our cash flow.

Our property development cycle is short. For our typical project, construction starts three months after land acquisition and pre-sales occur nine months after land acquisition. Coupled with our low land acquisition cost, we typically achieve positive cash flow within 12 months after land acquisition, which improves our liquidity position and helps us mitigate the adverse effects of market volatility.

We seek to maintain our short development cycle and fast turnover and continue to boost our operational efficiency. We believe that this strategy will continue to improve our cash flow, optimize our liquidity position and financing profile.

In addition, prevailing PRC government policies discourage the hoarding of excess land by, among other means, repossessioning idle and vacant land and enhancing administration on LAT on the part of the government. Therefore, we believe maintaining a short development cycle helps us mitigate against such regulatory risks.

Further strengthen our well-recognized brand by providing value to our customers through innovative design.

We will continue to reinforce our premium brand image by providing value to our customers. Apart from continuing to provide quality products and premium property management, we will focus on maximizing the use of space to increase customer value through creative architectural planning and innovative product design. For example, we have introduced the “sky townhouse” in the Sunshine Riverside project in Chongqing and the “quasi-detached house” in our Beijing Chianti project. These products are designed to provide our customers a more comfortable living environment and better use of space compared to traditional architectural designs with a similar plot ratio.

Continue to align the interest of our management with shareholders and cultivate leadership and entrepreneurship qualities among our senior management team.

We will further increase our employees’ ownership of our Company to further align our employees’ interests with our shareholders.

We believe that apart from possessing professional skills, a senior management team with leadership and entrepreneurial qualities is a key for us to remain competitive in the long term and forms the basis on which we can formulate our management succession plan. We will continue to emphasize such qualities in our recruitment policy and offer appropriate internal and external trainings on a regular basis.

RECENT DEVELOPMENTS

On July 13, 2012, we acquired a parcel of land in Chengyang District, which is north-east of Qingdao, for total consideration of RMB475 million (US\$74.8 million). The total site area is 210,500 sq.m. and the planned total GFA is 302,700 sq.m. The land is planned for residential/commercial mixed use.

On July 14, 2012, we acquired a parcel of land in Jinjiang, Quanzhou, which is centrally located and adjacent to the largest park in Quanzhou, for total consideration of RMB2,624 million (US\$413.0 million). The total site area is 461,400 sq.m. and the planned total GFA is 1,220,000 sq.m. The land is planned for construction of a large residential and commercial community.

On July 26, 2012, we succeeded in our bid for a parcel of land in Dalian, situated in the core of Dalian Zhongshan District and next to a subway station, for total consideration of RMB1,652 million (US\$260.0 million). The total site area is 62,800 sq.m. and the planned total GFA is 188,400 sq.m. The land is planned for high-end residential and commercial use.

On August 8, 2012, we succeeded in our bids for two parcels of land in Chongqing, situated in the core district of Liangjiang New District of Chongqing and next to a subway station, for total consideration of RMB4,220 million (US\$664.3 million). The total site area is 879,000 sq.m. and the planned total GFA is 1,985,000 sq.m. The land is planned for low-density residential/commercial mixed use.

On August 22, 2012, we succeeded in our bid for the Dongjiu New Town project in Yixing, Jiangsu for total consideration of RMB1,257 million (US\$197.9 million). The total site area is 309,000 sq.m. and the planned total GFA is 312,000 sq.m. The land is planned for high-end residential use.

On August 27, 2012, we acquired a parcel of land in Xidong, Wuxi for total consideration of RMB400 million (US\$63.0 million). The total site area is 123,900 sq.m. and the planned total GFA is 148,700 sq.m. The land is planned for construction of medium- to high-end residential properties.

On August 27, 2012, we acquired a parcel of land in Binjiang District, Hangzhou for total consideration of RMB2,352 million (US\$370.2 million). The total site area is 77,300 sq.m. and the planned total GFA is 247,500 sq.m. The land is planned for medium- to high-end high-rise residential buildings.

On September 6, 2012, we succeeded in our bid for a parcel of land in Tiexi District, Shenyang for consideration of RMB474 million (US\$74.6 million). The total site area is 81,000 sq.m. and the planned total GFA is 171,000 sq.m.

On September 18, 2012, we conducted a placing of our existing shares and top-up subscriptions of our new shares to raise HK\$3,088.8 million (US\$398.2 million) in gross proceeds.

On September 26, 2012, we succeeded in our bid for a parcel of land in Chaoyang District, Beijing for total consideration of RMB1,470 million (US\$231.4 million). The total site area is 66,300 sq.m. and the planned total GFA is 72,900 sq.m. The land is planned for low-density residential use.

OUR BUSINESS

Overview of Our Projects

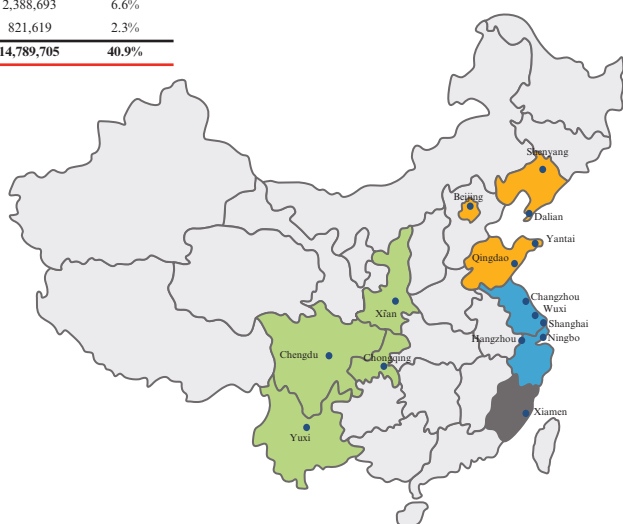
Our projects include both development properties, which we sell to customers, and investment properties, which we hold for investment purposes. If the construction of a development property is completed but not all of its GFA is sold, the development property would continue to be listed as one of our projects. Investment properties are listed as our projects regardless of the stage of its construction, as we continue to own them for investment purposes after completion of construction.

Depending on the construction and development stage, we categorize the GFA of both types of projects into three groups: completed GFA remaining unsold, GFA under development, and GFA under planning. For investment properties, completed GFA remaining unsold means the entire GFA of the investment properties as we continue to own them after completion of construction. Our GFA under development and GFA under planning constitute our land bank.

As of June 30, 2012, we had total completed GFA remaining unsold of 1,173,489 sq.m. from 29 projects, of which 19 were development properties and 10 were investment properties. As of the same date, our total GFA under development or planning was 35,028,973 sq.m., covering 69 projects, of which 58 were development properties and 11 were investment properties.

The chart below provides certain key information about all of our projects as of June 30, 2012.

Western China			
City	Number of Projects	Total GFA (sq.m.)	Proportion
Chongqing	16	7,309,774	20.2%
Chengdu	10	4,269,619	11.8%
Xi'an	8	2,388,693	6.6%
Yuxi	1	821,619	2.3%
Subtotal	35	14,789,705	40.9%



Pan Bohai Rim			
City	Number of Projects	Total GFA (sq.m.)	Proportion
Beijing	8	1,531,526	4.2%
Yantai	2	7,700,066	21.3%
Dalian	1	669,724	1.8%
Shenyang	5	3,147,210	8.7%
Qingdao	4	1,071,651	3.0%
Subtotal	20	14,120,177	39.0%

Yangtze River Delta			
City	Number of Projects	Total GFA (sq.m.)	Proportion
Shanghai	5	690,944	1.9%
Wuxi	6	1,231,352	3.4%
Changzhou	6	2,260,203	6.2%
Hangzhou	4	1,555,507	4.3%
Ningbo	2	1,024,846	2.8%
Subtotal	23	6,762,852	18.7%

Southern China			
City	Number of Projects	Total GFA (sq.m.)	Proportion
Xiamen	1	529,730	1.5%
Subtotal	1	529,730	1.5%

As some of our projects comprise multiple-phase developments on a rolling basis, a single project may include different phases at various stages of completion, under development or for future development. A project or certain phase of a project is considered completed when we have received the Completed Construction Works Certified Report from the relevant government construction authorities. A project or certain phase of a project is considered to be under development immediately following the issuance of the required construction works commencement permits and before completion of the project or the relevant phase of the project. A project or certain phase of a project is considered to be under planning when we have received the relevant land use rights certificates, or have signed the relevant land grant contracts, but have not yet obtained land use rights certificates, or have signed the confirmation letters on bidding for granting land use rights, but have not yet signed the relevant land grant contracts and, in each case, construction work has not yet commenced. With respect to properties for which confirmation letters on bidding for granting land use rights have been signed by the relevant government authority, according to the Rules on Bidding, Auctioning and Listing of State-owned Land Use Rights, which took effect on November 1, 2007, the confirmation letter on bidding for granting land use rights has legal effect on the successful bidders as well as the grantors. If the grantors change the bidding result, or if the successful bidders give up the target land, they shall assume legal responsibility. The winning bidders shall sign the State-owned Land Granting Contract with the grantors as prescribed in the confirmation letter on bidding for granting land use rights. On such basis, we have classified such properties as projects under planning.

We set out below the GFA breakdown of our portfolio of projects under various stages of development by planned use as of June 30, 2012:

	<u>Completed GFA Remaining Unsold</u>	<u>GFA Under Development</u>	<u>GFA Under Planning</u>
	(sq.m.)	(sq.m.)	(sq.m.)
Development	713,893	10,832,623	22,061,747
Investment	459,596	916,231	1,218,372
Total	<u>1,173,489</u>	<u>11,748,854</u>	<u>23,280,119</u>

A property is treated as “pre-sold” when the purchase contract has been executed but the property has not yet been delivered to the customer. A property is considered “sold” when the purchase contract with a customer has been executed and the property has been delivered to the customer. Delivery is deemed to take place on the date stated on the property delivery document.

We include in this offering memorandum the project names which we have used, or intend to use, to market our properties. Some of the names for property developments may be different from the names registered with the relevant authorities. They are subject to approval by the relevant authorities and are therefore subject to change.

Overview of Our Land Bank and Our Completed Projects

The following table sets forth certain key information about all of our projects as of June 30, 2012. For further details about our projects, see “Business — Our Property Development Projects.”

As of June 30, 2012, we had total completed GFA remaining unsold of 1,173,489 sq.m. from 29 projects, of which 19 were development properties and 10 were investment properties. As of the same date, our total GFA under development or planning was 35,028,973 sq.m., covering 69 projects, of which 58 were development properties and 11 were investment properties.

Project ⁽¹⁾	Our Interest in the Project	Location	Completed GFA ⁽²⁾	GFA Under Development ⁽³⁾	GFA Under Planning ⁽⁴⁾	Type
			Remaining Unsold (sq.m.)			
Western China						
Chunsen Land 春森彼岸	91.30%	Chongqing	120,762	150,243	185,621	Development
Chunsen Land 春森彼岸	91.30%	Chongqing	32,121	—	—	Investment
Peace Hill County 悠山郡	91.30%	Chongqing	21,621	62,815	60,848	Development
Toschna Villa 東橋郡	95.56%	Chongqing	69,916	428,609	120,921	Development
Bamboo Grove 江與城	49.57%	Chongqing	65,409	317,826	634,122	Development
Crystal Magic 紫晶城	91.30%	Chongqing	—	491,990	347,882	Development
University Town 大學城	95.56%	Chongqing	56,990	394,932	945,812	Development
University Town 大學城	95.56%	Chongqing	20,617	—	—	Investment
Mopan Shan 磨盤山	93.48%	Chongqing	72,604	646,204	336,137	Development
Beibei New Town. 北碚新城	91.30%	Chongqing	—	270,908	577,610	Development
North Paradise Walk 重慶北街	91.30%	Chongqing	146,262	—	—	Investment
Fairy Castle. 重慶紫都城	91.30%	Chongqing	29,413	—	—	Investment
Crystal Palace 重慶晶酈館	91.30%	Chongqing	41,554	—	—	Investment
West Paradise Walk. 西城天街	91.30%	Chongqing	111,654	—	—	Investment
MOCO Center MOCO中心	91.30%	Chongqing	30,350	—	—	Investment
Fashion Paradise Walk 時代天街	91.30%	Chongqing	—	407,520	110,500	Investment
Chongqing Subtotal			819,273	3,171,047	3,319,453	
Three Thousand Castles 三千集	93.48%	Chengdu	37,860	—	—	Investment
North Paradise Walk 北城天街	92.75%	Chengdu	—	220,991	—	Investment
Chengdu Flamenco Spain. 弗萊明戈	91.30%	Chengdu	132,011	260,602	153,942	Development
Century Peak View 世紀城	49.13%	Chengdu	66,480	201,345	238,306	Development
Jade Town 小院青城	93.48%	Chengdu	8,063	43,520	30,981	Development
Wukuai Shi 五塊石	92.75%	Chengdu	19,588	405,375	—	Development
Mou Ma Heaven 牧馬天堂	91.43%	Chengdu	—	135,402	312,398	Development
Time Paradise Walk 時代天街	91.30%	Chengdu	—	821,088	342,670	Development
Time Paradise Walk 時代天街	91.30%	Chengdu	—	—	450,996	Investment
Jingyang Project 晉陽項目	94.17%	Chengdu	—	—	388,000	Development
Chengdu Subtotal			264,002	2,088,323	1,917,293	
Xi'an Fairy Castle 紫都城	91.30%	Xi'an	501	169,977	—	Development
Xi'an Fairy Castle II 紫都城二期	91.30%	Xi'an	—	84,419	—	Development
Xi'an Chianti 香醍國際	91.30%	Xi'an	—	400,959	1,158,259	Development
Chang'an Wonder 夜長安	91.30%	Xi'an	—	—	58,537	Development
Daxing Project 大興項目	94.17%	Xi'an	—	139,860	—	Development
Daxing Paradise Walk 大興項目	94.17%	Xi'an	—	43,097	—	Investment
Crystal Town 水晶酈城	94.17%	Xi'an	—	178,120	—	Development
Waft Yard 大明宮項目	91.30%	Xi'an	—	—	154,965	Development
Xi'an Subtotal			501	1,016,432	1,371,761	
Fairy Lake 江川仙湖錦繡	91.30%	Yuxi	—	—	821,619	Development
Yunnan Subtotal			—	—	821,619	
Western China Subtotal			1,083,776	6,275,802	7,430,126	
Pan Bohai Rim						
Azure Chianti 蔚瀾香醍	91.30%	Beijing	3,395	12,596	—	Development
Changying 常營	91.30%	Beijing	—	325,742	0	Development
Niu Lan Shan 牛欄山鎮居住項目 用地	89.30%	Beijing	—	140,141	69,698	Development
Hou Sha Yu 白辛莊	91.30%	Beijing	—	—	161,806	Development

Project ⁽¹⁾	Our Interest in the Project	Location	Completed GFA ⁽²⁾	GFA Under Development ⁽³⁾	GFA Under Planning ⁽⁴⁾	Type
			Remaining Unsold (sq.m.)			
Daxing Project 大興項目	91.30%	Beijing	—	267,514	315,181	Development
Summer Palace Paradise Walk 頤和星悅薈 Walk	89.93%	Beijing	6,320	—	—	Investment
Blossom Chianti 花盛香醍	91.30%	Beijing	3,445	—	—	Investment
Changying Paradise Walk 長楹天街	91.30%	Beijing	—	225,689	—	Investment
Beijing Subtotal			13,160	971,682	546,685	
Yangma Island 養馬島項目	91.30%	Yantai	—	533,538	6,470,381	Development
Yangma Island B Plot 養馬島B地塊	100.00%	Yantai	—	—	696,147	Development
Yantai Subtotal			—	533,538	7,166,528	
Longhe II 旅順龍河2期	48.40%	Dalian	—	—	669,724	Development
Dalian Subtotal			—	—	669,724	
Huishan Project 輝山	98.49%	Shenyang	21,495	39,686	—	Development
Huishan Project II 輝山 II	98.49%	Shenyang	—	123,302	504,399	Development
Daoyi Project 道義	96.15%	Shenyang	12,084	235,920	1,458,739	Development
Daoyi Project II 道義項目 II	96.15%	Shenyang	—	—	409,574	Development
Ceramics City 陶北項目	91.30%	Shenyang	—	123,786	218,225	Development
Shenyang Subtotal			33,579	522,694	2,590,937	
Baisha Project 青島白沙河項目	95.20%	Qingdao	2,517	361,586	124,795	Development
Baisha Mall 青島白沙河項目	95.20%	Qingdao	—	—	33,250	Investment
Baisha Project F Plot 青島白沙河F地塊	100.00%	Qingdao	—	117,499	179,655	Development
Shankeda Project 山科大項目	97.00%	Qingdao	—	40,864	211,486	Development
Qingdao Subtotal			2,517	519,949	549,186	
Pan Bohai Rim Subtotal			49,256	2,547,863	11,523,060	
Yangtze River Delta						
Sunshine City 鄞城	93.48%	Shanghai	24,146	61,488	—	Development
Sunshine City 鄞城	93.48%	Shanghai	—	18,934	—	Investment
Bai Yin Lu Project 白銀路項目	95.56%	Shanghai	—	145,458	—	Development
Long Xing Lu 松江龍興路項目	91.30%	Shanghai	—	150,118	—	Development
Hong Qiao CBD Project 虹橋項目	93.48%	Shanghai	—	—	290,800	Development
Shanghai Subtotal			24,146	375,998	290,800	
Taike Yuan 蠡湖山(太科園)	91.30%	Wuxi	1,031	120,857	—	Development
Taike Yuan II 太科園 II	91.30%	Wuxi	—	81,810	273,797	Development
Xihu Road 錫山區易買得地塊	91.30%	Wuxi	—	96,539	231,555	Development
Quite Tale 陽山	91.30%	Wuxi	—	68,492	130,104	Development
Blue Lake 無錫淨湖水岸	91.30%	Wuxi	—	—	109,452	Investment
Wuxi Splendor 無錫源著	91.30%	Wuxi	—	—	117,714	Investment
Wuxi Subtotal			1,031	367,698	862,622	
Chianti 寧波龍山	91.30%	Ningbo	—	101,774	276,154	Development
Rose and Ginkgo Coast 寧波蠡湖海岸	100.00%	Ningbo	—	393,397	253,521	Development
Ningbo Subtotal			—	495,171	529,675	
Qinglong Project 青龍	93.48%	Changzhou	1,106	174,537	—	Development
Qinglong Project II 青龍 II	96.83%	Changzhou	—	263,784	197,738	Development
Dongjing 120 Project 東經120	98.50%	Changzhou	—	274,045	—	Development

Project ⁽¹⁾	Our Interest in the Project	Location	Completed GFA ⁽²⁾	GFA Under Development ⁽³⁾	GFA Under Planning ⁽⁴⁾	Type
			Remaining Unsold (sq.m.)			
Dongjing 120 Project II . . . 東經120 II	100.00%	Changzhou	—	59,632	93,173	Development
Dongjing 120 Project II . . . 東經120 (原山)	100.00%	Changzhou	—	—	213,100	Investment
Hongzhuang Project 洪莊	97.38%	Changzhou	—	336,385	646,703	Development
Changzhou Subtotal			1,106	1,108,383	1,150,714	
Xiasha Project 下沙項目	100.00%	Hangzhou	14,175	249,721	274,349	Development
Xiasha Project 下沙項目	100.00%	Hangzhou	—	—	183,360	Investment
Chaoshan Project 超山項目	91.30%	Hangzhou	—	328,220	—	Development
Hangzhou Keqiao 柯橋項目	100.00%	Hangzhou	—	—	505,683	Development
Hangzhou Subtotal			14,175	577,941	963,392	
Yangtze River Delta Subtotal			40,458	2,925,191	3,797,203	
Jimei Guankou 集美灌口	93.36%	Xiamen	—	—	529,730	Development
Xiamen Subtotal			—	—	529,730	
Southern China Subtotal			—	—	529,730	
Total GFA			1,173,489	11,748,854	23,280,119	

Notes:

- (1) Some project names are not final and are subject to change.
- (2) “Completed GFA” is based on figures provided in surveying reports or Record of Acceptance Examination Upon Project Completion (竣工驗收備案證明) by relevant government departments.
- (3) “GFA Under Development” is based on figures provided in the Planning Permit for Construction Works (建設工程規劃許可證).
- (4) “GFA Under Planning” is based on figures provided or calculated based on figures in the land grant contracts and confirmation letters on bidding for granting land use rights.

OUR PROPERTY DEVELOPMENT PROJECTS

CHONGQING

Chunsen Land (春森彼岸)

Chunsen Land, a large-scale premium residential and retail project comprising high-rise apartments, retail units, offices and SOHO units, is located adjacent to Jiangbei District, Chongqing. The project was designed by MRY, America and was awarded the grand prize of “Next LA Citation Award” by the American Institute of Architects. The project is being developed by Chongqing Bei Longfor Land.

Based on our current plan, the project will occupy a total site area of approximately 160,191 sq.m. and have an aggregate GFA of 767,265 sq.m.

Peace Hill County (悠山郡)

Peace Hill County is planned to be a large-scale residential community comprising stand-alone villas, low-rise garden apartments, high-rise apartments, retail units and car parks. It is located in the economic and technology zone of Lijia Area (禮嘉片區), Chongqing. It is being developed by Chongqing Longhu Real Estate.

Based on our current plan, the project will occupy a total site area of approximately 246,951 sq.m. and have an aggregate GFA of approximately 505,468 sq.m.

Toschna Villa (東橋郡)

Toschna Villa is a large-scale low-density project with low-rise garden apartments, townhouses, high-rise apartments and retail units. It is located in the University Town area of Shapingba District (沙坪壩區大學城片區), Chongqing. The project was developed by Chongqing Longhu Kaian.

The project occupies a total site area of approximately 615,175 sq.m. and has an aggregate GFA of approximately 1,037,674 sq.m.

Bamboo Grove (江與城)

Bamboo Grove, an exclusive low-rise residential development comprising low-rise garden apartments, high-rise apartments, stand-alone villas, duplex villas, townhouses, retail spaces and car parks, with cultural amenities and integrated facilities, is situated in the northern part of the North New Area of Chongqing and is next to the Jialing River. The project is being jointly developed by Juntion Development and Hongkong Land Holdings Limited, which is owned 49.6% by us and 50% by Hongkong Land Holdings Limited.

Based on our current plan, the project will occupy a total site area of approximately 778,648 sq.m. and have an aggregate GFA of approximately 1,724,719 sq.m.

Crystal Magic (紫晶城)

Crystal Magic is a large-scale integrated development situated in Yuzhong District (渝中區), Chongqing. The project is being developed by Chongqing Longhu Chengheng Real Estate.

Based on our current plan, the project will occupy a total site area of approximately 199,986 sq.m. and have an aggregate GFA of approximately 1,313,901 sq.m. The project will comprise high-rise apartments, low-rise apartments, SOHO units, office, a retail area and car parks.

University Town (大學城)

University Town is located in Shapingba District, Chongqing. The project is being developed by Chongqing Kaian Real Estate.

Based on our current plan, the project will occupy a total site area of approximately 588,220 sq.m. and have an aggregate GFA of approximately 1,753,889 sq.m. The project will comprise high-rise apartments, low-rise garden apartments, townhouses, retail units and car parks.

Mopan Shan (磨盤山)

Mopan Shan is located in Jiangbei District in Chongqing. This project is being developed by Chongqing Juntion Real Estate.

Based on our current plan, the project will occupy a total site area of approximately 224,378 sq.m. and have an aggregate GFA of approximately 1,120,865 sq.m. The project will comprise high-rise apartments, low-rise garden apartments, retail units, SOHO units and car parks.

Beibei New Town (北碚新城)

Beibei New Town is located at the intersection of north Chongqing and is 20 minutes' drive from the downtown of Chongqing connected by the Chongqing-Wusheng Express Way. This project has two natural lakes of approximately 60,000 sq.m. and enjoys exceptional natural surroundings.

Based on our current plan, the project will occupy a total site area of approximately 542,680 sq.m. and has an aggregate GFA of 630,084 sq.m. The project will comprise quasi-detached houses, townhouses, low-rise apartments and commercial amenities of approximately 46,000 sq.m.

North Paradise Walk (重慶北城天街)

North Paradise Walk is a mixed-use project with residential and retail components. The development is situated in the Guanyinqiao commercial area of Jiangbei District of Chongqing. The project was developed by Chongqing Longhu Development.

The project occupies a total site area of approximately 58,710 sq.m. and has an aggregate GFA of approximately 345,658 sq.m. The project comprises a residential block named Waft Yard (楓香庭), a SOHO (small office home office) block named New Star (北岸星座) and a commercial complex named North Paradise Walk Mall (北城天街商區).

Chongqing Fairy Castle (重慶紫都城)

Chongqing Fairy Castle is a large-scale project with residential, retail and SOHO development. The project is situated in Yubei District (渝北區) of Chongqing. The project was developed by Chongqing Longhu Real Estate.

The project occupies a total site area of approximately 199,064 sq.m. and has an aggregate GFA of approximately 501,439 sq.m. The project comprises high-rise apartments, a block of SOHO units known as Fairy Constellation (紫都星座), a retail street called Fairy Paradise Walk (紫都天街), a shopping mall called Fairy Castle Mall (紫都主力店), retail units and car parks.

Crystal Palace (重慶晶廊館)

Crystal Palace is a large-scale project that comprises residential units, retail spaces and SOHO units. The development is located in the High-tech Zone of North New Area (北部新區) of Chongqing next to a sports park.

Based on our current plan, the project will comprise a building named Crystal Star with SOHO units, an office building named Crystal Cosmo, a retail complex named Crystal Palace together with car parks. The project was developed by Chongqing Longhu Development.

West Paradise Walk (西城天街)

West Paradise Walk is a commercial complex with SOHO units, office and retail spaces. The development is situated in a prime location of Yangjiaping Pedestrian Zone within the Jiulongpo District (九龍坡區楊家坪步行街核心地段) of Chongqing. The project was developed by Chongqing Longfor Xijie Real Estate.

The project occupies a total site area of approximately 28,316 sq.m. and has a total GFA of 197,554 sq.m. In addition to retail facilities, it comprises offices and SOHO units.

MOCO Center (MOCO中心)

MOCO Center is a residential and commercial development located near the High-tech Zone of North New Area of Chongqing with a sports park nearby. The project was developed by Chongqing Longhu Development.

The project occupies a total site area of approximately 20,500 sq.m. and has a total GFA of approximately 160,998 sq.m. The project comprises two high-rise apartment buildings, office area, retail area and car parks.

Fashion Paradise Walk (時代天街)

Fashion Paradise Walk is designed as a commercial complex with SOHO units, offices, hotels and retail spaces. The project is located in Daping, Yuzhong District of Chongqing, and has the largest commercial space in Asia.

The project occupies a total site area of approximately one million sq.m., and is four times as large as North Paradise Walk in Chongqing. Upon completion, this project will comprise two commercial streets, three shopping malls and eight plazas.

CHENGDU

Three Thousand Castles (三千集)

Three Thousand Castles is a large-scale integrated project with low-rise and high-rise apartments, SOHO units and retail spaces. It is located near Second Ring Road and is adjacent to our Three Thousand Lane project. The project is being developed by Chengdu Longhu Tongjin Real Estate.

Based on our current plan, the project will occupy a total site area of approximately 75,787 sq.m. and have an aggregate planned GFA of approximately 471,683 sq.m.

North Paradise Walk (重慶北街)

North Paradise Walk is a mixed-use project with residential and retail components. The development is located in the Guanyinqiao commercial area of Jiangbei District of Chongqing.

The project occupies a total site area of approximately 58,710 sq.m. and has an aggregate GFA of approximately 345,658 sq.m. The project comprises a residential block named Waft Yard, a SOHO block named New Star and a commercial complex named North Paradise Walk Mall. The project was developed by Chongqing Longhu Development.

Chengdu Flamenco Spain (弗萊明戈)

Chengdu Flamenco Spain is a large scale residential project situated in New High-Tech Zone of West Chengdu. The project is being developed by Chengdu Xixi Real Estate and Chengdu Xixiang Real Estate.

Based on our current plan, the project has a total site area of approximately 126,137 sq.m. and have an aggregate GFA of approximately 755,647 sq.m. The project will comprise low-rise garden apartments, high-rise apartments, retail units and car parks.

Century Peak View (世紀城)

Century Peak View is a premium high-rise residential project situated in the central business district of Chengnan District, Chengdu, close to the Pride International Exhibition Centre. We own our interest in this project through Chengdu Jiaxun. This is a joint venture project, conducted via four joint venture entities, with ING Real Estate China Opportunity Fund LP (“ING”), Aetos Capital Asia T.E. II, Ltd. and Aetos Capital Asia II, Ltd. (together, “Aetos”). We have a 49.1% interest in the joint venture project. ING and Aetos indirectly hold a 50% interest in the project through the offshore holding company. We acquired the land by investing in the joint venture entities holding the land. The project is being developed by Chengdu Huixin, Chengdu Jinghui, Chengdu Tuocheng and Chengdu Jia’nan Real Estate.

Based on our current plan, the project has a total site area of approximately 48,062 sq.m. and a total planned GFA of approximately 583,958 sq.m. This project will comprise high-rise apartments and car parks.

Jade Town (小院青城)

Jade Town is a residential project situated at the top of the Qingchengshan Holiday Resort area. The project is being developed by Sichuan Longhu Real Estate.

Based on our current plan, the project will occupy a total site area of approximately 210,505 sq.m. and have an aggregate GFA of approximately 106,834 sq.m. The development will comprise stand-alone villas, duplex villas, low-rise garden apartments and retail units.

Wukuaishi (五塊石)

Wukuaishi project is located in Jinniu District in Chengdu. We won the auction of this parcel of land in September 2009. The project is being developed by Chengdu Longfor Beicheng.

Based on our current plan, Wukuaishi project will occupy a total site area of 184,487 sq.m. and an aggregate GFA of approximately 947,057 sq.m. The project will comprise low-rise garden apartments, high-rise apartments, retail units, SOHO, offices and car parks.

Mou Ma Heaven (牧馬天堂)

Mou Ma Heaven Project is a residential development located in Xinjin Park County Muma Mountain, Chengdu. The project is adjacent to Longfor-Bridge County project and has a unique mountain landscape.

Based on our current plan, the project will have a total site area of approximately 448,582 sq.m. and a total planned GFA of approximately 626,800 sq.m. The project will comprise mainly of townhouses and duplex villas.

Time Paradise Walk (時代天街)

Time Paradise Walk is located on Hezuo Road, Hi-tech West District, Chengdu.

Based on our current plan, the project will occupy a total site area of approximately 305,675 sq.m., and have an aggregate GFA of 1,801,214 sq.m. It is to be developed into an integrated urban complex project comprising a shopping mall, high-rise apartments, retail units, SOHO units and LOFT units.

Jinyang Project (晉陽項目)

Jinyang Project is located in the west third ring area of downtown Chengdu. This parcel of land is shaped as a square. It has easy access to the public transportation network of the city, and is also highly populated around the area.

Based on our current plan, the project will occupy a total site area of approximately 96,700 sq.m. and will have an aggregate GFA of approximately 388,000 sq.m. The project is planned to be developed into an integrated residential and commercial community.

XI'AN

Xi'an Fairy Castle (紫都城)

Xi'an Fairy Castle is a residential and commercial development located in Qujiang District (曲江區), Xi'an. The project is being developed by Xi'an Longfor Jincheng Real Estate.

Based on our current plan, the project will occupy a total site area of approximately 68,939 sq.m. and have an aggregate GFA of approximately 272,153 sq.m. The project will comprise high-rise apartments, retail units and car parking spaces.

Fairy Castle II (紫都城二期)

Fairy Castle II is located in Qujiang New District, Xi'an. The site is located in the central area of Qujiang New District and is adjacent to the Longfor Fairy Castle project. The project will be for residential/commercial mixed-use. The project is being developed by Xi'an Longfor Jincheng Real Estate.

Based on our current plan, the project will occupy a total site area of approximately 15,607 sq.m. and have a total planned GFA of approximately 71,741 sq.m.

Xi'an Chianti (香醍國際)

Xi'an Chianti is a large scale residential project located in Chanba District (滄霸新區), Xi'an. The project is being developed by Xi'an Longfor Xingcheng Real Estate.

Based on our current plan, the project will occupy a total site area of approximately 500,885 sq.m. and have an aggregate GFA of approximately 1,567,120 sq.m. The project will comprise high-rise apartments, low-rise garden apartments, retail units and car parks.

Chang'an Wonder (夜長安)

Chang'an Wonder is a commercial project situated in the city center of Qujiang, Xi'an. The project is being developed by Xi'an Longfor Jincheng Real Estate.

Based on our current plan, the project will occupy a total site area of approximately 30,889 sq.m. and have an aggregate GFA of approximately 43,535 sq.m. for investment purposes. The project will comprise retail area and car parks.

Daxing Project (大興項目)

Daxing South Land — Longfor MOCO International Project is located at No. 20, Xinghuo Road, Lianhu District, Xi'an. It is a commercial development and is part of the planned Xi'an International Trade and Commerce Base project. We won the auction for the land in March 2010. The project is being developed by Xi'an Longfor Runrong.

Based on our current plan, the project will occupy a total site area of approximately 24,503 sq.m. and have a total planned GFA of approximately 179,583 sq.m.

Crystal Town (水晶酈城)

Crystal Town is a large-scale project that comprises residential units, retail spaces and SOHO units. The development is located in the High-tech Zone of North New Area of Chongqing and is next to a sports park. It comprises a building named Crystal Star with SOHO units, an office building named Crystal Cosmo, a retail complex named Crystal Palace (晶酈館) together with car parks. The project was developed by Chongqing Longhu Development.

The project occupies a total site area of approximately 233,799 sq.m. and has an aggregate GFA of approximately 669,107 sq.m.

Waft Yard (大明宮項目)

Waft Yard Project is located within the Daming Palace National Heritage Park, the biggest site park in the world. It is only one kilometre away from the historical relics or Daming Palace and close to Line 4 of Xi'an Subway which is currently under construction. The parcel of land is planned to be developed into a high-end residential and commercial development.

The project occupies a total site area of approximately 36,300 sq.m. and has an aggregate GFA of 127,000 sq.m.

YUNNAN

Fairy Lake (江川仙湖錦繡)

Fairy Lake Project is located in the city of Yuxi, Yunnan Province. Fairy Lake is the largest deep freshwater lake in China and its water quality is superior. The project will be developed into an international eco-tour project consisting of holiday hotels, local-style business streets and spas. The project is being developed by Yunnan Jiangchuan Yeheng.

Based on our current plan, the project will occupy a total site area of approximately 1,187,833 sq.m. and have a total planned GFA of approximately 822,100 sq.m.

BEIJING

Azure Chianti (蔚瀾香醍)

Azure Chianti is a residential and commercial development project located in Liyuan Town, Tongzhou District of Beijing and is connected to the Jingtong Highway (京通高速) and the Urban Rail Transit Batong Line. The project is being developed by Beijing Longfor Tianxing Real Estate.

Based on our current plan, the project will occupy a total site area of approximately 55,435 sq.m. and have an aggregate GFA of approximately 135,242 sq.m. The project will comprise high-rise apartments, duplex villas, low-rise apartments, retail units and car parks.

Changying (常營)

Changying Project is located in Chaoyang District, Beijing. The project is located within Changying Village, Chaoyang District. The Changying Station on Subway Line 6 is within the project area. The project is being developed by Beijing Tongrui Wanhua Real Estate.

Based on our current plan, the project will occupy a total site area of approximately 131,897 sq.m. and have a total planned GFA of approximately 558,518 sq.m. The project will comprise residential housing, apartments and retail units.

Niu Lan Shan (牛欄山鎮居住項目用地)

Niu Lan Shan is a residential project located in Shunyi District, Beijing. The project is adjacent to the north side of the Longfor Chianti Riverside. The project is being developed by Beijing Longfor Xingshun.

Based on our current plan, the project will occupy a total site area of 109,593 sq.m. and have a total planned GFA of approximately 152,670 sq.m.

Hou Sha Yu (白辛莊)

Hou Sha Yu is a residential project located in Shunyi District, Beijing.

Based on our current plan, the project will occupy a total site area of approximately 163,165 sq.m. and have a total planned GFA of approximately 65,446 sq.m.

Daxing Project (大興項目)

Daxing Project is located in Beizang Village, Daxing District, Beijing and is near the Biomedical Base Station on the southern extension of Subway Line 4. The project is for residential and commercial mixed-use.

Based on our current plan, the project will occupy a total site area of approximately 165,338 sq.m. and have a total planned GFA of approximately 462,946 sq.m.

Summer Palace Paradise Walk (頤和星悅薈)

Summer Palace Paradise Walk is located near the Summer Palace, Haidian District, Beijing.

Based on our current plan, the project will occupy a total site area of approximately 7,400 sq.m., and have an aggregate GFA of 7,872 sq.m. It is to be developed into a comprehensive commercial project comprising retail units, restaurants and other recreational facilities.

Blossom Chianti (花盛香醍)

Blossom Chianti is a large scale residential community located in Banbidian (半壁店) of Tongzhou District, Beijing, adjacent to Tongzhou Railway Station. The project was developed by Beijing Longfor Zhongbai Real Estate.

The project occupies a total site area of approximately 99,442 sq.m. and has a total GFA of approximately 213,365 sq.m. It comprises low-rise garden apartments, townhouses, retail units and carpark spaces.

Changying Paradise Walk (長楹天街)

Changying Paradise Walk is located in Chaoyang District, Beijing. The project is located within Changying Village, Chaoyang District. The Changying Station on Subway Line 6 is inside the project area. The project is being developed by Beijing Longfor Tongrui Wanhua Real Estate.

Based on our current plan, the project will occupy a total site area of approximately 131,897 sq.m. and will have a total planned GFA of approximately 558,518 sq.m. The project will comprise residential housing, apartments and retail units.

YANTAI

Yang Ma Island (養馬島項目)

Yang Ma Island is an exclusively residential housing project located in Mouping District, Yantai. The project occupies an extremely rare coast line and will be developed into a high-profile community consisting of leisure facilities, holiday resorts, business facilities and spas. The project is being developed by Yantai Longhu Real Estate.

Based on our current plan, the project will occupy a total site area of approximately 4,182,586 sq.m. and have a total planned GFA of approximately 6,996,311 sq.m.

Yangma Island B plot (養馬島B地塊)

Yangma Island B plot Project is located in the shallow water area of Muping District, Yantai, Shandong Province and between Land A and C that we have already acquired. It has a privileged access to the eastern coast and will be developed into a low-density residential development in line with our plans for the development of Land A and C.

Based on our current plan, the project will occupy a total site area of approximately 685,600 sq.m. and has an aggregate planned GFA of 696,100 sq.m.

DALIAN

Lüshun Longhe II (旅順龍河2期)

Lüshun Longhe II is located at the Southwest of Xincheng District, Lüshun, Dalian. It is at the intersection of three key areas. It is 25km from the airport and 3km from the old city of Lüshun. The construction of the supporting railway system will be completed in May 2013. We acquired the land jointly with Shimao Property Holding Limited, and the project will be developed into a high-profile community consisting of residential housing and commercial units.

Based on our current plan, the project will occupy a total site area of approximately 608,710 sq.m. and have a total planned GFA of approximately 669,724 sq.m.

SHENYANG

Huishan Project (輝山)

Huishan Project is a residential project located in Huishan District. It is being developed by Shenyang Longhu Real Estate.

Based on our current plan, the project will occupy a total site area of 84,086 sq.m. and have an aggregate GFA of approximately 85,849 sq.m. The project will comprise stand-alone villas, high-rise apartments, retail units and car parks.

Huishan Project II (輝山 II)

Huishan Project II is located in Shenbei New District, Shenyang. The site is located in Shenbei New District Huishan Development District and is adjacent to Qipan Mountain. The project is being developed by Shenyang Longhu Real Estate.

Based on our current plan, the project will occupy a total site area of approximately 371,311 sq.m. and a total planned GFA of approximately 589,278 sq.m. The project will comprise low-density housing, high-rise apartments, retail units and car parks.

Daoyi Project (道義)

Daoyi Project is our second project in Shenyang. It is a residential project located in Daoyi District (道義區). The project is being developed by Shenyang Longfor Xinbei Real Estate.

Based on our current plan, the project will occupy a total site area of 684,420 sq.m. and have an aggregate GFA of approximately 1,795,331 sq.m. This project will comprise high-rise apartments, stand-alone villas, low-rise garden apartments, retail units and car parks.

Daoyi Project II (道義項目 II)

Daoyi Project II is located in Shenbei New District, Shenyang. The site is located in Shenbei New District Daoyi Development District. The project is being developed by Shenyang Longfor Xinbei Real Estate.

Based on our current plan, the project will occupy a total site area of approximately 204,787 sq.m. and have a total planned GFA of approximately 409,574 sq.m. The project will comprise low-density housing, high-rise apartments, retail units and car parks.

Ceramics City (陶北項目)

Ceramics City Project is located adjacent to the south side of the second ring road and is only a 15-minute drive from the municipal government. It has an easy access to the public transportation network and is surrounded by well-established communities.

Based on our current plan, the project will occupy a total site area of approximately 113,500 sq.m., and has an aggregate GFA of 318,000 sq.m. The project will comprise high-rise apartments, low-rise garden apartments and commercial amenities.

QINGDAO

Baisha Project (青島白沙河)

Baisha Project is a residential development located in the Baishahe area of Chengyang District, Qingdao. The project is near the sea and has a beautiful natural landscape. The project is being developed by Qingdao Longfor Real Estate.

Based on our current plan, the project will occupy a total site area of approximately 509,300 sq.m. and have a total planned GFA of approximately 665,411 sq.m. The project will comprise of high-rise apartments, stand-alone villas and townhouses.

Baisha Project F Plot (青島白沙河F地塊)

Baisha Project F Plot is located in the Baishahe area of Chengyang District, Qingdao. This parcel of land was obtained in December, 2009. The project is near the waterfront with a beautiful ocean view.

Based on our current plan, the project will occupy a total site area of approximately 509,000 sq.m. and will have a total planned GFA of approximately 620,000 sq.m.

Shankeda Project (山科大項目)

Shankeda Project is located to the east of the Xiaozhu Mountain National Forest Park and adjacent to Shandong University of Science and Technology. This parcel of land is one of the most prominent hillside lands in Qingdao and will be developed into low-density residential and commercial communities.

Based on our current plan, the project will occupy a total site area of approximately 223,200 sq.m., and has an aggregate GFA of 225,400 sq.m.

SHANGHAI

Sunshine City (鄞城)

Sunshine City is a residential and commercial development located in Jiading New City (嘉定新城), Jiading District (嘉定區) of Shanghai and is connected to Xiwang Road and Maiji Road and is adjacent to a light rail station. The project is being developed by Shanghai Hengchi Real Estate.

Based on our current plan, the project will occupy a total site area of approximately 178,248 sq.m. and have an aggregate GFA of approximately 452,754 sq.m. The project will comprise high-rise apartments, low-rise garden apartments, townhouses, SOHO, limited-price housing, retail units and car parks.

Bai Yin Lu Project (白銀路項目)

Bai Yin Lu Project is located in Jiading New City, Shanghai. The site is located in the central area of Jiading New City, very close to Subway Line 11. The project is being developed by Shanghai Hengyi Real Estate.

Based on our current plan, the project will occupy a total site area of approximately 62,819 sq.m. and have a total planned GFA of approximately 148,154 sq.m. The project will comprise standalone villas, townhouses, high-rise apartments and retail units.

Long Xing Lu (松江龍興路項目)

Hill of Good Hope is located in Songjiang New City, Shanghai. The site is located in the central area of Songjiang New City, with convenient access to supporting facilities and is close to the Subway Line 9. The project is being developed by Shanghai Hengchi Real Estate.

Based on our current plan, the project will occupy a total site area of approximately 92,734 sq.m. and have a total planned GFA of approximately 150,254 sq.m. The project will comprise standalone villas, high-rise apartments and retail units.

Hong Qiao CBD Project (虹橋項目)

Hong Qiao CBD Project is located in phase one of Shanghai Hongqiao Central Business District, is the largest piece of waterside land within the District and is only 500 meters away from the interchange station of Shanghai Subway and the high-speed rail. Hong Qiao CBD Project is an integrated development for commercial use, and 49% of the property under this Project will be saleable while the remaining 51% will be held by us for investment. The “Longfor - Paradise Walk” brand for shopping malls will therefore be introduced to the central business districts of Shanghai and further influence the Yangtze Delta Area.

Based on our current plan, the project will occupy a total site area of approximately 78,752 sq.m., and has an aggregate planned GFA of 290,800 sq.m.

WUXI

Taike Yuan 濤瀾山(太科園)

Taike Yuan is a residential development located in Taihu International Scientific and Technology District (太湖國際科技園區). The project is being developed by Wuxi Longfor Real Estate.

Based on our current plan, the project will occupy a total site area of 188,496 sq.m. and have an aggregate GFA of approximately 311,380 sq.m. The project will comprise high-rise apartments, stand-alone villas, duplex villas, retail units and car parks.

Taike Yuan II (太科園 II)

Taike Yuan II is residential development located in the central part of Wuxi. The project is being developed by Wuxi Jia'nán Real Estate.

Based on our current plan, the project will occupy a total site area of approximately 125,404 sq.m. and have a total planned GFA of approximately 393,209 sq.m. The project will comprise duplex villas, high-rise apartments, townhouses and retail units.

Xihu Road (錫山區易買得地塊)

Xihu Road Project is mixed-use development located at Xihu Road, Xishan District, Wuxi. The project has access to comprehensive supporting facilities and convenient transportation and is near Xishan District Government as well as Subway Line 2.

Based on our current plan, the project will occupy a total site area of approximately 145,903 sq.m. and have a total planned GFA of approximately 398,158 sq.m. The project will comprise high-rise apartments, low-rise garden apartments, serviced apartments, shopping malls and underground garages.

Quite Tale (陽山)

Quite Tale project is located in Yangshan County, Huishan District, Wuxi, and is approximately 18 kilometers away from downtown Wuxi. As the “Peach Cultural Base” of Wuxi, Yangshan County has various natural resources including geological parks and wetland parks.

Based on our current plan, the project will occupy a total site area of approximately 124,800 sq.m., and has an aggregate GFA of 149,700 sq.m. This project will comprise quasi-detached houses, duplex villas and low-rise garden apartments.

Blue Lake (無錫淨湖水岸)

Jing Hu is a shopping center development project located in Wuxi New District, Wuxi. It is the first community shopping center in Wuxi Software District. It has a convenient multi-layer transportation system that enables reaching across the whole inner city area as well as reaching the nearest city within 30 minutes.

Based on our current plan, the project will occupy a total site area of approximately 27,437 sq.m and have a total planned GFA of 109,452 sq.m.

Wuxi Splendor (無錫源著)

Wuxi Splendor Project is mixed-use project located on Xihu Road, Xishan District, Wuxi. The project is close to stores, restaurants and public transportation, including Subway Line 2.

Based on our current plan, the project will occupy a total site area of approximately 145,903 sq.m. and will have a total planned GFA of approximately 398,158 sq.m. The project will comprise high-rise apartments, low-rise garden apartments, serviced apartments, shopping malls and underground parking space.

NINGBO

Chianti (寧波龍山)

Chianti Project has easy access to the main road of Longshan New City, Binhai District, Ningbo.

Based on our current plan, the project will occupy a total site area of approximately 298,300 sq.m. and will have a total planned GFA of approximately 364,700 sq.m. The project will comprise high-rise apartments, low-rise garden apartments and retail units.

Rose and Ginkgo Coast (寧波灘瀾海岸)

Rose and Ginkgo Coast is located in Beilun District, Ningbo, Zhejiang Province.

Based on our current plan, the project will occupy a total site area of approximately 505,800 sq.m., and have an aggregate GFA of 626,500 sq.m. It is to be developed into a mixed-use project with both commercial and residential components.

CHANGZHOU

Qinglong Project (青龍)

Qinglong Project is a residential project located in the Qinglong Living Area (青龍生活區) in Changzhou.

Based on our current plan, the project will occupy a total site area of 164,855 sq.m. and have an aggregate GFA of approximately 280,700 sq.m. This project will comprise high-rise apartments, stand-alone villas, low-rise garden apartments, retail units and car parks.

Qinglong Project II (青龍 II)

Qinglong Project II is a residential project in Changzhou. This parcel of land is located in the Qinglong Living Area (青龍生活區) in Changzhou. This project will be developed by Changzhou Jia'nán Real Estate.

Based on our current plan, the project will occupy a total site area of 143,965 sq.m. and have a total planned GFA of approximately 470,668 sq.m. This project will comprise high-rise apartments, stand-alone villas, low-rise garden apartments, retail units and car parks.

Dongjing 120 Project and Dongjing 120 Project II (東經120和東經120 II期)

Dongjing 120 Project & Dongjing 120 Project II is a mixed-use development located on the east side of Dongjing 120 Road, Xinbei District, Changzhou, the south side of Hehai East Road, and the west side of Dongzhi River. It is located in the central area of Xinbei District Dinosaur Park Zone, near the China Dinosaur Park and the Dinosaur Valley Hot Spring (the No. 1 hot spring in East China). The project is to the west of the government key project of "Three Rivers, Three Parks," the Dongzhi River Binhe landscape belt and the boat pier. The project is being developed by Changzhou Jiabo Real Estate and Changzhou Jiateng Real Estate.

Based on our current plan, the project will occupy a total site area of approximately 384,720 sq.m. and have a total planned GFA of approximately 472,489 sq.m. The project comprises courtyard villas, high-rise apartments and shopping area.

Hongzhuang Project (洪莊)

Hongzhuang Project is a residential development located in Gulou District, Changzhou. The project is located in the urban area and has access to comprehensive supporting facilities and convenient transportation. The project is being developed by Changzhou Jiayue Real Estate.

Based on our current plan, the project will occupy a total site area of approximately 294,440 sq.m. and have a total planned GFA of approximately 917,228 sq.m. The project will comprise stand-alone villas, low-rise garden apartments, high-rise apartments and retail units.

HANGZHOU

Xiasha Project (下沙項目)

Xiasha Project is a mixed-use development located in Hangzhou Economic and Technology Development District. It is close to the Xiasha Station on the Subway Line 1 in Hangzhou, which is currently under construction. The project is being developed by Hangzhou Longfor Real Estate.

Based on our current plan, the project will occupy a total site area of approximately 177,478 sq.m. and have a total planned GFA of approximately 823,155 sq.m. The project comprises high-rise apartments, low-rise garden apartments, MOCO units, serviced apartments and a business district (集中商業).

Chaoshan Project (超山項目)

Chaoshan project is a high-end residential community development project located in the Yuhang District, Hangzhou. It is the first residential project to be built in the Chaoshan scenic area, which is only nine kilometers to Linping District, Fucheng, Hangzhou.

Based on our current plan, the project will occupy a total site area of approximately 118,051 sq.m. and have a total planned GFA of approximately 324,000 sq.m.

Keqiao Project (柯橋項目)

Keqiao Project is located in the Kexi area in Shaoxing, which is an emerging hotspot of the city development. Shaoxing's GDP per capital exceeds RMB100,000, higher than any other city in Zhejiang Province.

Based on our current plan, the project will occupy a total site area of approximately 167,000 sq.m. and has an aggregate GFA of 400,700 sq.m. The project comprises townhouses, low- and high-rise apartments and neighbouring commercial centers.

XIAMEN

Jimei Guankou (集美灌口)

Jimei Guankou Project is located in Jimei District, Xiamen, Fujian Province, which is the earliest residential area formed in the process of population movement in Xiamen from the downtown.

Based on our current plan, the project will occupy a total site area of approximately 270,185 sq.m., and has an aggregate GFA of 529,890 sq.m. The project comprises townhouses, duplex villas, high-rise apartments and commercial amenities.

PRIMARY LAND DEVELOPMENT PROJECTS (土地一級開發項目)

Apart from engaging in our development projects, we also actively participate in primary land development activities. Primary land development refers to the process of investing and developing the target land before the land is granted. The process includes compensating the owner for the acquired land, leveling off the land, developing infrastructure and turning land without infrastructure or with incomplete infrastructure or undemolished houses into saleable land, which is well equipped with infrastructure and leveled to accommodate the government's urban planning. The subsequent process of further developing the land after completion of primary land development is referred to as secondary land development. As of the date of this offering memorandum, we had one primary land development project in Beijing, the Niu Lan Shan (牛欄山) project, which occupies a total site area of approximately 374,736 sq.m. We seek to acquire the rights to the secondary land developments through public tender, auction or listing-for-bidding.

Chongqing Longfor Real Estate entered into a joint land renovation and development agreement with the government in 2006 in respect of the Hong'en Si primary land development project and paid a deposit of RMB794 million. As a result of change in the development plan of the relevant region, Chongqing Longfor Real Estate entered into an agreement to terminate the joint land renovation and development on December 15, 2008, pursuant to which the government had to pay to Chongqing Longfor Real Estate compensation of RMB1,100 million which includes the deposit. As of December 31, 2010, Chongqing Longfor Real Estate had received all of the compensation.

Based on our current plan, we will continue to be involved in similar projects. We believe that apart from the agreed compensation received from the projects, our participation will enhance our professional image in the area. We believe this will, in turn, increase our potential to acquire the rights to the secondary land developments of these sites when the relevant land is put up for tender.

PROJECT DEVELOPMENT

Roles of Our Headquarters and Regional Companies

We operate under a decentralized corporate structure. While our regional companies enjoy management autonomy in handling project-level operations, our headquarters, which we believe should remain nimble, is in charge of providing overall strategic direction, promoting best practices among regional companies, maximizing economies of scale in sharing capital and market intelligence, nurturing human resources, designing appraisal and incentive systems and controlling risks. As a result, despite our decentralized structure, we share a common corporate culture, work under the same operating system and policies, and are able to redeploy and rotate our managers freely among our operating companies, thereby reducing the possibility of any regional company from becoming overly independent.

In terms of division of labor, our headquarters are responsible for:

- formulating strategy and budgeting;
- building corporate-wide operation and information technology systems;
- deciding on land acquisition and fund-raising;
- setting accounting policies and consolidating financial information;
- setting human resources policies;
- maintaining investor, public and government relations;

- internal control and internal audit; and
- exploring and entering new regional markets.

Our regional companies are responsible for:

- implementing land acquisition decisions;
- obtaining government permits required for project development;
- architectural design and product research and development;
- cost assessment and procurement;
- engineering and managing projects;
- sales and marketing;
- providing property management services;
- managing customer relations; and
- developing and managing rental properties.

The following outlines the key work flows for our property development business.

Site Selection

To ensure the investment return of a project, a site will be selected only after thorough and stringent analysis involving different checks and balances and where certain investment benchmarks, such as project internal rate of return and profit margin, are met.

Site selection is typically conducted via a three-stage process. First, the development department of a regional company is responsible for identifying a potential project, conducting market research and performing a primary screening. Second, should a potential project pass the primary screening, the Project Management Office (“PMO”), which consists of the heads of all the functional departments in charge of different stages of development of the project, will be summoned to conduct an in-depth study based on the collective experience of the parties involved and data extracted from our project database. At this stage, the positioning of the project will be decided, a “pre-final” version of the design drawings will be produced and an in-depth model will be built to calculate the returns of the project under different scenarios. Thereafter, a detailed feasibility study together with the advanced-stage drawings and model will be submitted to the finance department of the headquarters for fact-checking before submitting to the investment decision committee of the headquarters, which consists of the Chief Executive Officer, the Chief Financial Officer and the General Managers of various business functions and regional companies, for its final investment decision.

Land Acquisition

According to the “Regulations on the Granting of State-Owned Land Use Rights through Public Tender, Auction and Listing-for-sale” 《招標拍賣挂牌出讓國有土地使用權規定》, which has been effective since July 1, 2002, all land to be developed for commercial purposes, including for business or residential property development purposes, must be granted through public tender, auction and listing-for-sale. In the case of public tender, the relevant authorities will assess either solely on tender prices or, alternatively, by reference to a matrix of parameters, including tender prices, credit record of the bidders, quality of the development proposals, in determining whom to grant such rights. On the other hand, where land use rights are granted through auction or listing-for-sale, the highest bidder normally wins.

We may enter into letters of intent or framework agreements with the relevant governmental authorities in respect of land development before the process of the tender, auction and listing for sale of the land.

Grantees of land use rights may dispose of their land use rights through private sales, subject to the terms and conditions of the original land use right granting contracts and the relevant PRC laws and regulations. To the extent permitted by law, we may acquire land use rights in the secondary market from third parties through negotiated transfers. We may also obtain such rights by acquiring equity interests in companies that hold the relevant land use rights.

In addition, we also proactively participate in primary land development to enhance our position in acquiring quality land plots. During the process of primary land development, we would try and obtain an in-depth understanding of the condition of the land and other related matters, such as its surrounding area, so as to allow us in gaining additional time for optimal investment planning while demonstrating to the local government our development and financial strengths. These provide us with a competitive advantage in acquiring land in the tender process.

Financing

We rely on internally generated funding including proceeds from pre-sales, proceeds from other investors, bank loans and external fund raising from capital markets, to finance our costs of construction and payments of land grant premiums.

Our policy is to finance our property development projects through internal resources to the extent practicable so as to reduce the level of external funding required. We use the pre-sale proceeds of a project to fund a portion of our project construction costs for such project or to repay bank loans obtained for such project. Under PRC laws, we may pre-sell properties prior to the completion of construction upon satisfaction of certain requirements, though the pre-sale proceeds are required to be used for developing the same project. There are various PRC laws and regulations governing the pre-sale of properties, which impose conditions to be fulfilled before the pre-sale of a particular property can commence. These include obtaining the relevant State-owned Land Use Rights Certificates, Planning Permit for Construction Land, Planning Permit for Construction Works, Permit for Commencement of Construction Works and Pre-sale Permit for Commodity Housing.

Project Design

To maximize project value, our regional companies have dedicated in-house professional research and development departments responsible for the overall planning and conceptual design. We constantly send our in-house architects and designers overseas to expose them to new innovative designs and ideas in order to keep them abreast of architectural innovation.

Our architects study the characteristics of each specific site we acquired to lay out the optimal product mix and use of space. Apart from innovative project planning, we have also invested in product innovation. In the past several years, we have successfully designed and launched various types of new products, such as “Spanish-style courtyards” and “sky townhouses.” These products enable our residents to enjoy a spacious, quality environment, which would otherwise only be offered by lower density projects. These products were well-received by our customers and we were able to fetch a premium on product prices.

Apart from internal experts, we also retain reputable international architects and designers to assist us in the architectural and interior design. In addition, we hire renowned international landscape designers for the landscape design of our projects.

Contracting, Procurement, Project Management and Quality Control

We outsource substantially all of our construction works to external contractors. As of June 30, 2012, we had engaged approximately 205 general contractors, all of whom are Independent Third Parties and the duration of our relationships with these contractors range from two months to 17 years. We are not engaged in the construction business. Pursuant to the “Law on Tender and Bidding of the PRC” (中華人民共和國招標投標法) and the “Tender Law & the Rules on the Tender Scope & Criteria for Construction Projects” (工程建設項目招標範圍和規模標準規定), we are required to select contractors by way of a tender process in respect of certain construction projects. We have a tender committee which is comprised of our engineering department and our procurement department whereby our engineering department assesses the work quality of the external contractor and our procurement department prepares the tender document.

We conduct the following pre-selection work on contractors before offering construction contracts to them:

- researching and collecting information about prospective contractors via industry associations, industry information centers, recommendations from internal sources and cooperation between contractors and architects;
- narrowing the list of candidates by interviewing them in person or via telephone, and by inspecting and assessing their quality, financial status and business reputation;
- selecting contractors based on assessment results before proceeding with the tender process;
- verifying the management, construction and project capability of the contractors by inviting other entities that have previously worked with them to comment;
- answering queries raised by the contractors in accordance with the tender document;
- inviting contractors to visit the sites of our projects, hold seminars and clearly explain our engineering concepts;
- requesting the contractors to issue letters of undertaking in respect of labor capacity, availability and quality;
- selecting a contractor based on various criteria; and
- supervising the progress during construction and control quality by applying high standards of examination during completion.

Our contractors carry out various construction works including foundation digging, general construction, installation of equipment, as well as decoration and engineering work. The contractors are subject to warranties stipulated in the relevant construction contracts in respect of the quality and construction completion schedule. Under our standard construction contract, contractors are required to pay fines in the event of a delay and bear the costs of curing any construction defects.

We make payment in stages to our contractors in accordance with the terms and conditions as stipulated in the standard construction contract signed between us and the contractors. The percentage of stage payments varies from case to case. In general, the contractors will be paid for approximately 70% to 80% of the work completed on a monthly basis. Upon completion of the project, the contractors will have received approximately 70% to 90% of the total payment. At closing and settlement, we will settle 95% to 98% of the total payment, and retain the remaining 2% to 5% as retention money.

In terms of selecting major construction materials, our procurement department is in charge of price negotiation and assisting the relevant regional company in carrying out the purchase. Through special purpose regional companies, we bulk purchase major construction materials for sale to our project companies within the region for cost control purposes. All our construction materials are held for use in connection with the construction of our projects only. For construction materials that are particularly important to our construction projects, we will seek tenders from various suppliers and will conduct similar quality and pricing assessments.

For each project, the engineering department will set up a project management team with a project manager as the person in charge. Prior to the commencement of the construction works, the project manager will organize the project management team to prepare the “Project Management Guidelines,” “Construction and Supervision Units Screening and Assessment Report,” “Implementation Plan of Access to Water Supply, Electricity and Roads and Land Leveling and Economic Analysis” and “Plan of Project Construction by Phases and Economic Analysis” based on the specific conditions of the project. They will also prepare analysis and reports on the project implementation plan, project staffing, key technical parameters, major difficulties in project construction and risks involved in project construction. These analyses and reports are essential to the overall management and supervision by our headquarters. The construction works of the project will commence only after such analyses and reports have been reviewed and approved by our headquarters and the general manager of the relevant regional company.

We place a great deal of emphasis on quality control and management of our projects. The following are some important measures or procedures we adopt for quality control of our projects:

- we implement a “model adaptation” system where the quality control system of any “model project” will be referred to and adapted for the construction of other projects;
- we have in place a research and development department for each regional company which conducts inspection of the projects under construction and provides comments thereon on a monthly basis;
- we retain qualified professional firms, as well as the quality supervision units of the relevant local government authorities to oversee and supervise the overall construction of our projects;
- we compile various sets of standardized technical guidelines for construction management of each project (such as the “Rules on Project Construction Management of Chongqing Company 2007”);
- we carry out quality control in accordance with the relevant laws, regulations, and other compulsory standards promulgated by the relevant PRC governmental authorities and other industry associations; and
- we ensure that our contractors comply with the relevant rules and regulations including environmental, labor, social and safety regulations, and thereby minimize our risks and liabilities by appointing independent construction engineers or our own representatives to supervise the progress of the contractors on site.

Sales and Marketing

The sales and marketing department of each of our regional companies is responsible for marketing our property products. In marketing our products, we focus not only on selling our property products to potential customers, but also on reinforcing and maintaining customer satisfaction during the pre- and post-sales periods by managing the entire purchase and residence cycles of our customers. We target customers who seek a high living standard. We conduct comprehensive monthly market research, surveys and sales analysis. Our headquarters negotiate with the media companies and allocate resources to regional companies. We market our properties

mainly by way of outdoor advertising and print media. We place special emphasis on the design and environment of the sales centers and the show flats at the development sites, as well as the friendly, helpful and honest attitude of our frontline staff so as to create a memorable shopping experience for our potential customers.

We retain external agents including advertising companies to assist with the marketing of our properties. Our sales and marketing department coordinates with these agents in formulating and executing strategies and plans, and the agents assist and coordinate with our sales and marketing department to achieve various sales targets.

The sales process of our property projects generally begins with pre-sales. We generally pre-sell properties prior to completion of construction and use the sales proceeds as cash flow and for financing our project development. There are various PRC laws and regulations governing pre-sale of properties, which impose conditions to be fulfilled before the pre-sale of a particular property can commence. These include obtaining the relevant State-owned Land Use Rights Certificates, Planning Permit for Construction Land, Planning Permit for Construction Works, Permit for Commencement of Construction Works and Pre-sale Permit for Commodity Housing.

Customers Payment Arrangements

Our customers may purchase their property either through one lump sum payment or through mortgage loans. Should our customer choose to make a lump sum payment for the purchase, the customer will be required to fully settle the purchase price shortly after the date of the execution of the contract. Should the customer wish to settle the purchase through mortgage, the customer is required to pay at least 30% to 60% of the purchase price as down payment.

We assist our customers with mortgage loans. Customers may seek mortgage facilities through various banks with which we have made arrangements. We generally provide guarantees as security for mortgage loans from the banks to our customers. Such guarantees will only expire when our customers have obtained the Building Ownership Certificate and the mortgage has been registered in favor of the bank. Timing for the issuance of Building Ownership Certificates to individual purchasers varies depending on where the property is situated. Guarantees provided by us would cover the full value of mortgages granted by the banks to our customers for their purchases and any payment or penalty imposed by mortgagee banks for defaults in mortgage payment by the purchasers. See “Risk Factors — We guarantee the mortgages provided by financial institutions to our purchasers and, consequently, we are liable to the mortgagees if our purchasers default.”

Delivery of Properties

We aim to deliver properties to our customers within the time frame prescribed in the sale and purchase contracts (including the pre-sale contracts). Under the current PRC rules and regulations, we are required to obtain a “Record of Acceptance Examination Upon Project Completion” (竣工驗收備案證明) prior to delivering properties to our customers. As of the date of this offering memorandum, we have complied with such requirement.

The sales and marketing departments of our regional companies are responsible for delivering properties to our customers. There are guidance notes setting out procedures and division of responsibilities among our functional departments to ensure that they work closely together in carrying out instructions and in monitoring the progress of delivery. For example, our engineering department may conduct on-site inspection before delivery and furthermore, we may from time to time arrange for our customers to inspect their purchased property prior to the expected delivery date to ensure the properties meet our prescribed standards as well as our customers’ needs. Our property management companies provide comprehensive pre-sale training to our staff responsible for direct liaison with customers for delivery. We always stay in touch with our customers after delivery to obtain their feedback on future improvement of our products and services.

In general, we assist our customers in applying for strata-title Building Ownership Certificates (分戶產權證). See “Risk Factors — We may encounter delay in issuance and delivery of title documents after sale and such delay may in turn give rise to claims from our customers.”

INVESTMENT PROPERTIES

Over the years, we have developed eight shopping malls along three product lines, namely, the Paradise Walk series, which are metropolitan shopping malls, Starry Street series, which are community shopping malls, and MOCO, which are household and lifestyle shopping centers. As of June 30, 2012, the Group has investment properties of 438,979 sq.m. which have commenced operation with an occupancy rate of 98.6%.

We plan to complete and commence operation of 10 additional mid- to large-scale shopping centers with a total area of approximately 2.1 million sq.m. by the end of 2018. These shopping centers will be located in Chongqing, Chengdu, Xi’an, Beijing, Qingdao, Wuxi, Changzhou and Hangzhou.

We have accumulated nine years of operational experience of managing investment properties since 2003. Our main shopping center, the North Paradise Walk Mall (北城天街購物廣場), is regarded as a landmark mall in Chongqing. In 2010, we, as the owner of the North Paradise Walk in Chongqing, were named “Best Landlord,” one of only three recipients in PRC, by the China Shopping Center Development Association of Mall China. The investment properties we operate typically have high occupancy rate and generate steady rental income for us. Our revenue from property investment increased from RMB198.0 million in 2009 to RMB402.2 million in 2011 at a CAGR of 42.5% and increased by 34.8% from RMB168.2 million in the six months ended June 30, 2011 to RMB226.7 million (US\$35.7 million) in the same period in 2012.

Our operating subsidiaries in each region of the PRC where we have established a business presence will be responsible for conducting market surveys, procuring tenants, and developing and managing commercial properties. Such subsidiaries are currently involved in managing our investment projects in North Paradise Walk Mall, Starry Streetm Crystal Palace of Crystal Town, Fairy Castle Paradise Walk, West Paradise Walk, MOCO Center and Three Thousand Mall.

Our profitability may be subject to fluctuation according to the revaluation of our investment properties. See “Risk Factors — Our financial results for each of the three financial years ended December 31, 2009, 2010 and 2011 and each of the six-month periods ended June 30, 2011 and 2012 included the changes in fair value of investment properties and our results may fluctuate due to such changes.” Depending on the general economic and market conditions, in line with our “Multiple Product, Selected Regional Focus and Compounding Profit” strategy, we intend to further expand our business to the development of investment properties. The following table shows our existing and planned investment property developments till 2018. Whether any of these investment property development will be completed on schedule will be affected by a lot of factors, some of which will be beyond our control.

Projects ⁽¹⁾	Cities	GFA	Actual Completion Date	Planned Completion Date
		(sq.m.'000)		
North Paradise Walk	Chongqing	146	2003	—
Crystal Palace	Chongqing	42	2005	—
Fairy Castle	Chongqing	29	2006	—
West Paradise Walk	Chongqing	112	2008	—
Three Thousand Mall (Sanqianji)	Chengdu	38	2010	—
MOCO Center	Chongqing	30	2010	—

Projects ⁽¹⁾	Cities	GFA (sq.m.'000)	Actual Completion Date	Planned Completion Date
Summer Palace Paradise Walk	Beijing	6	2011	—
Chunsen Land	Chongqing	32	2011	—
Blossom Chianti.	Beijing	3	2012	—
University Town.	Chongqing	21	2012	—
Sunshine City	Shanghai	19	2012	—
North Paradise Walk (Wukuaishi).	Chengdu	221	—	2013
Daxing Paradise Walk	Xi'an	43	—	2013-2014
Changying Paradise Walk.	Beijing	226	—	2014
Baisha Mall	Qingdao	33	—	2015
Wuxi Splendor.	Wuxi	118	—	2014
Dongjing 120 Project II.	Changzhou	213	—	2015
Fashion Paradise Walk.	Chongqing	518	—	2016
Time Paradise Walk	Chengdu	451	—	2016
Xiasha Mall.	Hangzhou	183	—	2017
Blue Lake	Wuxi	109	—	2018

(1) Some project names are not final and are subject to change.

PROPERTY MANAGEMENT

We place great emphasis on property management as we believe it enhances property value for our customers and improves our brand name. We predominantly provide property management services to our customers through our own property management companies. Our property management teams normally get involved in the early stage of property development and participate throughout the overall design planning stage to minimize future maintenance costs. We charge our customers management fees on a monthly or quarterly basis.

We believe we have a strong property management team. We offer our team members attractive remuneration packages as well as frequent training to update them on the relevant skills and knowledge required in property management. In providing property management services, we embrace a concept of “For you forever” (善待你一生) and we are committed to providing all our property owners with comprehensive and considerate professional property management services. We conduct semi-annual customer surveys on our management performance. We obtained the ISO 9002 certification in recognition of our quality property management in 1998.

Under PRC law, owners have a right to engage or dismiss a property management company if owners together holding exclusive parts within the managed area representing more than half of the total area of buildings and owners representing more than half of the total number of owners agree.

PROPERTIES FOR SELF-OCCUPATION

Our corporate headquarters are located in Fusheng Building, No.4 Huixin East Street, Chaoyang District, Beijing, PRC. We rent our headquarters from an independent third party for a term commencing on April 1, 2008 and expiring on March 31, 2013. We also maintain offices in Chongqing, Chengdu, Beijing, Shanghai, Xi'an, Shenyang, Wuxi, Qingdao, Hangzhou and Hong Kong where we have operations. Our offices in these cities are housed in leased properties owned by independent third parties or in our own properties. Key information of these offices is summarized below:

Property	Occupancy Status	Lease Expiration Date
1. No. 4 Hui Xin East Street, 7/F, Tower 2, Fusheng Plaza, Chaoyang District, Beijing, China	Leased	March 31, 2013
2. No. 4 Hui Xin East Street, 3/F, Tower 1, Fusheng Plaza, Chaoyang District, Beijing, China	Leased	October 31, 2012
3. No. 26, Lane 168, Da Du He Road, 10/F, Bei An Chang Feng Building K, Putuo District, Shanghai, China	Leased	September 30, 2014
4. No. 38 Hongji Middle Road, Jinjiang District, Chengdu, China	Self-owned	N/A
5. No. 1 Gaoxin Second Road, 39/F, China Merchants Bank Building, Gaoxin District, Xi'an, China	Leased	November 19, 2015
6. No. 4 North Paradise Walk Street, 6-7/F, New Star Building, Jiangbei District, Chongqing, China	Self-owned	N/A
7. No. 77-2 North Station Road, 15/F, Block B, Everbright Building, Shenhe District, Shenyang, China	Leased	August 18, 2016
8. No. 345-2 Zhong Cheng Road, 11/F, Haidu Business Center, Chengyang District, Qingdao, China	Leased	August 31, 2013
9. No. 2 Science & Technology Park Road, 21/F, Hydra Building, Singapore Hangzhou Science & Technology Park, HEDA, Hangzhou, China	Leased	April 15, 2015
10. No. 537 Huang Pu Road, 19/F, Tader Building, Hi-Tech Zone, Dalian, China	Leased	February 28, 2015
11. No. 777 Middle Rili Road, 16/F, Shanshan Plaza, Yinzhou District, Ningbo, China	Leased	May 14, 2014
12. No. 77 East Jinghui Road, Building 8, Taihu Technology Park, New District, Wuxi, China	Self-owned	N/A
13. Huixi Building, 25/F, Hongta District, Yuxi, Yunnan, China	Leased	January 31, 2013
14. No. 301 East Gangcheng Avenue, 7/F, Tower B, Nanshan Century Plaza, Laishan District, Yantai, China	Leased	September 30, 2015
15. No. 100 Lujiang Road, 17/F, Fortune Center, Siming District, Xiamen, China	Leased	October 31, 2014

In addition to the above, we also have other leased properties in the PRC, which are being used by our regional companies.

SUPPLIERS AND CUSTOMERS

Our major suppliers are construction material suppliers and construction contractors, and the five largest suppliers accounted for approximately 16.9%, 8.3% and 9.8% of our total purchases for the three financial years ended December 31, 2009, 2010 and 2011, respectively. Our single largest supplier for the three financial years ended December 31, 2009, 2010 and 2011 accounted for approximately 5.4%, 2.5% and 3.2% of our purchases, respectively. Our five largest customers accounted for approximately 0.7%, 2.6% and 2.8%, respectively, of our total revenue for the same periods, and our single largest customer accounted for approximately 0.2%, 0.8% and 0.8%, respectively, of our total revenue for the same periods.

COMPETITION

Competition in the PRC property market has intensified over the past few years. We compete against state-owned, privately owned and international developers in the PRC. Key competitive factors include the size and the geographic location of land reserves, the types of properties offered, brand recognition, price, and design and service qualities.

We believe that the PRC property market has large growth potential. However, different regions of the PRC have different regulatory restrictions on property development and consumer preference typically varies between different regions of the PRC. We therefore utilize a “Multiple Products, Selected Regional Focus and Compounding Profit” strategy to develop our business by undertaking various development projects and selling different types of properties in an effort to capture a leading market position in each regional market. We ranked:

- first in Chongqing, in terms of both contract sales and GFA of residential properties sold from 2005 to 2011 and through the six months ended June 30, 2012, according to China Index Academy, CRIC and dichan.sina.com.cn;
- third in Beijing, in terms of contract sales of residential properties in 2011, according to CRIC;
- eighth in Chengdu, in terms of contract sales of residential properties in the six months ended June 30, 2012, according to CRIC; and
- first in Yantai, second in Changzhou, sixth in Qingdao, sixth in Xi’an, eighth in Wuxi, and tenth in Hangzhou in terms of contract sales of residential properties in the six months ended June 30, 2012, according to CRIC.

We believe that, with our solid foothold in multiple regions, diversified product portfolio, expertise in both development as well as investment properties, we are less vulnerable to changes in market condition. Further, given our brand recognition, product creativity, credibility, reputation, quality products and services and our excellent management skills in developing properties in the past years, we believe we can react promptly to the challenges in the PRC property market.

INTELLECTUAL PROPERTY

We believe our well-known brand, as formally recognized on a national level, is an invaluable asset. In March 2008, our trademark “Longhu” (“龙湖”) was awarded a Well-known Trademark in China by the State Administration for Industry and Commerce of the People’s Republic of China (“SAIC”). We have built up our brand through consistent delivery of high-quality services and products of various types. We will use all reasonable and proper measures to protect our proprietary rights with regard to intellectual property developed in the

process of our business development. We have made applications in respect of innovative designs of certain of our projects. For example, our vertical split-level garden apartments features low density and high construction quality in a compact layout and the design was awarded a patent in the PRC.

Under Hong Kong law, a person or entity may acquire statutory protection in a trademark by registering the name with the Trade Marks Registry. As of the date of this offering memorandum, we have registered the following trademarks with the Hong Kong Trade Marks Registry:

(A)  Longfor 龙湖地产

(B)  Longfor 龙湖地产

(C) LongFor 龙湖地产

(D) LongFor 龍湖地產

We have also registered various Internet domain names related to our company and our brand names.

INSURANCE

We maintain assets insurance policies for our properties and assets. We effect all-risk insurance and third-party insurance for certain of our projects under development (including our investment properties), as we did in the first and second phases of the Bamboo Grove and the Chunsen Land projects. We maintain insurance policies including property all-risk insurance, public liability insurance, and loss of profit insurance with respect to our investment properties, including insurance coverage for damages arising from or in connection with the occurrence of an earthquake where any amount so claimed exceeds RMB400,000. Our insurance policies cover two property projects under construction, namely the Bamboo Grove project and the Chunsen Land project in Chongqing, for damages arising from or in connection with the occurrence of an earthquake.

We have also contributed to social insurance for our employees as required by the PRC social security regulations such as a pension contribution plan, medical insurance plan, unemployment insurance plan and work-related injury insurance plan. Our insurance policies cover all our employees for injuries arising from or in connection with the occurrence of an earthquake.

To help ensure construction quality and safety, we engage qualified professional firms as well as the quality supervision units of the relevant local government authorities to oversee the construction process. For further information, see “— Contracting, Procurement, Project Management and Quality Control.” Under the current PRC regulatory regime, property construction companies are responsible for quality and safety control during the construction period and are required to take out accident insurance for construction workers carried out at construction sites. We deduct quality assurance reserve funds for the construction project from the construction payment to the property construction companies. We have taken steps, as described above, to prevent construction accidents and personal injuries. Furthermore, under PRC law, construction companies bear primary civil liability where they are responsible for causing personal injuries, accidents and death arising out of their construction work, unless they can prove themselves not at fault. The owner of a construction property may also bear civil liability where he is responsible for causing the personal injuries and deaths, unless he can prove himself not at fault.

ENVIRONMENTAL MATTERS

Property developers are subject to PRC national environmental laws and regulations as well as environmental regulations promulgated by the relevant local government authorities.

Each of our property development projects is required under PRC law to undergo environmental assessments. We submit the relevant environmental impact study, report or environmental impact analysis table to the environmental authorities before approval is granted for commencement of construction of our projects. In obtaining approval, an entity must have filed, during the phase of feasibility study of the construction project, an environmental report of the construction project, an environmental impact report and an environmental impact registration form (collectively, "EIE Documents"). All EIE Documents are subject to the approval of the authorized environmental protection administrations. If, following the approval of such environmental impact evaluation documentation, the nature, scale, location and applied production technique of the project undergo substantial changes or, for whatever reason, the construction project does not start within five years of the approval date of the EIE Documents, the construction entity must re-submit such EIE Documents for approval. The approval from the relevant government authorities specifies the standards applicable to the implementation of the construction works as regards to air pollution, noise emissions and water and waste discharge and we enforce these conditions while the construction project is in progress. Such measures are required to be incorporated into the design, construction and operation of the general constructions. Upon completion of each property development, the relevant government authorities also inspect the site to ensure that applicable environmental standards have been complied with, and the resulting reports are then presented together with other specified documents to the local construction administration authorities for their records.

Construction waste is produced by all our projects. We have obtained approvals on all EIE Documents submitted in relation to our projects. Furthermore, we have obtained ISO 14001: 1996 certification in recognition of the quality of our environmental performance of our Fragrant Forest project and we have successfully renewed this certification each year since.

Specific measures taken by us to ensure our compliance with applicable environmental laws and regulations include conducting noise level tests, electro-magnetic radiation level tests, and concrete fillers tests, inspecting the construction materials on site and removing materials which do not comply with environmental laws and regulations, conducting weekly sampling and additional sampling on site to ensure compliance and immediately requiring contractors to rectify any problems. Construction contractors are responsible for compliance with applicable environmental laws and regulations during the construction stage.

We encourage our contractors to use equipment and facilities and to adopt or develop new technologies which are more environmentally friendly. Although inventing environmental protection technology is beyond the scope of our business, we are highly conscious of the need for environmental protection and will always look to adopt new technologies that are helpful in protecting the environment. For example, we have engaged and consulted environmental specialists and we impose contractual obligations on contractors requiring them to comply with environmental laws and regulations and to use only products and technologies which are in compliance with environmental laws and regulations.

LEGAL PROCEEDINGS

We have been involved in litigation proceedings in the past concerning the quality of our products and services or contractual arrangements with our external contractors which, in our view, are immaterial in terms of their impact on our financial and operational conditions. In

addition, we are subject to legal or arbitration proceedings, disputes or claims in the ordinary course of business. None of our directors has been or is currently subject to any legal proceedings, legal disputes or arbitration procedures and there is no other litigation or claim of material importance pending or threatened against any member of us.

LABOR AND SAFETY

According to the Labor Law of the PRC (中華人民共和國勞動法), the Labor Contract Law of the PRC (中華人民共和國勞動合同法) and the Implementing Regulations of the Labor Contract Law of the PRC (中華人民共和國勞動合同法實施條例), labor contracts shall be concluded if labor relationships are to be established between our employees and members. We must provide wages which are no lower than local minimum wage standards to the employees from time to time. We are required to establish a system for labor safety and sanitation, strictly abide by State rules and standards and provide relevant education to our employees. We are also required to provide our employees with labor safety and sanitation conditions that satisfy or meet State rules and standards and carry out regular health examinations of our employees engaged in hazardous occupations.

As required under Social Insurance Law of People's Republic of China (中華人民共和國社會保險法), the Regulation of Insurance for the Interim Regulations on Collection and Payment of Social Insurance Premiums (社會保險費徵繳暫行條例), the Regulations on Work-related Injury Insurances (工傷保險條例), the Regulations on Unemployment Insurance (失業保險條例), the Trial Procedures for Childbirth Insurance for Enterprise Employees (企業職工生育保險試行辦法) and the Regulations on the Administration of Housing Accumulation Funds (住房公積金管理條例), we provide our employees in the PRC with a number of social security funds, including funds for basic pension insurance, unemployment insurance, basic medical insurance, occupational injury insurance, maternity leave insurance, and to housing accumulation funds.

According to the Safety Production Law of the PRC (中華人民共和國安全生產法) enacted by the Standing Committee of the National People's Congress on June 29, 2002 and enforced on November 1, 2002, entities that are engaged in production and business operation activities within the PRC shall observe all relevant laws, rules and regulations concerning production safety and establish and perfect the conditions and system of responsibility for production safety. It requires that entities shall maintain conditions for safe production as provided in the Production Safety Law and other relevant laws, administrative regulations, national standards and industrial standards. Any entity that is not sufficiently equipped to ensure safe production may not engage in production and business operation activities. It also requires entities to offer education and training programs to their employees regarding production safety. The design, manufacture, installation, use, checking and maintenance of safety equipment is required to conform with applicable national or industrial standards. In addition, it requires entities to provide labor protection equipment that meets the national or industrial standards to employees and to supervise and educate them to wear or use such equipment according to the prescribed rules.

Our human resources department is responsible for dealing with employees' safety and security matters. We are planning to further strengthen and improve our systems and management in respect of labor and safety in all respects in order to reduce potential future risks in this regard. Measures taken by us to comply with the above-mentioned applicable laws and regulations include requiring the contractors to prepare a work safety implementation plan; requiring the contractors to comply with our onsite work safety requirements; paying for work safety related expenses; distributing work safety protection gear to workers; imposing a contractual obligation on the contractors to comply with work safety guidelines and consider related expenses; appointing experienced personnel to conduct weekly and additional work safety inspections and supervision; and ensuring the workers have the prerequisite qualifications for special construction work.

REGULATION

The following discussion summarizes the principal laws, regulations, policies and administrative directives to which we are subject.

The PRC Legal System

The PRC legal system is based on the PRC Constitution and is made up of written laws, administrative regulations, local regulations, autonomous regulations, separate regulations, rules of the ministries and commissions under the State Council, rules of the local governments, laws of Special Administrative Regions and laws resulting from international treaties entered into by the PRC government. Court verdicts do not constitute binding precedents. However, they are used for the purposes of judicial reference and guidance.

The National People's Congress of the PRC, or NPC, and the Standing Committee of the NPC are empowered by the PRC Constitution to exercise the legislative power of the State. The NPC has the power to amend the PRC Constitution and enact and amend basic laws governing State agencies and civil, criminal and other matters. The Standing Committee of the NPC is empowered to enact and amend all laws except for the laws that are required to be enacted and amended by the NPC.

The State Council is the highest organ of the State administration and has the power to enact administrative regulations. The ministries and commissions under the State Council are also vested with the power to issue rules within the jurisdiction of their respective departments. All administrative regulations and rules promulgated by the State Council and its ministries and commissions must be consistent with the PRC Constitution and the national laws enacted by the NPC and the Standing Committee of the NPC. In the event that a conflict arises, the Standing Committee of the NPC has the power to annul administrative regulations and the State Council has the power to annul rules.

At the regional level, the people's congresses and their respective standing committees of the provinces, autonomous regions and municipalities may enact local regulations and the people's governments of the provinces, autonomous regions, municipalities and comparatively large cities may promulgate rules applicable to their own administrative areas. These local regulations and rules must be consistent with the PRC Constitution, the national laws and the administrative regulations promulgated by the State Council. The people's congresses or their standing committees of the comparatively larger cities may, in light of the specific local conditions and actual needs, formulate local regulations, provided that they do not contradict the PRC Constitution, the national laws, the administrative regulations and the local regulations of their respective provinces or autonomous regions, and they shall submit the regulations to the standing committees of the people's congresses of the provinces or autonomous regions for approval before implementation.

The State Council may also enact or issue administrative regulations in new areas of the law for experimental purposes. After gaining sufficient experience with experimental measures, the State Council may submit legislative proposals to be considered by the NPC or the Standing Committee of the NPC for enactment at the national level.

The PRC Constitution vests the power to interpret laws in the Standing Committee of the NPC. According to the Decision of the Standing Committee of the NPC Regarding the Strengthening of Interpretation of Laws (全國人民代表大會常務委員會關於加強法律解釋工作的決議) passed in June 1981, the Supreme People's Court has the power to give general interpretation on the application of laws in judicial proceedings. The State Council and its ministries and

commissions are also vested with the power to interpret administrative regulations and rules that they have promulgated. At the regional level, the power to interpret local regulations is vested in the regional legislative bodies which promulgate such regulations. The regional administrative bodies have the power to interpret the enforcement of such local regulations.

The PRC Judicial System

Under the PRC Constitution and the Law of Organization of the People's Courts (中華人民共和國人民法院組織法) passed on July 1, 1979 and amended on October 31, 2006, the judicial system is made up of the Supreme People's Court, the local courts, military courts and other special courts. The local courts are comprised of the primary courts, the intermediate courts and the higher courts. The primary courts are organized into civil, criminal, economic and administrative divisions. The intermediate courts are organized into divisions similar to those of the basic courts, and are further organized into other special divisions, such as the intellectual property division. The higher level courts supervise the primary and intermediate courts. The people's procuratorates also have the right to exercise legal supervision over the civil proceedings of courts of the lower levels. The Supreme People's Court is the highest judicial body in China. It supervises the administration of justice by all other courts.

The civil trial system of PRC follows a two-tier appellate system. A party may appeal against a civil judgment or order of a local court to the court at the next higher level. Second judgments or orders given at the next higher level are final. First civil judgments or orders of the Supreme People's Court are also final. If, however, the Supreme People's Court or a court at a higher level finds an error in an effective judgment which has been given in any court at a lower level, or the president of a court finds an error in an effective judgment which has been given in the court over which he presides, the case may then be retried according to the judicial supervision procedures.

The Civil Procedure Law of the PRC (中華人民共和國民事訴訟法) adopted in April 1991 and amended on October 28, 2007 and August 31, 2012, sets forth the criteria for instituting a civil action, the jurisdiction of the courts, the procedures to be followed for conducting a civil action and the procedures for enforcement of a civil judgment or order. All parties to a civil action conducted within the PRC must comply with the Civil Procedure Law. Generally, a civil case is initially heard by a local court in which the defendant resides. The parties to a contract may, by express agreement, select a jurisdiction where civil actions may be brought, provided that the jurisdiction is either the plaintiff's or the defendant's place of residence, the place of execution or implementation of the contract or the object of the action. However, such selection can not violate the stipulations of grade jurisdiction and exclusive jurisdiction in any case.

A foreign individual or enterprise generally has the same litigation rights and obligations as a citizen or legal person of the PRC. If a foreign country's judicial system limits the litigation rights of PRC citizens and enterprises, the PRC courts may apply the same limitations to the citizens and enterprises of that foreign country within the PRC. If any party to a civil action refuses to comply with a judgment or order made by a court or an award granted by an arbitration panel in the PRC, the aggrieved party may apply to the court to request for enforcement of such judgment, order or award within two years. If any party fails to satisfy a civil judgment or order made by the court within the stipulated time, the other party may apply to a people's court for enforcement, or the judge in charge of such case may transfer such judgment or order to the enforcement personnel for enforcement.

A party seeking to enforce a civil judgment or order of a people's court against a party who is not located within the PRC or does not own any property in the PRC may apply to a foreign court with proper jurisdiction for recognition and enforcement of such judgment or order. When a legally effective judgment or ruling made by foreign court requires recognition and enforcement by a people's court in the PRC, a party concerned may apply directly to a competent intermediate people's court for recognition and enforcement, or a foreign court may, in accordance with the provisions of the international treaties concluded between or acceded to by the foreign country

and the PRC or according to the principle of reciprocity, request the people's court for recognition and enforcement. Any judgment or ruling that results in a violation of the basic legal principles of the PRC, the State's sovereignty, security, or the social and public interests shall not be recognized or enforced.

Establishment of a Real Estate Development Enterprise

According to the PRC Law on Administration of Urban Real Estate (城市房地產管理法) promulgated by the National People's Congress, effective on January 1, 1995 and amended on August 30, 2007, real estate developer is defined as an enterprise that engages in the development and operation of real estate for the purpose of making profits. Under the Regulations on Administration of Development of Urban Real Estate (城市房地產開發經營管理條例) promulgated by the State Council on July 20, 1998, an enterprise that is to engage in development of real estate must satisfy the following requirements:

- its registered capital must be RMB1 million or more; and
- it must have four or more full-time professional real estate/construction technicians and two or more full-time accounting officers, each of whom must hold the relevant qualification certificate.

The local government of a province, autonomous region or municipality directly under the PRC central government may, based on local circumstances, impose more stringent requirements on the registered capital and the professional personnel of a real estate developer.

To establish a real estate development enterprise, the developer must apply for registration with the administration for industry and commerce. The developer must also report its establishment to the real estate development authority in the location of its registration, within 30 days of the receipt of its business license. Where a foreign-invested enterprise is to be established to engage in the development and operation of real estate, it must also comply with the relevant requirements under the PRC laws and administrative regulations regarding foreign-invested enterprises and apply for approvals relating to foreign investments in China.

Under the Catalogue of Guidance on Industries for Foreign Investment (2011 version) (外商投資產業指導目錄) (2011年修訂) jointly promulgated by MOFCOM and NDRC on December 24, 2011 and enforced on January 30, 2012, the real estate industry under restricted category has been adjusted as the following:

- the development of a large scale of land lots to be operated by sino-foreign equity joint venture or sino-foreign cooperative joint venture only;
- the construction and operation of high-end hotels, premium office buildings and international conference centers; and
- real estate transaction in second-grade market, housing agents and brokerages.

Further, the construction and operation of villas by foreign investors is now in the prohibited category as compared to the 2007 version of Catalogue of Guidance on Industries for Foreign Investment, in which the construction and operation of villas was in the restricted category.

A foreign investor intending to engage in the development and sale of real estate in China may establish an equity joint venture, a cooperative joint venture or a wholly foreign-owned enterprise by the foreign investor in accordance with the PRC laws and administrative regulations governing foreign-invested enterprises.

Under the Notice on Adjusting the Portion of Capital Fund for Fixed Assets Investment of Certain Industries (關於調整部分行業固定資產投資項目資本金比例的通知) issued by the State Council on April 26, 2004, the portion of capital-account funding for real estate projects (excluding affordable housing projects) has been increased from 20% or above to 35% or above. However, pursuant to the Notice on Adjusting the Percentage of Capital Fund for Investment Projects in Fixed Assets (關於調整固定資產投資項目資本金比例的通知) issued by the State Council on May 25, 2009, the minimum portion of the capital funding for ordinary commodity housing projects and affordable housing projects has been reduced to 20%, while the portion for other real estate projects has been decreased to 30%.

On July 11, 2006, MOC (currently known as MOHURD), MOFCOM, NDRC, PBOC, SAIC and SAFE jointly issued an Opinion on Standardizing the Admittance and Administration of Foreign Capital in the Real Estate Market (關於規範房地產市場外資准入和管理的意見), which provides, among other things, that:

- (a) An overseas entity or individual investing in real estate in China other than for self-use must apply for the establishment of a FIREE in accordance with applicable PRC laws and the FIREE may only conduct operations within the authorized business scope.
- (b) If the total investment of a FIREE exceeds or equals US\$10 million, the registered capital must not be less than 50% of the total investment. If the total investment is less than US\$10 million, the amount of the registered capital shall follow the existing regulations.
- (c) For the establishment of a FIREE, the commerce authorities and the department of administration of industry and commerce are in charge of granting approval for establishment and effecting registration of the foreign-invested property development enterprise and issuing the approval certificate for a Foreign Investment Enterprise and the Business License which are only effective for one year. After settlement of the land premiums, the enterprise should apply for the Grant of State-owned Land Use Rights certificate by presenting the above-mentioned certificate and license. With the land use rights certificate, the enterprise will receive an official approval certificate for a Foreign Investment Enterprise from the commerce authorities, and shall replace the Business License with one that has the same operation term as the formal Approval Certificate for Foreign Investment Enterprise in the department of administration of industry and commerce, and then it shall apply for tax registration with the tax authorities.
- (d) Transfers of projects of or shares in FIREE, and the acquisitions of domestic real estate enterprises by foreign investors should follow strictly the relevant laws, regulations and policies to obtain the approvals. The investor should submit: (i) the guarantee letters for the performance of the Grant of State-owned Land Use Right, the Planning Permit for Construction Land and Construction Work Planning Permit; (ii) Certificate of Land Use Right; (iii) the certification on alteration of archival files issued by construction authorities; and (iv) the certification on the payment of tax issued by the relevant tax authorities.
- (e) When merging and acquiring domestic real estate enterprises by way of share transfer or other means, or the purchase of shares from the Chinese party in a sino-foreign equity joint venture, the foreign investors shall properly resettle the employees, settle the bank loans and pay all the consideration at a time with its internal fund. The foreign investors with an unfavorable record shall not be allowed to conduct any of the aforesaid activities.

On May 23, 2007, MOFCOM and SAFE issued the Circular on Strengthening and Regulating the Examination and Approval and Supervision of Foreign Direct Investment in the Real Estate Sector (關於進一步加強、規範外商直接投資房地產業審批和監管的通知), or Circular 50. Under Circular 50:

- (a) Foreign investment in the real estate sector in the PRC relating to high-end properties should be strictly controlled.
- (b) Prior to applying for establishment of FIREEs, foreign investors must first obtain land use rights, property ownership, or have entered into pre-sale or pre-granting agreements with the land administration authority or property developer/owner.
- (c) Acquisition of or investment in domestic real estate enterprises by way of round-trip investment (including the same actual controlling person) shall be strictly controlled. Further, overseas investors may not avoid approval for foreign investment in property by way of changing the actual controlling person of the domestic real estate enterprise. Once the foreign exchange authority has found the foreign-invested property enterprise established by way of deliberately avoiding approval and false representation, it shall take action against the enterprise's conduct of remittance of capital and interest accrued without approval, and the enterprise shall bear the liability for fraudulent purchases and evasion of foreign exchange.
- (d) Shareholders of FIREEs are prohibited from guaranteeing a fixed return or a similar guarantee to the other party in any way.
- (e) If foreign-invested enterprises in China engage in real estate development or operations or if FIREEs in China engage in new real estate project developments, they must first apply to the examination and approval authorities for their expansion of scope of business or scale of operations in accordance with the PRC laws and regulations related to foreign investments.
- (f) The local examination and approval authorities must file with MOFCOM their approvals of establishment of FIREEs for the record, and must exercise due control over foreign investments in high-end properties.
- (g) For those FIREEs which fail to pass the joint annual inspection of foreign-invested companies and have not completed the required filing with the MOFCOM, local SAFE administrations and designated foreign exchange banks must not permit any foreign exchange sales and settlements under such FIREEs' capital account.
- (h) MOFCOM shall have the right to investigate and rectify the approvals of FIREEs which are not in compliance with the laws and regulations made by local examination and approval authorities, and SAFE shall not handle the foreign exchange registration for such FIREEs.

On July 10, 2007, SAFE issued a Circular on the Distribution of the List of the First Group of Foreign Invested Real Estate Projects Filed with MOFCOM (關於下發第一批通過商務部備案的外商投資房地產項目名單的通知), or Circular 130, together with a list of FIREEs that had effected their filings with MOFCOM. According to Circular 130, (a) for a foreign-invested real estate enterprise (both newly established and through capital increase) which has obtained the approval certificate from the competent commercial department and filed with MOFCOM after and including June 1, 2007, the local Administration of Foreign Exchange will not conduct the foreign debt registration and foreign debts settlement approval process; and (b) For a foreign-invested real

estate enterprise which has obtained the approval certificate from the local competent commercial department but failed to file with MOFCOM after and including June 1, 2007, the local Administration of Foreign Exchange will not conduct foreign exchange (or change the registration) and the settlement and sales process for capital projects.

In connection with the filing requirement, MOFCOM issued the Notice on the Proper Filings of Foreign Investment in the Real Estate Sector (關於做好外商投資房地產備案工作的通知) on June 18, 2008 to authorize the competent MOFCOM's branch at the provincial level to verify and check the filing documents.

Moreover, on November 22, 2010, MOFCOM promulgated the Notice on Strengthening Administration of the Approval and Registration of Foreign Investment into Real Estate Industry (關於加強外商投資房地產審批備案管理的通知), which provides that, among other things, in the case that a real estate enterprise is established within the PRC with overseas capital, it is prohibited to purchase and/or sell real estate properties completed or under construction within the PRC for arbitrage purposes. The local MOFCOM authorities are not permitted to approve investment companies to engage in real estate development and management.

According to the Several Opinions of the State Council on Further Strengthening the Utilization of Foreign Investment (國務院關於進一步做好利用外資工作的若干意見), promulgated by the State Council on April 6, 2010, and the Notice on Delegation of Power of Approval for Foreign Investment Projects (關於做好外商投資項目下放核准權限工作的通知), promulgated by NDRC on May 4, 2010, except where approval by the relevant departments under the State Council is required by the Catalog for Guidance on Industries for Foreign Investment, foreign investment in encouraged and permitted industries with a total investment of less than US\$300 million will be examined and approved by NDRC's branches at the provincial level. Pursuant to the Notice on Issues Related to Delegation of Powers of Examination and Approval of Foreign Investment to Authorities at Lower Levels (關於下放外商投資審批權限有關問題的通知), promulgated by MOFCOM on June 10, 2010, MOFCOM's branch at the provincial level is responsible for the examination and approval of the establishment of and changes in foreign-invested enterprises in encouraged or permitted industries with a total investment of less than US\$300 million and with a total investment of less than US\$50 million in restricted industries.

Qualifications of a Real Estate Developer

Under the Provisions on Administration of Qualifications of Real Estate Developers (房地產開發企業資質管理規定), or the Provisions on Administration of Qualifications, promulgated by MOC on March 29, 2000, a real estate developer must apply for registration of its qualifications according to such Provisions on Administration of Qualifications. An enterprise may not engage in property development without a qualification classification certificate for real estate development. MOC (currently known as MOHURD) oversees the qualifications of real estate developers with national operations, and local real estate development authorities at or above the county level oversee the qualifications of local real estate developers.

In accordance with the Provisions on Administration of Qualifications, real estate developers are classified into four classes: class 1, class 2, class 3 and class 4.

- Class 1 qualifications are subject to preliminary examination by the construction authorities at the provincial level and final approval of MOHURD. A class 1 real estate developer is not restricted as to the scale of its real estate projects and may undertake a real estate development anywhere in the country.
- Class 2 or lower qualifications are regulated by the construction authorities at the provincial level subject to delegation to lower level government agencies. A real estate developer of class 2 or lower may undertake a project with a GFA of less than 250,000 sq.m. subject to confirmation by the construction authorities at the provincial level.

Under the relevant PRC laws and regulations, the real estate development authorities will examine applications for registration of qualifications submitted by real estate developers by considering the professional personnel in their employ, financial condition and operating results. A real estate developer that passes the qualification examination will be issued a qualification certificate of the relevant class by the qualification examination authority. A developer of any qualification classification may only engage in the development and sale of real estate within its approved scope of business and may not engage in business which is limited to another classification.

For a newly established real estate developer, the real estate development authority will issue a provisional qualification certificate, if it is an eligible developer, within 30 days of receipt by the authority of the application. The provisional qualification certificate will be effective for one year from its date of issue and may be extended for not more than two additional years with the approval of the real estate development authority. The real estate developer must apply for qualification classification to the real estate development authority within one month before expiration of the provisional qualification certificate.

Development of a Real Estate Project

According to the Interim Provisions on Approving Foreign Investment Project (外商投資項目核准暫行管理辦法) promulgated by NDRC on October 9, 2004, approval of NDRC is required for foreign investment projects with total investment (including the amount of capital increase) of US\$100 million or more within the category of encouraged or permitted foreign investments and those with total investment of US\$50 million or more within the category of foreign investments subject to restrictions. Other foreign investments in China will require only local approval. Specifically, the local authorities may examine and approve foreign investment projects with total investment less than US\$100 million within the category of encouraged or permitted foreign investments and those with total investment less than US\$50 million within the category of foreign investments subject to restrictions. Furthermore, after examination by NDRC, approval of the State Council is required for foreign investment projects with total investment of US\$500 million or more within the category of encouraged or permitted foreign investments and those with total investment of US\$100 million or more within the category of foreign investments subject to restrictions. In addition, the projects subject to restrictions should be approved by the development and reform authority at the provincial level. Under the Catalog for Guidance on Industries for Foreign Investment (Amended in 2011) promulgated by MOFCOM and NDRC on December 24, 2011 and enforced on January 30, 2012, foreign investments are restricted in the development of a whole land lot and the construction and operation of high-end hotels, premium office buildings and international conference centers in the PRC; the construction and operation of villas by foreign investors is prohibited; and foreign investments are permitted in other real estate developments. In July 2008, NDRC issued the Notice on Further Reinforcing and Regulating the Administration of Foreign Investment Projects (關於進一步加強和規範外商投資項目管理的通知), which further requires that the capital-increase and reinvestment projects of the foreign-invested enterprises shall get the approval from NDRC or its local counterpart. On May 4, 2010, NDRC issued the Notice on Delegation of Power of Approval for Foreign Investment Projects (關於做好外商投資項目下放核准權限工作的通知), which provides that except where approval by the relevant departments under the State Council is required by the Catalog for Guidance on Industries for Foreign Investment, foreign investment in encouraged and permitted industries with a total investment of less than US\$300 million will be examined and approved by NDRC's branches at the provincial level.

According to the "Urban and Rural Planning Law of the People's Republic of China" (中華人民共和國城鄉規劃法) enacted by the Standing Committee of the National People's Congress on October 28, 2007 and enforced on January 1, 2008, which repealed the "City Planning Law of the People's Republic of China" (中華人民共和國城市規劃法) enacted by the Standing Committee of the National People's Congress on December 26, 1989 and enforced on April 1, 1990, and the "Measures for Planning Administration of Granting and Transfer of Right to

Use Urban State-owned Land” (國有土地使用權出讓轉讓規劃管理辦法) enacted by the Ministry of Construction on December 4, 1992 and enforced on January 1, 1993 and the “Notice of the Ministry of Construction on Strengthening the Planning Administration of Granting and Transferring Right to Use State-owned Land” (建設部關於加強國有土地使用權出讓規劃管理工作的通知) enacted and enforced by the Ministry of Construction on December 26, 2002, after signing a Grant of State-owned Land Use Right, a property developer shall apply for the Planning Permit for Construction Land (建設用地規劃許可證) from the city and county planning authority under the people’s government with the granting contract and the relevant documents of approval, assessment, and record for the proposed real estate project. The granting of a contract without any provisions relating to land planning will be invalidated. In cases where the construction site of buildings, roads, pipelines or other structures is located in a planning zone of a city or county, the construction enterprises or individuals shall apply for a Planning Permit for Construction Works (建設工程規劃許可證) from the city/county planning authority or a people’s government at village level designated by the provincial people’s governments. Under the “Urban and Rural Planning Law of the People’s Republic of China,” governments above the county level are entitled to withdraw the relevant approval documents when any permit for access to or use of the land is granted to the developer before obtaining the land planning permit; land occupied shall be returned immediately and the compensation shall be paid when damages to parties concerned have resulted. This law also emphasizes the preservation of natural resources and historical and cultural estates, and the maintenance of local and national characteristics and tradition.

On January 21, 2011, the Regulations on the Expropriation of Buildings on State-owned Land and Compensation (國有土地上房屋徵收與補償條例) was promulgated by the State Council, a summary of the important provisions is set forth below:

- Where a building of any entity or individual on state-owned land is expropriated for public interest, the owner of the expropriated building shall be fairly compensated;
- The people’s government at the city or county level shall publish in a timely manner the public opinions solicited and the amendments made according to the public opinions;
- Before making a decision on building expropriation, the people’s government at the city or county level shall make a social stability risk assessment according to the relevant provisions;
- The compensation granted to an owner by the people’s government at the city or county level which makes a building expropriation decision shall include:
 - (1) compensation for the value of the building expropriated;
 - (2) compensation for the relocation or temporary settlement resulting from the building expropriation; and
 - (3) compensation for the production or business interruption losses resulting from the building expropriation;
- The compensation for the value of the building expropriated shall not be less than the market price of real estate similar to the building expropriated on the date of announcement of the building expropriation decision;
- An owner may choose either monetary compensation or exchange of titles; and
- Compensation shall be made before relocation, and demolition and relocation with violence is prohibited.

In order to prevent illegal demolition and removal, and excessive investment in some areas, the General Office of the State Council issued the Notice on Controlling the Scale of Demolishment and Removal and Strengthening Administration of Demolition and Removal (關於控制城鎮房屋拆遷規模嚴格拆遷管理的通知) on June 6, 2004. The notice addresses issues including, but not limited to, the following: (i) strictly controlling the area of demolition and removal to ensure that the total area of demolition and removal is less than that of the previous year; (ii) strictly administering the procedures of demolishment and removal so that the process is carried out in an open, fair and just manner; (iii) strengthening the supervision and administration of the compensation costs incurred for the demolishment and removal, and ensuring the completion of the relocation; and (iv) strictly punishing certain illegal actions in relation to demolition and removal.

When the site has been properly prepared and is ready for the commencement of construction, the developer must apply for a permit for commencement of works, or Construction Permit, from the construction authorities at or above the county level according to the Measures for Administration of Granting Permission for Commencement of Construction Works (建築工程施工許可管理辦法) promulgated by MOC on October 15, 1999, as amended on July 4, 2001. However, in cases where the investment amount is less than RMB300,000 or the construction area is less than 300 sq.m., such property projects are not required to obtain a Construction Permit. For a property project which requires a Construction Permit under the aforesaid regulations, the real estate developer must apply for such Construction Permit and may not begin construction without a Construction Permit.

On November 1, 1997, the Construction Law of the People's Republic of China (中華人民共和國建築法) was promulgated by the 28th Meeting of the Standing Committee of the Eighth National People's Congress, which became effective as of March 1, 1998. A summary of the important provisions in respect of construction production safety management in the Construction Law is set forth below:

- Construction project production safety management must adhere to the policy of safety and prevention first, and must establish and perfect a system of production safety. Construction project design shall conform to the construction safety procedures and technical standards formulated in accordance with state provisions to ensure the safe execution of the project.
- A building construction enterprise shall work out corresponding safety technical measures according to the characteristics of each construction project when developing its construction plans; for specialty-intensive items of the project, special-purpose designs for safe construction shall be compiled and safety technical measures taken. A building construction enterprise shall take such measures as the maintenance of safety and precautions against danger and fire prevention at the construction site. A building construction enterprise shall take safety protection measures in the case of the construction site causing possible damage to its adjoining buildings, structures or special operational environment.
- A construction unit shall, pursuant to the relevant state provisions, go through the formalities of application for approval in case of any of the following circumstances:
 - (1) need to temporarily occupy sites beyond the approved planned scope;
 - (2) possibility of damaging such public facilities as roads, pipes and cables, electricity, postal service and telecommunications;
 - (3) need to temporarily suspend the water supply, electricity supply or road traffic;
 - (4) need to conduct explosion operations; and

- (5) other circumstances requiring application for approval as prescribed by laws and regulations.
- The competent department of construction administration shall be responsible for the administration of construction safety in production and subject to the guidance and supervision of the competent department of labor in construction safety in production in accordance with law.
 - The building construction enterprise shall be responsible for construction site safety. The general contracting unit shall be responsible for construction site safety of the project under the general contract for construction. Subcontracting units shall be responsible to the general contracting unit and subordinate themselves to the management of the general contracting unit for construction site safety in production.
 - In the event of an accident during the construction process, the building construction enterprise shall take emergency measures to reduce personnel casualties and losses caused by the accident, and submit a timely report to the departments concerned pursuant to relevant state provisions.

On February 1, 2004, the State Council promulgated the Administrative Regulations on Safety in Construction Projects (建設工程安全生產管理條例), which set up sound regulations and rules to curb illegal operations, and make clear the obligations of each participant for construction safety. In addition, the regulations reinforce legal punishment for illegal operations.

According to the Notice Regarding Strengthening and Regulating the Administration of Newly-commenced Projects (國務院辦公廳關於加強和規範新開工項目管理的通知) issued by the General Office of the State Council on November 17, 2007, before commencement of construction, all projects shall fulfill certain conditions, including, among other things, compliance with national industrial policy, development planning, land supply policy and market access standards, completion of all approval and filing procedures, compliance with zoning regulations in terms of site and planning, completion of proper land use procedures and obtaining proper environmental valuation approvals and construction permits or reports.

The development of a real estate project must comply with various laws and legal requirements on construction quality, safety standards and technical guidance on architecture, design and construction work, as well as provisions of the relevant contracts. On January 30, 2000, the State Council promulgated and implemented the Regulation on the Quality Management of Construction Projects (建設工程質量管理條例), which sets the respective quality responsibilities and liabilities for developers, construction companies, reconnaissance companies, design companies and construction supervision companies. On August 1, 2008, the State Council issued the Regulations on Energy Efficiency for Civil Buildings (民用建築節能條例), which reduces the energy consumption of civil buildings and improves the efficiency of the energy utilization. According to this regulation, the design and construction of new buildings must meet mandatory criteria on energy efficiency for buildings, and failure to meet such criteria will result in neither commencement of construction or acceptance upon completion. Among other things, this regulation sets forth additional requirements for property developers in the sale of commodity buildings in this respect. After completion of construction, the real estate developer must organize an acceptance examination by relevant government authorities and experts according to the Interim Provisions on Inspection Upon Completion of Buildings and Municipal Infrastructure (房屋建築工程和市政基礎設施工程竣工驗收暫行規定) promulgated by MOC on June 30, 2000, and file with the construction authority at or above the county level where the project is located within 15 days after the construction is qualified for the acceptance examination according to the Measures for Reporting Details Regarding Acceptance Examination Upon Completion of Buildings and Municipal Infrastructure (房屋建築工程和市政基礎設施工程竣工驗收備案管理辦法) promulgated by MOC on April 4, 2000, as amended by MOHURD on October 19, 2009. A

“Record of acceptance examination upon project completion” will be issued to the real estate developer. For a housing project or other building complex project, an acceptance examination shall be conducted upon completion of the whole project and where such a project is developed in phases, separate acceptance examinations may be carried out for each completed phase.

In China, there are two registers of property interests. “Land registration” is effected by the issue of land use right certificates by the relevant authorities to the land users. Land use rights may be assigned, mortgaged or leased. The building registration is effected by the issue of property ownership certificates to the property owners. “Property or building ownership rights” are only related to the building or improvements erected on the land. Under the PRC laws and regulations, all land use rights and property ownership rights that are duly registered are protected by law. Most cities in China maintain separate registries for such registration. However, Shenzhen, Shanghai, Guangzhou and some other major cities have a consolidated registry for both land use rights and the property ownership interests for the building erected on the relevant land.

Land for Property Development

On April 12, 1988, the National People’s Congress amended the PRC Constitution (中華人民共和國憲法) to permit the transfer of land use rights in accordance with the laws and regulations. On December 29, 1988, the National People’s Congress amended the PRC Land Administration Law (中華人民共和國土地管理法) to permit the transfer of land use rights in accordance with the laws and regulations. The PRC Land Administration Law has been further amended on August 28, 1998 and August 29, 2004.

Under the Interim Regulations of the People’s Republic of China on Grant and Assignment of the Use Right of State-owned Urban Land (城鎮國有土地使用權出讓和轉讓暫行條例) promulgated by the State Council on May 19, 1990, the PRC adopted a system to grant and assign the right to use state-owned land. A land user must pay a land premium to the state as consideration for the grant of the right to use a land site within a specified period of time, and the land user may assign, lease out, mortgage or otherwise commercially exploit the land use rights within the term of use. Under the relevant PRC laws and regulations, the land administration authority at the local government of the relevant city or county level may enter into a land grant contract with the land user to provide for the grant of land use rights. The land user must pay the land premium as provided by the land use rights grant contract. After payment in full of the land premium, the land user may register with the land administration authority and obtain a land use rights certificate, which evidences the acquisition of land use rights. The relevant PRC laws and regulations provide that land use rights for a site intended for real estate development must be obtained through grant except for land use rights which may be obtained through premium-free allocation by the PRC government pursuant to the PRC laws or the stipulations of the State Council. Government-allocated land is not allowed to be transferred unless the transfer is approved by the relevant PRC government authorities and the land premium as determined by the relevant PRC government authorities has been paid.

Under the Regulations on the Grant of State-owned Land Use Rights Through Public Tender, Auction and Listing-for-Sale promulgated by the Ministry of Land and Resources (招標拍賣挂牌出讓國有土地使用權規定) on May 9, 2002 and enforced on July 1, 2002, land for commercial use, tourism, entertainment and commodity housing development must be granted by way of public tender, auction or listing-for-sale. Under these regulations, the relevant land administration authority at city or county level, or the grantor, is responsible for preparing the public tender, auction or listing-for-sale documents and must make an announcement at least 20 days prior to the day of public tender, auction or listing-for-sale with respect to the particulars of the land parcel and the time and venue of the public tender, auction or listing-for-sale. The grantor must also verify the qualification of the bidding and auction applicants, accept an open public auction to determine the winning tender or hold an auction to ascertain a winning bidder. The grantor and the winning tender or bidder will then enter into a confirmation followed by the execution of a contract for assignment of state-owned land use rights. The winning tender or winning bidder

should apply for the land registration after paying off the granting price in accordance with the grant of state-owned land use right. Over the years, the Ministry of Land and Resources has promulgated further rules and regulations to define the various circumstances under which the state-owned land use rights may be granted by means of public tender, auction and listing-for-sale or by agreement.

Under the Regulation on Grant of State-owned Land Use Rights by Agreements (協議出讓國有土地使用權規定) promulgated by the Ministry of Land and Resources on June 11, 2003 and enforced on August 1, 2003, except for the project that must be granted through tender, auction and listing-for-sale as required by the relevant laws and regulations, land use right may be granted through transfer by agreement and the land premium for the transfer by agreement of the state-owned land use right shall not be lower than the land price set by the State. In some areas which has the benchmark land price, the land premium for the transfer by agreement shall not be lower than 70% of the benchmark land price where the land is located.

According to the Notice of the Ministry of Land and Resources on Relevant Issues Concerning the Strengthening of Examination and Approval of Land Use in Urban Construction (the Land Use Approval Notice) (關於加強城市建設用地審查報批工作有關問題的通知) enacted by the Ministry of Land and Resources on September 4, 2003, commencing from the day of distribution of the Land Use Approval Notice, land use for luxurious commodity houses shall be stringently controlled, and applications for land use for building villas shall be stopped.

The Urgent Notice on Further Governing and Rectifying Land Market and Strengthening Administration of Land (關於深入開展土地市場治理整頓嚴格土地管理的緊急通知) issued by the General Office of the State Council on April 29, 2004 restated the principle of strict administration of the approval process for the construction land and protection of the basic farmlands.

On May 30, 2006, the Ministry of Land and Resources issued the Urgent Notice of Further Strengthening the Administration of the Land (關於當前進一步從嚴土地管理的緊急通知) (the Urgent Notice). It is expressly prescribed in this Urgent Notice that land for real estate development must be granted by way of public tender, auction and listing-for-bidding; the rules of stopping the development project for villas should be strictly enforced; and all supply of land for such purpose and handling of related land use procedures will be ceased from the day of the Urgent Notice's issuance. Under the Urgent Notice, the land authority should rigidly execute the "Model Text of the State-owned Land Use Right Granting Contract" and "Model Text of the State-owned Land Use Right Granting Supplementary Agreement (for Trial Implementation)" jointly enacted by the Ministry of Land Resources and SAIC. The documents of the land granting should ascertain the requirement of planning, construction and land use such as the restriction of the dwelling size, plot ratio and the time limit of starting and completion. All these should be agreed in the Land Use Right Granting Contract.

The Notice on Issues Relating to Strengthening the Land Control (關於加強土地調控有關問題的通知) promulgated by the State Council on August 31, 2006 sets forth the administration of the receipt and disbursement of the land premium, modifies the tax policies relating to the construction land, and builds up the system of publicity for the standards of the lowest price with respect to the granted state-owned land use right.

On March 16, 2007, the National People's Congress adopted the PRC Property Rights Law (中華人民共和國物權法), which became effective on October 1, 2007. According to the Property Rights Law, when the term of the right to use construction land for residential (but not other) purposes expires, it will be renewed automatically. Unless it is otherwise prescribed by any law, the owner of construction land use rights has the right to transfer, exchange, and use such land use rights as equity contributions or collateral for financing. If the state takes the premises owned by entities or individuals, it must compensate the property owners in accordance with law and protect the lawful rights and interests of the property owners.

On September 8, 2007, the Ministry of Land and Resources promulgated a Notice on Strengthening the Disposing of Idle Land (關於加大閒置土地處置力度的通知) providing that the grant of state-owned land use right shall be granted by ways of “Cultivated Land.” It means that the grant of state-owned land use right can only be transferred after the payment of compensation fees for landing and settlement and completion of the land development at the earlier stage. The notice also prescribes that the state-owned land use rights certificate shall not be issued before the land grant premium for acquisition of land has been paid in full, nor be issued separately according to the ratio of payment of land grant premium.

In September 2007, the Ministry of Land and Resources further promulgated the Regulations on the Grant of State-owned Construction Land Use Rights Through Public Tender, Auction and Listing-for-sale (招標拍賣挂牌出讓國有建設用地使用權規定), which was enforced on November 1, 2007. This regulation requires that land for industrial use, except land for mining, must also be granted by public tender, auction and listing-for-sale. Only after the grantee has paid the land premium in full under the land grant contract, can the grantee apply for the land registration and obtain the land use right certificates. Furthermore, land use rights certificates may not be issued in proportion to the land premium paid under the land grant contract.

On February 27, 2007, the Ministry of Land and Resources and the Ministry of Finance jointly promulgated the Provisional Measures on Financial Administration of Reserve Land Funds (土地儲備資金財務管理暫行辦法) for the purpose of perfecting the land reserve system, strengthening land regulation and control, regulating the operation of the land market, strengthening land administration and regulating land reserve administrative behaviors.

On November 19, 2007, the Ministry of Land and Resources, the Ministry of Finance and PBOC jointly promulgated the Administration Measures on Land Reserve (土地儲備管理辦法), pursuant to which, local authorities should reasonably decide the scale of land reserve in accordance with the macro-control of the land market. Those idle, unoccupied, and low-efficient state-owned construction land inventory shall be used as land reserve in priority. The purpose of reserving such land is to control the property market and promote the appropriate use of land resources.

On December 30, 2007, the Ministry of Land and Resources promulgated the Rules on Land Registration (土地登記辦法), which further stresses payment in full of the land premium prior to the application for the registration of state-owned construction land use rights.

The State Council issued the Circular on Saving Intensive-use Land (國務院關於促進節約集約用地的通知) on land conservation and improving the efficiency of land use on January 3, 2008, in order to better protect arable land. The circular called on relevant government agencies to map out large-scale “scientific infrastructure” programs, tighten land use approval in both rural and urban areas and step up land market monitoring. The circular prescribed that, if land approved for development remains unused for more than two years, it should be recovered by the government according to laws and regulations. If the land remains idle for more than one year and less than two years, land developers should pay a 20% non-usage fee. More than 70 percent of the land used for construction of urban housing should be designated for residential purposes for low-rent units, affordable housing, price-limited housing and smaller units of less than 90 sq.m. The circular also stipulates that lending and financing services will not be provided for illegally used land. Moreover, financial institutions should be very prudent when they provide loans and/or when they examine financing for real estate projects that exceed one year from the start date listed in the land use right granting contract, for which less than of the development area has been completed, or for which less than 1/4 of the investment has been made.

On November 10, 2009, the Ministry of Land and Resources issued a Circular on the Distribution of the Catalog for Restricted Land Use Projects (2006 Version Supplement) and the Catalog for Prohibited Land Use Projects (2006 Version Supplement) (關於印發(限制用地項目目錄(2006年本增補本)) 和(禁止用地項目目錄(2006年本增補本)) 的通知), as a supplement to its 2006

version. In this Circular, the Ministry of Land and Resources has set forth a ceiling for the parcel of land granted by local governments for development of commodity housing as follows: seven hectares for small cities and towns, 14 hectares for medium-sized cities and 20 hectares for large cities.

On November 18, 2009, the Ministry of Finance, the Ministry of Land and Resources, PBOC, the PRC Ministry of Supervision and the PRC National Audit Office jointly promulgated the Notice on Further Enhancing the Revenue and Expenditure Control over Land Grant (關於進一步加強土地出讓收支管理的通知). The notice raises the minimum down-payment for land premiums to 50% and requires the land premium to be fully paid within one year after the signing of a land grant contract, subject to limited exceptions.

On March 8, 2010, the Ministry of Land and Resources promulgated the Notice on Issues Regarding Strengthening Control and Monitor of Real Estate Land Supply (關於加強房地產用地供應和監管有關問題的通知). According to the notice, at least 70% of total land supply must be provisioned for affordable housing, redevelopment of shanty towns and small/medium residential units for self-use and the land supply for large residential units will be strictly controlled and while land supply for villa projects will be banned. The notice also requires that the lowest land grant price must be at least 70% of the basic land price in which the granted land is located and the real estate developers' bid deposit should be at least 20% of the lowest land grant price. The land grant contract must be executed within ten working days after the land transaction is confirmed. The minimum down payment of the land premium will be 50% and must be paid within one month after the execution of the land grant contract. The remainder of the land grant payment must be paid in accordance with the agreement within one year. The land grant contract cannot be executed if it is not in accordance with the requirement above; if the grantee does not sign the land grant contract in accordance with the timeline, the land cannot be handed over and the deposit will not be returned. If no land grant premium is paid after the execution of the land grant contract, the land must be withdrawn.

To implement the Notice of Firmly Curbing Housing Price in Certain Cities circulated by the State Council (國務院關於堅決遏制部分城市房價過快上漲的通知) on April 17, 2010, on September 21, 2010, the Ministry of Land and Resources and MOHURD jointly promulgated the Notice on Further Strengthening Control and Regulation of Land and Construction of Property Development (關於進一步加強房地產用地和建設管理調控的通知), which stipulated, among other things, that: (i) at least 70% of land designated for construction of urban housing must be used for affordable housing, housing for resettlement of shanty towns and small to medium-sized ordinary commercial housing; in areas with high housing prices, the supply of land designated for small to medium-sized, price-capped housing must be increased; (ii) developers and their controlling shareholders are prohibited from participating in land biddings before the rectification of certain misconduct, including (1) illegal transfer of land use rights; (2) failure to commence required construction within one year from the delivery of land under land grant contracts due to such developers' own reasons; (3) noncompliance with the land development requirements specified in land grant contracts; and (4) crimes such as swindling land by forging official documents and illegal land speculation; (iii) developers are required to commence construction within one year from the date of delivery of land under the relevant land allocation decision and land grant contract and complete construction within three years of commencement; (iv) development and construction of projects of low-density and large-sized housing must be strictly limited and the plot ratio of the planned GFA to the total site area of residential projects must be more than 1:1; and (v) the grant of two or more bundled parcels of lands and undeveloped land is prohibited.

On December 19, 2010, the Ministry of Land and Resources promulgated the Notice on Strict Implementation of Policies Regarding Regulation and Control of Real Property Land and Promotion of the Healthy Development of Land Markets (關於嚴格落實房地產用地調控政策促進土地市場健康發展有關問題的通知), which provides, among other things, that: (i) cities and counties that have less than 70% of their land supply designated for affordable housing, housing for redevelopment of shanty towns or small/medium residential units must not provide land for

large-sized and high-end housing before the end of year 2010; (ii) land and resource authorities in local cities and counties will report to Ministry of Land and Resources and provincial land and resource authorities, respectively regarding land with a premium rate of more than 50%; (iii) for any land which has been designated for affordable housing, is used for property development against relevant policies the illegal income will be confiscated and the relevant land use rights will be withdrawn. Moreover, changing the plot ratio without approval is strictly prohibited.

On January 26, 2011, the State Council circulated Notice on Further Regulating the Real Estate Market (國務院辦公廳關於進一步做好房地產市場調控工作有關問題的通知), which provides stricter management of housing land supply, among other things, that participants or individual bidding on any land unit shall show proof of funding sources.

According to the Notice on Implementation Measures on Urban Housing Land Management and Regulation in 2011 (關於切實做好2011年城市住房用地管理和調控重點工作的通知) promulgated by the Ministry of Land and Resources in February 2011, construction land for 10 million units of affordable housing units shall be implemented in 2011. It also requires that the target total supply of urban housing land shall not be lower than the annual average supply for the preceding two years.

According to the Notice on Implementation Measures on Urban Housing Land Management and Regulation in 2012 (關於做好2012年房地產用地管理和調控重點工作的通知) promulgated by the Ministry of Land and Resources in February 2012, the target total supply of urban housing land shall not be lower than the annual average supply for the preceding five years.

According to the Circular on the Distribution of the Catalog for Restricted Land Use Projects(2012 Edition) and the Catalog for Prohibited Land Use Projects (2012 Edition)(關於印發(限制用地項目目錄) (2012年本)和(禁制用地項目目錄) (2012年本)的通知) promulgated by the Ministry of Land and Resources in May 2012, the transferred area of the residential housing projects should not exceed (i) seven hectares for small cities and towns, (ii) 14 hectares for medium-sized cities, or (iii) and 20 hectares for large cities and plot ratio which is not more than 1.0.

On June 1, 2012, the MLR revised and promulgated the Measure for the Disposal of Idle Land (閑置土地處置辦法), which further clarified the scope and definition of idle land, as well as the corresponding punishment measures compared to the old version. Pursuant to the new Measures for the Disposal of Idle Land, under the following circumstances, a parcel of land shall be defined as “idle land”:

- any State-owned land for construction use, of which the holder of the land use right fails to start the construction and development thereof within one year after the commencement date of the construction and development work as agreed upon and prescribed in the contract for fee-based use of State-owned land for construction use, or the decision on allocation of State-owned land for construction use;
- any State-owned land for construction use of which the construction and development have been started but the area of land that is under construction and development is less than one third of the total area of land that should have been under construction and development or the amount invested is less than 25% of the total investment, and the construction and development of which has been suspended for more than one year.

- if a parcel of land is deemed as idle land by competent department of land and resources, unless otherwise prescribed by the new Measures for the Disposal of Idle Land, the land shall be disposed of in the following ways:
- where the land has remained idle for more than one year, the competent department of land and resources at the municipal or county level shall, with the approval of the people's government at the same level, issue a Decision on Collecting Charges for Idle Land to the holder of the right to use the land and collect the charges for idle land at the rate of 20% of the land assignment or allocation fee; and the said charges for idle land shall not be included in the production cost by the holder of the land use right; and
- where the land has remained idle for more than two years, the competent department of land and resources at the municipal or county level shall, with the approval of the people's government at the same level, issue a Decision on Taking Back the Right to Use the State-owned Land for Construction Use to the holder of the land use right.

Sale of Commodity Houses

Under the Measures for Administration of Sale of Commodity Houses (商品房銷售管理辦法) promulgated by MOC on April 4, 2001 and enforced on June 1, 2001, sale of commodity houses can include both sales before the completion of the properties, or pre-sale, and sales after the completion of the properties.

Any pre-sale of commodity buildings must be conducted in accordance with the Measures for Administration of Pre-sale of Commodity Buildings in Urban Area promulgated by MOC on November 15, 1994 (城市商品房預售管理辦法), as amended on August 15, 2001 and July 20, 2004, and other related regulations. The pre-sale regulations provide that any pre-sale of commodity properties is subject to specified procedures. According to the current PRC laws and regulations, a pre-sale permit must be in place before a commodity building may be put to pre-sale. Specifically, a developer intending to sell a commodity building before its completion must apply to the real estate development authorities for a pre-sale permit. A commodity building may be sold before completion only if:

- the land premium has been paid in full for the grant of the land use rights involved and a land use rights certificate has been properly obtained;
- a construction planning permit and a construction permit have been properly obtained;
- funds invested in the development of the commodity buildings for pre-sale represent 25% or more of the total investment in the project and the construction progress, as well as the completion and delivery dates have been properly ascertained; and
- the pre-sale has been registered and a pre-sale permit has been obtained.

The pre-sale proceeds of commodity buildings must be used to develop the relevant project so pre-sold.

Commodity buildings may be put to post-completion sale and delivery after they have passed the acceptance examination and otherwise satisfy the various preconditions for such sale. Under the "Measures for Administration of Sales of Commodity Houses" (商品房銷售管理辦法), commodity buildings may be put to post-completion sale when the following pre-conditions have been satisfied: (a) the property development enterprise offering to sell the post-completion properties shall have an enterprise legal person business license and a qualification certificate of a property developer; (b) the enterprise has obtained the State-owned Land Use Rights Certificate or other approval documents of land use; (c) the enterprise has the Planning Permit for Construction Works and the Construction Permits; (d) the commodity properties have been completed and been

inspected and accepted as qualified; (e) the relocation of the original residents has been well settled; (f) the ancillary infrastructure facilities for supplying water, electricity, heating, gas, communication, etc. have been made ready for use, and other ancillary essential facilities and public facilities have been made ready for use, or the schedule of construction and delivery date of have been specified; (g) the property management plan has been completed. Before the post-completion sale of a commodity building, the developer must, among other things, submit a real estate development project manual and other documents relating to the project evidencing the satisfaction of the preconditions for post-completion sale to the real estate development authority for its record.

On April 13, 2010, MOHURD issued the Notice on Further Enhancing the Supervision of the Real Estate Market and Perfecting the Pre-sale System of Commodity Houses (關於進一步加強房地產市場監管完善商品住房預售制度有關問題的通知). Pursuant to the notice, without pre-sale approval, the commodity houses are not permitted to be pre-sold and the real estate developer is not allowed to charge the buyer any deposit, prepayment or payment of a similar nature. Meanwhile, local government should accelerate the enactment of the regulatory system of the pre-sale proceeds and enhance the supervision of the proceeds as well. All commodity housing pre-sale proceeds, shall be deposited in escrow accounts under the supervision of regulatory institutions. In addition, the notice urges local governments to enact regulations on the sale of completed commodity properties in light of local conditions and encourages property developers to engage in the practice of selling completed commodity properties. The administrative department of construction on the real estate development at the province level may further set up their implementation rules in accordance with the above state level measures and notices.

The Provisions on Sales of Commodity Properties at Clearly Marked Price (商品房銷售明碼標價規定) was promulgated by the NDRC on March 16, 2011 and became effective on May 1, 2011. According to the provisions, any real estate developer or real estate agency (“real estate operators”) is required to mark the selling price explicitly and clearly for both newly-build and second-hand commodity properties. The provisions require real estate operators to clearly indicate to the public the prices and relevant fees of commodity properties, as well as other factors affecting the prices of commodity properties. With respect to the real estate development projects that have received property pre-sale licence or have completed the filing procedures for the sales of constructed properties, real estate operators shall announce all the commodity properties available for sales at once within the specified time limit. Furthermore, with regard to a property that has been sold, real estate operators are obliged to disclose this information and to disclose the actual transaction price. Real estate operators cannot sell commodity properties beyond the stated price or charge any other fees not explicitly marked. Moreover, real estate operators may neither mislead property purchasers with false or irregular price marking, nor engage in price fraud by using false or misleading price marking methods.

According to the Regulation on Clear Pricing of Commercial Property (商品房銷售明碼標價規定) promulgated by the NDRC in March 2011 and effective in May 2011, the real estate developers shall clearly mark the sales prices of houses.

Transfer of Real Estate

According to the PRC laws and the Provisions on Administration of Transfer of Urban Real Estate (城市房地產轉讓管理規定) promulgated by MOC on August 7, 1995, as amended on August 15, 2001, a real estate owner may sell, gift or otherwise legally transfer the property to another natural person or legal entity. When transferring a property, the ownership of the property and the land use rights to the site on which the property is situated are transferred together. The parties to a transfer must enter into a written real estate transfer contract and register the transfer with the real estate administration authority having jurisdiction over the location of the property within 90 days of the execution of the transfer contract.

Where the land use rights are originally obtained by grant, the real property may only be transferred on the condition that:

- the land premium has been paid in full for the granted land use rights as required by the land grant contract and a land use rights certificate has been properly obtained; and
- in the case of a project in which buildings are being developed, development representing more than 25% of the total investment has been completed; or
- in case of a whole land lot development project, construction works have been carried out as planned, water supply, sewerage, electricity supply, heat supply, access roads, telecommunications and other infrastructure or utilities have been made available, and the site has been leveled and made ready for industrial or other construction purposes; or
- in the case of the construction of buildings have been completed, the building ownership certificate should have been obtained.

If the land use rights are originally obtained by grant, the term of the land use rights after transfer of the real estate will be the remaining portion of the original term in the land grant contract. In the event that the assignee intends to change the use of the land provided in the land grant contract, consent must first be obtained from the original land use rights grantor and the planning administration authority at the relevant city or county and an agreement to amend the land grant contract or a new land grant contract must be signed in order to, *inter alia*, change the use of the land and adjust the land premium accordingly.

If the land use rights are originally obtained by allocation, such allocated land use right may be changed to granted land use rights upon approval by the government vested with the necessary approval power as required by the State Council. After the government authorities vested with the necessary approval power approve such change, the grantee (the above-mentioned assignee should act as the grantee) must complete the formalities for the grant of the land use rights and pay the land premium according to the relevant statutes.

Leases of Buildings

Measures for Administration of Leases of Commodity Property (商品房屋租賃管理辦法) promulgated by MOHURD on December 1, 2010 and enforced on February 1, 2011, repealing the Measures for Administration of Leases of Buildings in Urban Areas (城市房屋租賃管理辦法) promulgated by MOC on May 9, 1995 and enforced on June 1, 1995, provides that parties to a lease of a building must enter into a lease contract in writing. China has adopted a system to register the leases of real properties. When a lease contract is signed, amended or terminated, the parties must register the details with the real estate administration authority at the city or county in which the building is situated.

According to the Measures for Administration of Lease of Commodity Housing (商品房屋租賃管理辦法) promulgated by MOHURD on December 1, 2010 and effective on February 1, 2011, if the parties to a leasehold arrangement of a property do not register the lease of properties with the competent authorities, and also fail to correct their behavior within a definite time, they will be subject to fine.

Mortgages of Real Estate

Under the PRC Urban Real Estate Administration Law (中華人民共和國城市房地產管理法) promulgated by the Standing Committee of the National People's Congress on July 5, 1994, enforced on January 1, 1995 and amended on August 30, 2007, the PRC Security Law (中華人民共和國擔保法) promulgated by the National People's Congress on June 30, 1995 and enforced on October 1, 1995, and the Measures for Administration of Mortgages of Urban Real

Estate (城市房地產抵押管理辦法) promulgated by MOC on May 29, 1997, enforced on June 1, 1999 and amended on August 15, 2001, when a mortgage is created on the ownership of a building legally obtained, such mortgage must be simultaneously created on the land use rights of the land on which the building is situated. The mortgagor and the mortgagee must sign a mortgage contract in writing. China has adopted a system to register mortgages of real estate. After a real estate mortgage contract has been signed, the parties to the mortgage must register the mortgage with the real estate administration authority at the location where the real estate is situated. A real estate mortgage contract will become effective on the date of registration of the mortgage. If a mortgage is created on the real estate in respect of which a property ownership certificate has been obtained legally, the registration authority will, when registering the mortgage, make an entry under “third party rights” on the original property ownership certificate and then issue a certificate of third-party rights to the mortgagee. If a mortgage is created on the commodity building put to pre-sale or on works in progress, the registration authority will, when registering the mortgage, record the details on the mortgage contract. If construction of a real property is completed during the term of a mortgage, the parties involved will re-register the mortgage of the real property after issue of the property ownership certificates evidencing the rights and ownership to the real estate.

The PRC Property Rights Law (中華人民共和國物權法) promulgated on March 16, 2007 that became effective on October 1, 2007 further widens the scope of assets that can be mortgaged, allowing for any asset associated with property rights to be mortgaged as collateral unless a specific prohibition under another law or regulation applies. The PRC Property Rights Law provides that the mortgage registration of buildings and other objects fixed to land, the right to use construction land and a building under construction shall be gone through, such mortgage right shall be established as of the date of registration. The buildings newly constructed on the land after the mortgage of the right to use construction land may not belong to the mortgaged properties. Such newly constructed buildings can be disposed of together with the disposal of the aforesaid right to use construction land so as to realize the mortgage right; however, the mortgagee has no right to seek preferred payments from the money generated from the disposal of these newly constructed buildings.

On December 30, 2007, the Ministry of Land and Resources, issued the Administrative Measures on Land Registration (土地登記辦法). The measures are scheduled to take effect on February 1, 2008. According to the measures, land registration refers to the recording of land use rights on land registered for public review. The measures stipulate that the administrative department of land and resources must conclude land registrations within 20 days after receiving an application. If the case is complex, a ten-day extension can be approved by the principal of land and resources’ administrative department.

On April 9, 2008, the Ministry of Land and Resources released the Circular on Implementing the Land Registration Measures and Further Strengthening Land Registration Work (關於貫徹實施進一步加強土地登記工作的通知) (the “Circular”), which calls for stringent land registration according to laws, cessation of illegal registration, and prohibition of legalizing illegal land through land registration.

The Circular points out that the registrations will not be granted to cases involving unresolved land disputes, as well as cases where the full contract price has not been paid or where the use of land has been changed illegally. In addition, the Circular stipulates that personnel without a Land Registration Qualification Certificate must not be engaged in land ownership investigation and examination. Any person responsible for incorrect registration or incomplete registrations must bear the consequences.

On February 15, 2008, MOC released Procedures for Property Registration (房屋登記辦法) (the “Procedures”). The Procedures are scheduled to take effect on July 1, 2008. Measures on Administration of Urban Houses Registration (城市房屋權屬登記管理辦法) and Decisions by the MOC to Revise Measures on Administration of Urban Houses Registration (建設部關於修改的決定) will be revoked on that day. The Procedures stipulate that in property registrations, the owners

of the housing property rights should correspond with the owners of the land use rights. Based on PRC Property Rights Law, the Procedures specifically regulate the pre-registration, registration of mortgage rights for construction work in process, registration for maximum mortgage amount, registration of rectification, registration for objection and registration for easement, which make property registrations more operable.

Property Finance

According to the PBOC Notice on Regulating Home Financing Business (中國人民銀行關於規範住房金融業務的通知) promulgated on June 19, 2001, all banks must comply with the following requirements before granting residential development loans, individual home mortgage loans and individual commercial property mortgage loans:

- Property development loans from banks may only be granted to real estate developers with development qualification and credit ratings in the higher categories. Such loans may be offered to residential projects with good market potential. While the borrowing enterprise's internal capital may not be less than 30% of the total investment required for the project, the project must have obtained the land use rights certificate, construction land planning permit, construction works planning permit and construction permit.
- In respect of the grant of individual home mortgage loans, the ratio between the loan amount and actual value of the collateral may never exceed 80%. Where an individual applies for a home purchase loan to buy a pre-sale property, the property must have achieved the stage of "topping-out of the main structure completed" for multi-story buildings and "two-thirds of the total investment completed" for high-rise apartment buildings.
- In respect of the grant of individual commercial use building mortgage loans, the mortgage ratio for commercial use building mortgage loans may not exceed 60%, with a maximum loan period of ten years and the subject commercial use building already completed.

The PBOC issued the Circular on Further Strengthening the Management of Loans for Property Business (關於進一步加強房地產信貸業務管理的通知) on June 5, 2003 to specify the requirements for banks to provide loans for the purposes of real estate development and individual home mortgage as follows:

- The real estate loan by commercial banks to real estate development enterprises shall be granted only under the title of real estate development loan and it is strictly forbidden to extend such loans as current capital loan for real estate development projects or other loan items. No lending of any type shall be granted to enterprises which have not obtained the State-owned Land Use Rights Certificate, Planning Permit for Construction Land, Planning Permit for Construction Works and Permit for Commencement of Construction Works;
- Commercial banks shall not grant loans to real estate developers to pay off land premium; and
- Commercial banks may only provide mortgage loans to individual buyers when the main structural buildings have been topped out. When a borrower applies for individual home loans for his first residential unit, the down payment shall remain 20%. In respect of the borrower's loan application for his or her second or more (including the second) residential unit(s), the percentage of the first installment shall be increased.

In a Circular on Facilitating the Continuously Healthy Development of the Real Estate Market (關於促進房地產市場持續健康發展的通知) issued by the State Council on August 12, 2003, a series of measures were adopted by the government to control the real estate market. They included, among others, strengthening the construction and management of low-cost affordable houses, increasing the supply of ordinary commodity houses and controlling the construction of high-end commodity houses. Additionally, the government staged a series of measures on lending for residential development, including, among others, improving the loan evaluation and lending process, improving the guarantee mechanism of individual home loans and strengthening the monitoring over property loans. It is expected that the circular will have a positive effect on the development of the PRC real estate market in the long run by facilitating a continuously healthy growth of the property market in China.

Pursuant to the Guidance on Risk Management of Property Loans of Commercial Banks (商業銀行房地產貸款風險管理指引) issued by CBRC on September 2, 2004, any real estate developer applying for real estate development loans shall have at least 35% of capital funds required for the development.

According to the “Notice of the People’s Bank of China on the Adjustment of Commercial Bank Housing Loan Policies and the Interest Rate of Excess Reserve Deposit” (中國人民銀行關於調整商業銀行住房信貸政策和超額準備金存款利率的通知) enacted by the PBOC on March 16, 2005, starting from March 17, 2005, the down payment of individual residential property loan increased from 20% to 30% in cities and areas where property prices grow too quickly. The commercial banks can independently determine the scope of such property price rise according to specific situations in different cities or areas.

On May 24, 2006, the State Council forwarded the “Opinion of the Ministry of Construction and Other Departments on Adjusting the Housing Supply Structure and Stabilizing Property Prices” (關於調整住房供應結構穩定住房價格的意見). The regulations provide the following:

- Tightening the control of real estate advancing loan facilities. Commercial banks are not allowed to advance their loan facilities to real estate developers who do not have the required 35% or more of the total capital for the construction projects. Commercial banks should be prudent in granting loan facilities and/or revolving credit facilities in any form to the real estate developers who have a large number of idle lands and unsold commodity properties. Banks shall not accept mortgages of commodity properties remaining unsold for three years or longer.
- From June 1, 2006 and onward, individual purchasers need to pay a minimum of 30% of the purchase price as down payment. However, if individual purchasers purchase apartments with a floor area of 90 sq.m. or less for residential purposes, the existing requirement of 20% of the purchase price as down payment remains unchanged.

According to the “Circular on Standardizing the Admittance and Administration of Foreign Capital in the Property Market” (關於規範房地產市場外資進入和管理的意見) enforced on July 11, 2006, foreign-invested real estate development enterprises who have not fully paid up their registered capital fund fully, or failed to obtain the State-owned Land Use Rights Certificate, or with under 35% of the total investment for the project, will not be allowed to obtain a loan in or outside China, and foreign exchange administration departments shall not approve any settlement of foreign loans by such enterprises.

On July 22, 2006, the CBRC issued the “Circular on Further Strengthening the Management of Real Estate Credit” (關於進一步加強房地產信貸管理的通知), which provided that granting development loans to a real estate developer that do not satisfy the conditions for loans — such as capital funds paid for a real estate project (except economy affordable house) have not reached 35% of the total investment to the project, or the State-owned Land Use Rights Certificate, Planning Permit for Construction Land, Planning Permit for Construction Works, and Permit for

Commencement of Construction Works have not been obtained — shall be strictly forbidden. Granting new real estate loans to real estate developers that stock up lands or property resources or disturb the normal market order shall be strictly restricted. Arbitraging real estate loans of real estate developers by means such as dividing up a project or developing it on a revolving basis shall be specially prevented.

On September 27, 2007, the PBOC and CBRC jointly promulgated a Circular on Strengthening the Management of Commercial Real Estate Credit Loans (關於加強商業性房地產信貸管理的通知), with a supplement issued in December 2007. The circular aims to tighten the control over real estate loans from commercial banks to prevent granting excessive credit. The measures include:

- for a first-time home owner, increasing the minimum amount of down payment to 30% of the purchase price of the underlying property if the underlying property has a unit floor area of 90 sq.m. or more and the purchaser is buying the property as its own residence;
- for a second-time home buyer, increasing (i) the minimum amount of down payment to 40% of the purchase price of the underlying property and (ii) the minimum mortgage loan interest rate to 110% of the relevant PBOC benchmark one-year bank lending interest rate. If a member of a family (including the buyer, his/her spouse and their children under 18) has financed the purchase of a residential unit, any member of the family that buys another residential unit with bank loans will be regarded as a second-time home buyer;
- for a commercial property buyer, (i) requiring banks not to finance any purchase of pre-sold properties, (ii) increasing the minimum amount of down payment to 50% of the purchase price of the underlying property, (iii) increasing the minimum mortgage loan interest rate to 110% of the relevant PBOC benchmark one-year bank lending interest rate and (iv) limiting the terms of such bank loans to no more than ten years, although commercial banks are given certain flexibility based on their risk assessment;
- for a buyer of commercial/residential dual-purpose properties, increasing the minimum amount of down payment to 45% of the purchase price of the underlying property, with the other terms to be decided by reference to commercial properties; and
- prohibiting commercial banks from providing loans to real estate developers who have been found by relevant government authorities to be hoarding land and properties.

In addition, commercial banks are also banned from providing loans to the projects that have less than 35% of capital funds (proprietary interests), or fail to obtain land use right certificates, construction land planning permits, construction works planning permits or construction permits. Commercial banks are also prohibited from accepting commercial premises that have been vacant for more than three years as collateral for loans. In principle, real estate development loans provided by commercial banks should only be used for projects where commercial banks are located. Commercial banks may not provide loans to property developers to finance the payment of land premium.

According to the Notice on Extending the Downward Range of the Interest Rate for Commercial Personal Home Loans and Supporting the Residents in First-time Purchase of Ordinary Residential Homes (擴大商業性個人住房貸款利率下浮幅度支持居民首次購買普通住房的通知) issued by PBOC on October 22, 2008, the minimum amount of down payment for the first-time home buyer has been adjusted to 20% since October 27, 2008.

On September 29, 2010, PBOC and CBRC jointly issued the Notice on Relevant Issues Regarding the Improvement of Differential Mortgage Loan Policies (關於完善差別化住房信貸政策有關問題的通知), which raised the minimum down payment to 30% for all first-time house purchases.

It also provides that commercial banks in China shall suspend mortgage loans to purchasers for their third residential property and beyond or to non-local residents who can not provide documentation certifying payment of local tax or social security for longer than a one-year period. In addition, all property companies with records of being involved in abuse of land, changing the use of land, postponing the construction commencement or completion date, hoarding properties or other non-compliance will be restricted from obtaining bank loans for new projects or extension of credit facilities.

On November 2, 2010, MOHURD, the Ministry of Finance, PBOC and CBRC jointly promulgated the Notice on Relevant Issues Concerning Policies of Regulation of Individual Housing Reserve Loan (關於規範住房公積金個人住房貸款政策有關問題的通知), which provided that, among other things: (i) where a first-time home buyer (including the borrower, spouse and minor children) uses housing reserve loans to buy an ordinary house for self-use with a unit floor area: (a) equal to or less than 90 sq.m., the minimum down payment shall be at least 20%; (b) more than 90 sq.m., the minimum down payment shall be at least 30%; (ii) for a second-time home buyer that uses housing reserve loans, the minimum down payment shall be at least 50% with the minimum lending interest rate of 110% of the benchmark rate; (iii) the second housing reserve loan will only be available to families whose per capita housing area is below the average in locality and such loan must only be used to purchase an ordinary house for self-use to improve residence conditions; and (iv) housing reserve loans to families for their third residential property and beyond will be suspended.

On January 26, 2011, General Office of the State Council issued the Notice of the State Council on Issues Related to Further Enhancing the Regulation and Control of the Real Estate Market (國務院辦公廳關於進一步做好房地產市場調控工作有關問題的通知). According to this Notice, for those households who purchase the second set of housing through loan, the down payment ratio shall not be lower than 60%. The loan interest shall not be lower than 1.1 times the benchmark interest rate. The respective branches of PBOC may raise the down payment ratio and interest rate on loans for second home based on the price control targets set by the local People's Government for newly constructed houses and the policy requirements, and on the basis of national unified credit policies.

Real Estate Management

Under the Measures for the Administration of Qualifications of Property Service Enterprises (物業管理企業資質管理辦法) promulgated by MOC on March 17, 2004, enforced on May 1, 2004, and amended on November 26, 2007, a property service enterprise must apply for assessment of its qualification by the relevant qualification approval authority. An enterprise which passes such a qualification assessment will be issued a qualification certificate. No enterprise may engage in property management without undertaking a qualification assessment conducted by the relevant authority and obtaining a qualification certificate.

Insurance

There is no mandatory provision under the PRC laws, regulations and government rules which would require a property developer to take out insurance policies for their real estate developments. According to the common practice of the property industry in China, construction companies are usually required to submit insurance proposals in the course of tendering and bidding for construction projects. Construction companies must pay for the insurance premium at their own costs and take out insurance to cover their liabilities, such as third party's liability risk,

employer's liability risk, risk of nonperformance of contract in the course of construction and other kinds of risks associated with the construction and installation works throughout the construction period. The insurance coverage for all these risks will cease immediately after the completion and acceptance upon inspection of construction.

In light of the "Construction Law of the People's Republic of China" (中華人民共和國建築法) enacted by the Standing Committee of the National People's Congress on November 1, 1997 and enforced on March 1, 1998, construction enterprises must take out accident and casualty insurance for workers engaged in dangerous operations and pay insurance premium. In the "Opinions of the MOC on Strengthening the Insurance of Accidental Injury in Construction Work" (建設部關於加強建築意外傷患保險工作的指導意見) by the MOC on May 23, 2003, the MOC further emphasizes the importance of insurance for accidental injury in construction work and put forward the detailed opinions of guidance.

Measures on Stabilizing Housing Price

The General Office of the State Council promulgated a Circular on Stabilizing Housing Price (關於切實穩定住房價格的通知) on March 26, 2005, introducing measures to be taken to restrain the housing price from increasing too fast and to promote a stable development of the real estate market. On April 30, 2005, MOC, NDRC, the Ministry of Finance, the Ministry of Land and Resources, PBOC, the State Administration of Taxation and CBRC jointly issued an Opinions on Stabilizing Housing Prices (關於做好穩定住房價格工作的意見) containing the following guidance:

- Where the housing price is growing too fast, while the supply of ordinary commodity houses at medium or low prices and low-cost affordable houses is insufficient, housing construction should mainly involve projects of ordinary commodity houses at medium or low prices and low-cost affordable houses. The construction of low-density, high-end houses should be strictly controlled. The relevant local government authorities are authorized to impose conditions on planning and design such as building height, plot ratio and green space and to impose such requirements as the selling price, type and GFA as preconditions on land assignment. Local governments are also required to strengthen their supervision of real estate developments in their jurisdictions.
- Where the price of land for residential use and the price for residential housing are growing too fast, the proportion of land supply for residential use to the total land supply should be appropriately raised, and the land supply for the construction of ordinary commodity houses at medium or low prices and low-cost affordable houses should be especially increased. Land supply for villa construction should continue to be suspended, and land supply for high-end housing property construction should be strictly restricted.
- Idle land fee must be imposed on land that has not been developed for one year from the contractual construction commencement date as may be specified in the land grant contract. Land use rights of land that has not been developed for two years must be forfeited without compensation.
- Commencing from June 1, 2005, a business tax upon transfer of a residential house by an individual within two years from his/her purchase will be levied on the entire sales proceeds from such sale. For an individual to transfer an ordinary residential house after two years from his/her purchase, the business tax will be exempted. For an individual to transfer a property other than an ordinary residential house after two years from his/her purchase, the business tax will be levied on the difference between the price of such sale and the original purchase price.

- Ordinary residential houses with medium or small GFAs and at medium or low prices may be granted preferential treatment such as planning permits, land supply, credit and taxation. Houses enjoying these preferential policies must satisfy the following conditions in principle: the plot ratio is above 1.0, the GFA of one single unit is less than 120 sq.m., and the actual transfer price is lower than 120% of the average transfer price of comparable houses at comparable locations. The local governments at the provincial level may, based on their actual local circumstances, formulate specific standards for ordinary residential houses that may enjoy the preferential policies.
- Transfer of unfinished commodity properties by any pre-sale purchaser is forbidden. In addition, purchasers are required to buy properties in their real names. Any commodity property pre-sale contract must also be electronically filed with the relevant government agencies immediately after its execution.

According to the Notice of the People's Bank of China on the Adjustment of Commercial Bank Housing Loan Policies and the Interest Rate of Excess Reserve Deposit (關於調整商業銀行住房信貸政策和超額準備金存款利率的通知), promulgated by the PBOC on March 16, 2005, starting from March 17, 2005, the preferential mortgage loan interest rate was replaced by the commercial loan interest rate subject to certain restrictions on the lower limit on such interest rates. In the urban areas or cities with rapidly increased real estate prices, the minimum down payment ratio for individual housing loans was adjusted from 20% to 30%.

On May 24, 2006, the State Council forwarded the Opinions of the Ministry of Construction and Other Departments on Adjusting the Housing Supply Structure and Stabilization of Property Prices (關於調整住房供應結構穩定住房價格意見的通知). Such opinions reiterated the existing measures and ushered in additional measures that aim to further curb rapid increases in property prices in large cities and to promote healthy development of the PRC property market. These measures include:

- requiring that at least 70% of the land supply approved by a local government for residential property development for any given year must be used for developing low- to medium-cost and small- to medium-sized units and low-cost rental properties;
- requiring that at least 70% of residential projects approved or constructed on or after June 1, 2006 must consist of units with a unit floor area of less than 90 sq.m. per unit and that projects which have received approvals prior to this date but have not obtained construction permits must adjust their planning in order to be in conformity with this new requirement, with the exception that municipalities under direct administration of the PRC central government, such as Beijing, Chongqing and Shanghai, provincial capitals and certain other cities may deviate from such ratio under special circumstances upon approval from the Ministry of Construction;
- increasing the minimum amount of down payment from 20% to 30% of the purchase price of the underlying property if the underlying property has a unit floor area of 90 sq.m. or more, effective from June 1, 2006;
- prohibiting commercial banks from lending to real estate developers with an internal capital ratio, calculated by dividing the internal funds by the total project capital required for the relevant projects, of less than 35%, restricting the grant or extension of revolving credit facilities to property developers holding a large amount of idle land and vacant commodity properties, and prohibiting commercial banks from accepting commodity properties which have been vacant for more than three years as security for their loans; and

- imposing a business tax levy on the entire sales proceeds from transfer of properties if the holding period is shorter than five years, effective from June 1, 2006, as opposed to two years when such levy was initially implemented in June 2005, and allowing such business tax to be levied on the difference between the price for such re-sale and the original purchase price in the event that an individual transfers a property other than an ordinary residential property after five years from his/her date of purchase.

On May 30, 2006, the State Administration of Taxation issued the Notice on Relevant Issues of Strengthening Administration of Collection of Real Estate Business Tax (國家稅務總局關於加強住房營業稅徵收管理有關問題的通知). According to the notice, from June 1, 2006 business tax will be imposed on the full amount of the sale income upon the transfer of a residential house by an individual within five years from the purchase date. In the case of a residence other than an ordinary residence, business tax will be imposed on the difference between the sales income and the purchase price, provided that the transfer occurs after five years from the purchase date.

On May 30, 2006, the Ministry of Land and Resources published an Urgent Notice to Tighten Up Land Administration (關於當前進一步從嚴土地管理的緊急通知). In this notice, the Ministry of Land and Resources stressed that local governments must adhere to their annual overall land use planning and land supply plans and tighten up the control on land supply for non-agricultural use. The notice requires local governments to suspend the supply of land for new villa projects to ensure adequate supply of land for more affordable housing. In this notice, the Ministry of Land and Resources also required local governments to conduct thorough investigations of illegal land use, idle lands and villa projects, and submit a report on such investigations to the Ministry by the end of October 2006.

On July 11, 2006, MOC, NDRC, MOFCOM, PBOC, the State Administration for Industry and Commerce, and SAFE jointly issued an Opinion on Regulating the Access and Management of Foreign Capital in the Real Estate Market (關於規範房地產市場外資准入和管理的意見), or the 171 Opinion. The 171 Opinion aims to tighten access by foreign capital to the PRC real estate market and to restrict property purchases in China by foreign institutions or individuals. It provides, among other things, that a foreign institution or individual must establish a foreign-invested enterprise in order to purchase real property in China if the property is not intended for self use. The registered capital of such foreign-invested enterprise must amount to at least 50% of its total investments in PRC real properties if the amounts of such investments exceed US\$10 million. Branches and representative offices of foreign institutions in China and foreign individuals who work or study in China for more than one year may purchase real property for their own use but not for any other purposes. In addition, foreign institutions which have no branches or representative offices in China or foreign individuals who work or study in China for less than a year are prohibited from purchasing any real property in China.

On September 1, 2006, SAFE and MOC jointly issued a Notice in Respect of Foreign Exchange Issues in the Real Estate Market (關於規範房地產市場外匯管理有關問題的通知), or the 47 Notice, to implement the 171 Opinion. The 47 Notice provides specific procedures for purchasing real properties by foreign institutions and foreign individuals. The 47 Notice also forbids a foreign-invested real estate enterprise to apply for overseas loans if it has failed to pay its registered capital in full or failed to obtain the land use rights certificates, or its own capital funds do not reach 35% of the total investment for the project.

On July 6, 2006, MOC, NDRC and the State Administration of Industry and Commerce jointly issued a Notice on Reorganizing and Regulating Orderly Real Estate Transactions (關於進一步整頓規範房地產交易秩序的通知) with the following requirements:

- The developer is required to commence the pre-sale of the commodity properties within ten days after receiving pre-sale permits. Without pre-sale permits, the pre-sale of commodity properties as well as subscription (including reservation, registration and number-selecting) and acceptance of any kind of pre-sale payments are forbidden.

- The real estate administration authority is required to establish an immediate network system for pre-sales contracts of commodity properties and a system for the publication of real estate transaction information. The transaction information, including the basic information of the commodity building, the schedule of the sale and the rights status, should be duly, truly and fully published in the network system and on the locale of sale. Transfer of a commodity building which is pre-sold and still under construction is prohibited.
- Without the pre-sale permit, no advertisement of the pre-sale of commodity properties may be published.
- Real estate development enterprises with a record of serious irregularity or enterprises which do not satisfy the requirements of pre-sale of commodity properties are not allowed to take part in the sales activities.
- The real estate administration authority is required to strictly carry out the pre-sale contract registration and require purchasers to use their real names for property purchases.

On July 10, 2007, SAFE issued a Circular on the Distribution of the List of the First Group of Foreign Invested Real Estate Projects Filed with MOFCOM (關於下發第一批通過商務部備案的外商投資房地產項目名單的通知), or Circular 130, together with a list of FIREEs that had effected their filings with MOFCOM. According to Circular 130, SAFE will no longer process foreign debt registrations or the foreign debt settlement approval process by FIREEs who have obtained the approval certificates and completed the filing process with MOFCOM after June 1, 2007 (inclusive June 1, 2007). As a result of Notice 130, unless the approval certificate of an FIREE contained an aggregate investment amount, including registered capital and foreign debt amount, sufficient to permit foreign currency to be injected into its operations in China as of May 31, 2007, such FIREE will effectively no longer be able to borrow foreign debt, including shareholder loans and overseas commercial loans to finance their operations in China. They can only use their capital contributions instead. SAFE further provided in its Circular 130 that for a FIREE which has obtained the approval certificate but failed to complete its filing with MOFCOM after June 1, 2007 (inclusive June 1, 2007), local SAFE branches will not process any foreign exchange registration (or change of such registration) or application for settlement of foreign currency under capital account for such FIREE.

On July 22, 2006, CBRC promulgated a Notice on Further Strengthening the Administration of Real Estate Credit (關於進一步加強房地產信貸管理的通知). The notice (i) prohibits providing loans to disqualified real estate developers including those whose own capital is less than 35% of the total capital required for the projects (not including affordable housing projects), or who have not obtained the relevant land use right certificates, construction land planning permits, construction work planning permits or construction permits; and (ii) prevents real estate developers from obtaining loans by project split-up or rolling-ahead development strategies.

On September 30, 2007, the Ministry of Land and Resources issued the Notice on Implementation of the State Council's Certain Opinions on Resolving Difficulties and Further Strengthening Macro-control of Land Supply (關於認真貫徹國務院(關於解決城市低收入家庭住房困難的若干意見)進一步加強土地供應調控的通知), pursuant to which at least 70% of the land supply arranged by the relevant land administration authority at city or county level for residential property development for any given year must be used for developing low- to medium-cost and small- to medium-sized units, low-cost rental properties and affordable housing.

On July 29, 2008, the PBOC and CBRC jointly issued the Notice on Financially Promoting the Saving and Intensification of Use of Land (關於金融促進節約集約用地的通知), requiring that relevant financial institutions strengthen the administration of construction land project loans, including the administration of commercial real estate credit loan.

On October 22, 2008, the PBOC issued the Notice on Extending the Downward Range of the Interest Rate for Commercial Personal Home Loans and Supporting Residents in First-time Purchase of Ordinary Residential Homes (擴大商業性個人住房貸款利率下浮幅度支持居民首次購買普通住房的通知), pursuant to which, since October 27, 2008, the bottom limit of the interest rate applicable to commercial personal home loans has been extended, the minimum amount of down payment of first-time home buyers has been adjusted to 20% and the interest rate applicable to individual housing loans financed by provident fund has been also reduced.

On October 22, 2008, the Ministry of Finance and the State Administration of Taxation issued the Notice on the Adjustments to Taxation on Real Property Transactions (財政部、國家稅務總局關於調整房地產交易環節稅收政策的通知), pursuant to which, since November 1, 2008, the rate of deed tax has been reduced to 1% for first-time house purchasers of ordinary residences with a GFA under 90 sq.m.. According to this Notice, individuals who sell or purchase residential properties are temporarily exempted from stamp duty, and individuals who sell residential properties are temporarily exempted from land value-added tax. However, the aforesaid preferential policy regarding deed tax has been replaced by the Notice on Adjustment of Preferential Policies Regarding Deed Tax and Individual Income Tax Incurred in Transfer of Real Property (財政部、國家稅務總局、住房和城鄉建設部關於調整房地產交易環節契稅個人所得稅優惠政策的通知) jointly promulgated by the Ministry of Finance, State Administration of Taxation and MOHURD on September 29, 2010 and enforced on October 1, 2010, pursuant to which, in the case that an individual purchases an ordinary house which is the only house for the family (taking into account the purchaser, the spouse and minor children), the deed tax is reduced by half; in the case that an individual purchases an ordinary house with a GFA of 90 sq.m. or less, and which is the only house for the family (taking into account the purchaser, the spouse and minor children), the deed tax is levied at a rate of 1%.

On December 20, 2008, the General Office of the State Council issued the Several Opinions on Facilitating the Healthy Development of the Real Estate Market (關於促進房地產市場健康發展的若干意見), which aims to, among other things, encourage the consumption of ordinary residences and support the real estate developer in handling the market change. Pursuant to this opinion, in order to encourage the consumption of ordinary residences, from January 1, 2009 to December 31, 2009, business tax is imposed on the full amount of the sale income upon the transfer of a non-ordinary residence by an individual within two years from the purchase date. For the transfer of a non-ordinary residence which is more than two years from the purchase date and ordinary residence which is within two years from the purchase date, the business tax is to be levied on the difference between the sale income and the purchase price. In the case of an ordinary residence, the business tax is exempted if that transfer occurs after two years from the purchase date. Furthermore, individuals with an existing ordinary residence that is smaller than the average size for their locality may buy a second ordinary residence under favorable loan terms similar to first-time buyers. In addition, support for real estate developers dealing with the changing market is to be provided by increasing credit financing services to “low-to-medium-level price” or “small- to-medium-size “ordinary commercial housing projects, particularly those under construction, and providing financial support and other related services to real estate developers with good credit standing for merger and acquisition activities.

On December 29, 2008, the Ministry of Finance and the State Administration of Taxation issued the Notice on the Policy of Business Tax on Re-sale of Personal Residential Properties (關於個人住房轉讓營業稅政策的通知), which reiterates the measures set forth in the above Several Opinions on Facilitating the Healthy Development of the Real Estate Market regarding business tax.

On December 22, 2009, the State Council terminated the policy on preferential treatment relating to business taxes payable upon transfers of residential properties by property owners as previously adopted on December 29, 2008 by the PRC government in response to the global economic slowdown, and the Ministry of Finance and the State Administration of Taxation jointly issued the Notice on Adjusting the Policy of Business Tax on Re-sale of Personal Residential

Properties (關於調整個人住房轉讓營業稅政策的通知) to curtail speculations in the property market in response to the property price rises across the country. Pursuant to the Notice, effective from January 1, 2010, business tax will be imposed on the full amount of sale income upon the transfer of non-ordinary residence by an individual within five years, instead of two years, from the purchase date. For the transfer of a non-ordinary residence which is more than five years from the purchase date and an ordinary residence which is within five years of the purchase date, the business tax is to be levied on the difference between the sale income and the purchase prices. In the case of an ordinary residence, the business tax is exempted if that transfer occurs after five years from the purchase date.

On January 7, 2010, the General Office of the State Council issued a Circular on Facilitating the Stable and Healthy Development of the Property Market (關於促進房地產市場平穩健康發展的通知), which adopted a series of measures to strengthen and improve the regulation of the property market, stabilize market expectation and facilitate the stable and healthy development of the property market. These include, among others, measures to increase the supply of affordable housing and ordinary commodity housing, provide guidance for the purchase of property, restrain speculation of properties, and strengthen risk prevention and market supervision. Additionally, it explicitly requires a family (including a borrower, his or her spouse and children under 18), who has already purchased a residence through mortgage financing and have applied to purchase a second or more residences through mortgage financing, to pay a minimum down payment of 40% of the purchase price.

On February 1, 2010, CBRC issued a Notice on Relevant Issues on Strengthening Administration of Real Estate Trust Business of Trust Companies (關於加強信托公司房地產信托業務監管有關問題的通知), which provides that, among other things, real estate projects must meet the following conditions to be eligible for loan financing from trust companies: (1) real estate projects must have obtained land use rights certificates, construction land planning permits, construction works planning permits and construction permits; (2) developers or their controlling shareholders must be qualified as class 2 developers or higher; (3) the capital ratio of the project must satisfy the minimum requirements set by relevant authorities; and (4) trust companies may not provide trust funds to finance the land reserves.

On April 17, 2010, the State Council issued the Notice on Resolutely Containing the Excessive Hike of Property Prices in Some Cities (堅決遏制部分城市房價過快上漲的通知), or the April 2010 Notice, which provides that: (i) if a first-time home buyer (including a borrower, his or her spouse and children under 18) buys a residence with a unit floor area of more than 90 sq.m. for self use, the minimum down payment shall be at least 30%; (ii) if a second-time home buyer uses mortgage financing, the minimum down payment shall be at least 50% of the purchase price with a minimum mortgage lending interest rate of 110% of the benchmark rate; (iii) if a third-time or more homebuyer uses mortgage financing, the minimum down payment and interest rate thereof will be further raised. The April 2010 Notice further requires that in cities where property prices are overly high with excessive price hikes and strained housing supply, commercial banks may suspend extending bank loans for third-time or more home buyers in light of risk exposure. The provision of mortgage loans to non-local residents who cannot present the local tax clearance certificates or social insurances certification of more than one year will also be suspended.

On May 26, 2010, MOHURD, the PBOC and CBRC jointly issued the Circular on Regulating the Criteria for Identifying the Second Housing Unit in Connection with Commercial Mortgage Loans (關於規範商業性個人住房貸款中第二套住房認定標準的通知), which provides, among other things, that the number of housing units owned by an individual purchaser who is applying for mortgage loans shall be determined by taking into account all housing units owned by the family members of such purchaser (including the purchaser and such purchaser's spouse and children under the age of 18), and that second-time or more purchasers of housing units will be subject to different credit policies when applying for mortgage loans.

On November 4, 2010, MOHURD and SAFE jointly promulgated the Notice on Further Regulating Administration of Purchase of Houses by Overseas Institutions and Individuals (關於進一步規範境外機構和個人購房管理的通知), pursuant to which an overseas individual can only purchase one house for self-use within the PRC, and an overseas institution which has established a branch or representative office in the PRC can only purchase non-residential houses for business use in the city where it is registered within the PRC.

On January 26, 2011, General Office of the State Council issued Notice of the State Council on Issues Related to Further Enhancing the Regulation and Control of Real Estate Market (國務院辦公廳關於進一步做好房地產市場調控工作有關問題的通知). According to this Notice,

- for those households who purchase a second set of housing through loan, the down payment ratio shall not be lower than 60%. The loan interest shall not be lower than 1.1 times the benchmark interest rate. The respective branches of PBOC may raise the down payment ratio and interest rate on loans for a second home based on the price control targets set by the local People's Government for newly constructed houses and the policy requirements, and on the basis of national unified credit policies;
- all municipalities, cities specifically designated in the State plan, provincial capitals and cities in which housing prices are excessively high or rising rapidly are to formulate and implement measures for restriction of housing purchases strictly within a specified period. In principle, households with local registered residence who have already owned one set of housing and households without local registered residence who are able to produce a local tax payment certificate or a proof of social insurance contribution for a certain number of years shall be restricted to purchasing one set of housing (including newly constructed commodity housing and second-hand housing). In respect to households with local registered residence who have already owned two sets or more housing, households without local registered residence who have already owned one set and more housing, and households without local registered residence who are unable to provide a local tax payment certificate or proof of social insurance contribution for a certain number of years, no houses shall be sold to them within their own administrative area for the time being.

As of November 1, 2011, the people's governments of 47 cities, such as Beijing, Shanghai, Guangzhou, Tianjin, Nanjing, Chengdu, Wuxi, Qingdao, Hangzhou, Xi'an, Changzhou, Shengyang and Dalian, have respectively promulgated local measures for restriction of housing purchases to implement the Notice of the State Council on Issues Related to Further Enhancing the Regulation and Control of the Real Estate Market (國務院辦公廳關於進一步做好房地產市場調控工作有關問題的通知).

On January 27, 2011, the Ministry of Finance and the State Administration of Taxation issued the Notice on the Adjustment of Policy of Business Tax on Re-sale of Personal Residential Properties (財政部、國家稅務總局關於調整個人住房轉讓營業稅政策的通知) which repeals the Notice on Adjusting the Policy of Business Tax on Re-sale of Personal Residential Properties promulgated on December 22, 2009 and provides that transfer of residential properties by individuals within five years of purchase is subject to business tax based on the sales income, while the business tax levied on the transfer of non-ordinary residential properties by individuals after five years of purchase is based on the difference between the sales income and the purchase price. In the case of an ordinary residence, business tax is exempted if that transfer occurs after five years from the purchase date.

On January 27, 2011, Shanghai Municipal Government issued Provisional Measure on levying of Property Tax on Part of Individual Residential Properties in Shanghai on a Trial Basis (上海市開展對部分個人住房徵收房產稅試點的暫行辦法). According to this provisional measure, property tax shall be imposed on any second or more residential property purchased by Shanghai residents and any residential property purchased by non-Shanghai residents from January 28, 2011.

For Shanghai residents who purchase the second residential property after January 28, 2011, if the construction area per capita of all residential properties owned by the family is no more than 60 sq.m. (the “tax-free construction area”), such newly purchased residential property could be temporarily exempted from property tax; if the construction area per capita of all residential properties owned by the family is more than 60 sq.m., property tax will be levied on the construction area of the newly purchased residential properties, which exceeds the tax-free construction area. The property tax will be provisionally based on 70% of the market price of the taxable residential property with the tax rate at 0.6%. For the taxable residential property whose market price per square meter is no more than 2 times last year’s average sales price of newly constructed commodity residential properties of Shanghai, the tax rate shall temporarily be 0.4%. In February 2011, Shanghai municipal government announced that for taxable residential properties whose market price is no more than RMB28,426, the tax rate is 0.4%.

On January 28, 2011, Chongqing Municipal Government issued Provisional Measure on levying of Property Tax on Part of Individual Residential Properties on a Trial Basis (重慶市政府對部分個人住房徵收房產稅改革試點暫行辦法) and Detailed Implementation Rules on Administration of Collection of Property Tax of Residential Property in Chongqing Municipality (重慶市個人住房房產稅徵收管理實施細則). Within nine trial districts, property tax shall be imposed on the detached commodity house, newly purchased high-end residential property and second ordinary residential property newly purchased by individuals who do not have local household registration (戶口), entities or jobs in Chongqing from January 28, 2011. The applicable tax rate of detached commodity house and high-end residential property shall be 0.5%, 1% and 1.2%, respectively, based on the transaction prices of such properties. The applicable tax rate of second ordinary residential property newly purchased by individuals who do not have local household registration (戶口), entities or jobs in Chongqing is 0.5%. The provisional measure and its implementation rules also set detailed guidelines on tax exemption and administration on tax collection.

Environmental Protection

The laws and regulations governing the environmental protection requirements for real estate development in China include the PRC Environmental Protection Law (中華人民共和國環境保護法), the PRC Prevention and Control of Noise Pollution Law (中華人民共和國環境噪聲污染防治法), the PRC Environmental Impact Assessment Law (中華人民共和國環境影響評價法) and the PRC Administrative Regulations on Environmental Protection for Development Projects (中華人民共和國建設項目環境保護管理條例). Pursuant to these laws and regulations, depending on the impact of the project on the environment, an environmental impact report, an environmental impact analysis table or an environmental impact registration form must be submitted by a developer before the relevant authorities grant approval for the commencement of construction of the property development. In addition, upon completion of the property development, the relevant environmental authorities will also inspect the property to ensure compliance with the applicable environmental protection standards and regulations before the property can be delivered to the purchasers.

Foreign Exchange Controls

Under the PRC Foreign Currency Administration Rules (中華人民共和國外匯管理條例) promulgated in 1996 and revised in 1997 and as amended in 2008 and various regulations issued by SAFE and other relevant PRC government authorities, Renminbi is convertible into other currencies for the purpose of current account items, such as trade-related receipts and payments and payment interest and dividend. The conversion of Renminbi into other currencies and remittance of the converted foreign currency outside China for the purpose of capital account items, such as direct equity investments, loans and repatriation of investment, requires the prior approval from SAFE or its local office. Payments for transactions that take place within China must be made in Renminbi. Unless otherwise approved, PRC companies may repatriate foreign currency payments received from abroad or retain the same from abroad. Foreign-invested

enterprises may retain foreign exchange in accounts with designated foreign exchange banks subject to a cap set by SAFE or its local office. Foreign exchange proceeds under the current accounts may be either retained or sold to a financial institution engaging in settlement and sale of foreign exchange pursuant to relevant rules and regulations of the State. For foreign exchange proceeds under the capital accounts, approval from SAFE is required for its retention or sale to a financial institution engaging in settlement and sale of foreign exchange, except where such approval is not required under the rules and regulations of the State.

On June 20, 1996, the PBOC promulgated the Regulations for Administration of Settlement, Sale and Payment of Foreign Exchange (結匯、售匯及付匯管理規定) (the “Settlement Regulations”) which became effective on July 1, 1996. The Settlement Regulations superseded the Provisional Regulations and abolished the remaining restrictions on convertibility of foreign exchange in respect of current account items while retaining the existing restrictions on foreign exchange transactions in respect of capital account items. On the basis of the Settlement Regulations, the PBOC published the Announcement on the Implementation of Foreign Exchange Settlement and Sale Banks by Foreign-invested Enterprises (外商投資企業實行銀行結售匯工作實施方案). The announcement permits foreign-invested enterprises to open, on the basis of their needs, foreign exchange settlement accounts for current account receipts and payments of foreign exchange, and specialized accounts for capital account receipts and payments at designated foreign exchange banks. On April 13, 2006, the PBOC promulgated the Announcement [2006] No. 5. The announcement provides that the system for opening, amending and closing current account-related foreign exchange accounts by enterprises shall be changed from one requiring advance examination and approval to one in which matters shall be handled directly by banks in line with foreign exchange control requirements and commercial practice, and shall be reported to the foreign exchange bureau for its records. The limits on current account-related foreign exchange accounts of enterprises shall be increased. On the same day, SAFE issued a Notice on Adjusting the Policies Concerning the Administration of Current Foreign Exchange Accounts (關於調整經常項目外匯管理政策的通知). The notice abolished the advance examination for opening of current account-related foreign exchange accounts and improved the limits on current account-related foreign exchange accounts.

On October 25, 1998, the PBOC and SAFE promulgated the Notice Concerning the Discontinuance of Foreign Exchange Swapping Business (關於停辦外匯調劑業務的通知) pursuant to which and with effect from December 1, 1998, all foreign exchange swapping business in the PRC for foreign-invested enterprises shall be discontinued, while the trading of foreign exchange by foreign-invested enterprises shall be regulated under the system for the settlement and sale of foreign exchange applicable to banks.

On July 21, 2005, the PBOC announced that, beginning on July 21, 2005, China will implement a regulated and managed floating exchange rate system based on market supply and demand and by reference to a basket of currencies. The Renminbi exchange rate is no longer pegged to the US dollar. PBOC will announce the closing price of a foreign currency such as the US dollar traded against the Renminbi in the inter-bank foreign exchange market after the closing of the market on each business day, setting the central parity for trading of the Renminbi on the following business day.

Save for foreign-invested enterprises or other enterprises which are specially exempted by relevant regulations, all entities in China (except for foreign trading companies and production enterprises having import and export rights, which are entitled to retain part of foreign exchange income generated from their current account transactions and to make payments using such retained foreign exchanges in their current account transactions or approved capital account transactions) must sell their foreign exchange income to designated foreign exchange banks. Foreign exchange income from loans issued by organizations outside the territory or from the issuance of bonds and shares is not required to be sold to designated banks, but may be deposited in foreign exchange accounts with designated banks.

Enterprises in China (including foreign-invested enterprises) which require foreign exchange for transactions relating to current account items may, without the approval of SAFE, effect payment from their foreign exchange account or convert and pay at the designated foreign exchange banks, upon presentation of valid receipts and proof. Foreign-invested enterprises which need foreign currencies for the distribution of profits to their shareholders, and Chinese enterprises which, in accordance with regulations, are required to pay dividends to shareholders in foreign currencies, may with the approval of board resolutions on the distribution of profits, effect payment from their foreign exchange account or convert and pay at the designated foreign exchange banks.

Convertibility of foreign exchange in respect of capital account items, like direct investment and capital contribution, is still subject to restriction and prior approval from SAFE or its competent branch.

In January and April 2005, SAFE issued two regulations that require PRC residents to register with and receive approvals from SAFE in connection with their offshore investment activities. SAFE also announced that the purpose of these regulations is to achieve the proper balance of foreign exchange and the standardization of all cross-border flows of funds.

In October 2005, SAFE issued a Notice on Issues Relating to the Administration of Foreign Exchange in Fund-raising and Reverse Investment Activities of Domestic Residents Conducted via Offshore Special Purpose Companies (關於境內居民通過境外特殊目的公司融資及返程投資外匯管理有關問題的通知) which became effective as of November 1, 2005. According to the notice, a special purpose company refers to an offshore company directly established or indirectly controlled by a domestic resident legal person or domestic resident natural person for the special purpose of carrying out financing of their assets or equity interest in PRC domestic enterprises. Prior to establishing or assuming control of a special purpose company, each PRC resident, whether a natural or legal person, must complete the overseas investment foreign exchange registration procedures with the relevant local SAFE branch. The notice applies retroactively. These PRC residents must also amend the registration with the relevant SAFE branch in the following circumstances: (1) the PRC residents have completed the injection of equity investment or assets of a domestic company into the special purpose company; (2) the overseas funding of the special purpose company has been completed; and (3) there is a material change in the capital of the special purpose company. Under the rules, failure to comply with the foreign exchange registration procedures may result in restrictions being imposed on the foreign exchange activities of the violator, including restrictions on the payment of dividends and other distributions to its offshore parent company, and may also subject the violators to penalties under the PRC foreign exchange administration regulations.

On September 1, 2006, SAFE and Ministry of Construction jointly issued a Notice on Regulating Issues Relevant to Administration of Foreign Exchange in the Real Estate Market (關於規範房地產市場外匯管理有關問題的通知). The notice provides: (i) where a foreign-invested real estate enterprise fails to pay the registered capital in full or to acquire a state-owned land use right certificate or to make its capital fund for a development project reach 35% of the total investment to the project, the foreign exchange bureau will not handle its foreign debt registration or approve the conversion of foreign debt into Renminbi; (ii) where a foreign organization or individual acquires a domestic real estate enterprise, if fail to pay the transfer price in a lump sum by their own fund, the foreign exchange bureau will not handle the registration of foreign exchange income from transfer of equities; (iii) Chinese and foreign investors of a foreign-invested real estate enterprise shall not reach an agreement including any clause which promises a fixed return or fixed revenue in any disguised form to any party, otherwise the foreign exchange bureau will not handle the foreign exchange registration or registration modification of foreign-invested enterprise; and (iv) funds in a foreign exchange account exclusive to foreign investors opened by a foreign organization or individual in a domestic bank shall not be used for

real estate development or operation. The notice also provides for a foreign exchange working process related to branches of overseas institutions established within China, overseas individuals, Hong Kong, Macao or Taiwan residents and overseas Chinese purchasing or selling commodity houses within China.

On December 25, 2006, PBOC promulgated the Measures for the Administration of Individual Foreign Exchange (個人外匯管理辦法). The measures use category administration to classify the individual foreign exchange operations as domestic and overseas by participants in the transaction, and current accounts and capital accounts by the nature of the transaction. The measures set the annual total amount of foreign exchange for settlement of individuals and for purchase of domestic individuals, and provide different procedures for individuals who set foreign exchange over the annual total amount and domestic individuals who purchase foreign exchange over the annual total amount according to current accounts items and capital accounts items.

On January 5, 2007, SAFE promulgated the Detailed Rules for the Implementation of the Measures for the Administration of Individual Foreign Exchange (個人外匯管理辦法實施細則). The Detailed Rules provide, amongst others, that (i) the annual total amount of foreign exchange for settlement of individuals and for purchase of domestic individuals is US\$50,000; (ii) domestic individuals who engage in external direct investment satisfying the relevant rules shall not only get approval from the foreign exchange bureau, but also complete the overseas investment foreign exchange registration procedures before they can purchase foreign exchange or remit with their own foreign exchange; (iii) domestic individuals can engage in financial investment such as overseas fixed-revenue right-interest, etc. through qualified domestic institutional investors such as banks and fund management companies; (iv) in case domestic individuals engage in such foreign exchange operations as an employee stock ownership plan of an overseas listed company or subscription option program, they can only deal with such options after completing registration with the foreign exchange bureau through their company or domestic agency institutions; and (v) the administration of foreign exchange on overseas loans, debts, guarantees, etc. for domestic individuals will be gradually opened.

On August 29, 2008, SAFE issued the Circular on the Relevant Operating Issues Concerning the Improvement of the Administration of the Payment and Settlement of Foreign Currency Capital of Foreign-Invested Enterprises (關於完善外商投資企業外匯資本金支付結匯管理有關業務操作問題的通知), or Circular No. 142. Pursuant to Circular No. 142, a foreign-invested enterprise's Renminbi fund received from the settlement of its foreign currency capital must be used within the business scope as approved by the government authority that approved the establishment of such foreign-invested enterprise, and such Renminbi fund cannot be used for domestic equity investment unless it is otherwise provided for. It is also prohibited to use the settled foreign exchange capital for purchasing domestic real estate for any purpose other than its own use, unless the enterprise is a foreign-funded real estate enterprise.

Mainland China Taxation

Because we are not incorporated in mainland China, investment in our Notes is expected to be largely exempt from PRC tax laws, except as disclosed in the section entitled "Risk Factors — Risks Relating to Our Business — We may be deemed a PRC resident enterprise under the EIT Law, which may subject us to PRC taxation on our worldwide income, require us to withhold taxes on interest we pay on the Notes and require holders of the Notes to pay taxes on gains realized from the sale of the Notes." But because virtually all of our business operations are in mainland China and because we carry out these business operations through operating subsidiaries and joint ventures organized under the PRC law, our PRC operations and our operating subsidiaries and joint ventures in mainland China are subject to PRC tax laws and regulations, which indirectly affect investment in our Notes.

Dividends from Our PRC Operations

Under the PRC tax laws effective prior to January 1, 2008, dividends paid to us by our PRC subsidiaries or joint ventures were exempt from PRC income tax. However, pursuant to the EIT Law and its implementation rules that became effective on January 1, 2008, dividends payable by foreign-invested enterprises, such as subsidiaries and joint ventures in China, to their foreign investors may be subject to a withholding tax at a rate of 10% unless any lower treaty rate is applicable.

Under the EIT Law and its implementation rules, enterprises established under the laws of foreign jurisdictions but whose “de facto management body” is located in China are treated as “resident enterprises” for PRC tax purposes, and will be subject to PRC income tax on their worldwide income. Under the Implementation Rules of the Enterprise Income Tax Law (中華人民共和國企業所得稅法實施細則), “de facto management bodies” are defined as the bodies that have material and overall management control over the business, personnel, accounts and properties of an enterprise. If a foreign enterprise is held to be a PRC resident enterprise for PRC tax purposes by relevant PRC tax authorities, the dividends (not including investment income from stocks issued publicly by other PRC resident enterprises and traded on stock exchanges where the holding period is less than twelve months consecutively) received by this enterprise from its direct equity investment in other PRC resident enterprises should be exempt from enterprise income tax; if this enterprise is held to be a non-resident enterprise, the dividends received from its direct equity investment in PRC resident enterprises shall be subject to enterprise income tax (withholding tax) at the rate of 10%, unless a preferential rate is provided by applicable tax treaties or arrangements entered into between the PRC and the country or region where this enterprise is established. Because this tax law is new and its implementation rules are newly issued, there is uncertainty as to how this new law and its implementation rules will be interpreted or implemented by relevant tax bureaus.

Our Operations in Mainland China

Our subsidiaries and joint ventures through which we conduct our business operations in mainland China are subject to PRC tax laws and regulations.

Deed Tax. Under the PRC Interim Regulation on Deed Tax (中華人民共和國契稅暫行條例) enacted by the State Council on July 7, 1997 and enforced on October 1, 1997, a deed tax is chargeable to transferees of land use rights and/or ownership in real properties within the territory of mainland China. These taxable transfers include:

- grant of use right of state-owned land;
- sale, gift and exchange of land use rights, other than transfer of right to manage rural collective land; and
- sale, gift and exchange of real properties.

Deed tax rate is between 3% to 5% subject to determination by local governments at the provincial level in light of the local conditions. In October 2008, the Ministry of Finance and the State Administration of Taxation issued the Notice on the Adjustments to Taxation on Real Property Transactions (財政部國家稅務總局關於調整房地產交易環節稅收政策的通知), pursuant to which, since November 1, 2008, the rate of deed tax has been temporarily reduced to 1% for a first-time home buyer of an ordinary residence with a GFA less than 90 sq.m.; individuals who sell or purchase residential properties are temporarily exempted from stamp duty and who sell residential properties are temporarily exempted from land value-added tax. However, the aforesaid preferential policy regarding deed tax has been replaced by the Notice on Adjustment of Preferential Policies Regarding Deed Tax and Individual Income Tax Incurred in Transfer of Real Property jointly promulgated by the Ministry of Finance, the State Administration of Taxation and

MOHURD (財政部、國家稅務總局、住房和城鄉建設部關於調整房地產交易環節契稅個人所得稅優惠政策的通知) on September 29, 2010 and enforced on October 1, 2010, pursuant to which, in the case that an individual purchases an ordinary house which is the only house for the family (including the purchaser, the spouse and minor children), deed tax is reduced by half; in the case that an individual purchases an ordinary house with a GFA of 90 sq.m. or below which is the only house for the family, deed tax is levied at a rate of 1%.

On March 9, 2010, the Ministry of Finance and the State Administration of Taxation jointly issued the Notice on Deed Tax Policies of First-time Purchase of Ordinary Residential Property (關於首次購買普通住房有關契稅政策的通知). Under this Notice, in case any of the home buyers who jointly purchase an ordinary residential property with a GFA under 90 sq.m. has property purchase record, the preferential deed tax policies of first-time purchase of ordinary residential property could not be applied to the joint buyers.

Enterprise Income Tax. Prior to the EIT Law and its implementation rules that became effective on January 1, 2008, our PRC subsidiaries and joint ventures were generally subject to a 33% corporate income tax. Under the EIT Law, effective from January 1, 2008, a unified enterprise income tax rate is set at 25% for both domestic enterprises and foreign-invested enterprises. The EIT Law and its implementation rules provide certain relief to enterprises that were established prior to March 16, 2007, including (1) continuously enjoying the preferential income tax rate during a five-year transition period if such enterprises are entitled to preferential income tax rate before the effectiveness of the EIT Law; (2) continuously enjoying the preferential income tax rate until its expiry if such enterprises are entitled to tax holidays for a fixed period under the relevant laws and regulations. However, where the preferential tax treatment has not commenced due to losses or accumulated loss not being fully offset, such preferential tax treatment shall be deemed to commence from January 1, 2008 and expire on December 31, 2013. In addition, dividends from PRC subsidiaries to their foreign shareholders will be subject to a withholding tax at a rate of 10% unless any lower treaty rate is applicable. However, under the EIT Law and its implementation rules, enterprises established under the laws of foreign jurisdictions but whose “de facto management body” is located in China are treated as “resident enterprises” for PRC tax purposes, and will be subject to PRC income tax on their worldwide income. Dividends from PRC subsidiaries to their foreign shareholders are excluded from such taxable worldwide income. Under the implementation rules of the EIT Law, “de facto management bodies” is defined as the bodies that have material and overall management control over the business, personnel, accounts and properties of an enterprise. Because this tax law is new and its implementation rules are newly issued, there is uncertainty as to how this new law and its implementation rules will be interpreted or implemented by relevant tax bureaus. According to the Arrangements in respect of Prevention of Double Taxation and Tax Evasion between Hong Kong and PRC (內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排), the PRC tax resident enterprise who distributes dividends to its Hong Kong shareholders should be levied enterprise income tax according to PRC laws; however, if the beneficiary of the dividends is a Hong Kong tax resident who directly holds not less than 25% equity of the aforesaid enterprise (i.e., the dividends distributor), the tax levied should be 5% of the distributed dividends. An approval from the local tax authority is required in order to benefit from the lower treaty rate and such lower rate may be denied if the recipient company is a company with no business substance.

On December 10, 2009, the State Administration of Taxation issued the Notice on Strengthening Administration of Enterprise Income Tax for Share Transfer by Non-PRC Resident Enterprises (關於加強非居民企業股權轉讓所得企業所得稅管理的通知), which was enforced on January 1, 2008. The Notice requires the non-PRC resident enterprise to file tax returns application to the local tax administrative authority within seven days from the date stipulated in the share transfer contract or agreement. If the non-PRC resident enterprise indirectly disposes of its equity interests in a PRC resident company by selling the shares of an intermediate holding company located in a jurisdiction where the effective tax rate is lower than 12.5% or which exempts offshore income from tax, this Notice requires the seller to submit relevant information

and documents, including the share transfer agreement and statements in relation to the intermediate holding company's business, to the in-charge tax authorities of the PRC resident company within 30 days upon conclusion of the share transfer agreement. In case the foreign investor (actual controller) indirectly transfer the equity interests in a PRC resident company via abuse of shareholding structure and such transaction does not have commercial substance and is intended to avoid PRC enterprise income tax liabilities, upon examination and approval of SAT, the PRC tax authorities may have the right to invoke the general anti-avoidance rules and disregard the intermediate holding company.

On April 11, 2008, the State Administration of Taxation issued the Notice of the Prepayment of Enterprise Income Tax of the Real Estate Development Enterprises (關於房地產開發企業所得稅預繳問題的通知), requiring real estate developers to prepay enterprise income tax by quarter (or month) according to the current actual profit. According to the Notice, for the incomes generated from the pre-sale before completion of the construction of buildings for residential or commercial use or other kinds, the tax prepayments thereof shall be paid upon calculation of the estimated quarterly or monthly profit according to the pre-set estimated profit rate, which shall be readjusted according to the actual profit after the completion of the construction of the buildings and settlement of the taxable cost. With respect to non-low-price economy residences, the preset estimated profit rate for the buildings located at provincial-level cities and suburbs shall be not less than 20%, while that for prefectural-level cities and suburbs shall be not less than 15%; for the low-price economy residence, the preset estimated profit rate shall be not less than 3%.

Business Tax. Under the PRC Interim Regulation on Business Tax (中華人民共和國營業稅暫行條例) of 1994, as amended in 2008 and entered into effect on January 1, 2009 and its Detailed Implementation Rules on the Provisional Regulations of The People's Republic of China on Business Tax (中華人民共和國營業稅暫行條例實施細則) issued by the Ministry of Finance on December 25, 1993, which was later amended in 2008 and became enforceable on January 1, 2009, the tax rate on the transfer of immovable properties and services in mainland China are subject to business tax. Taxable services include sale of real property in mainland China. Business tax rate is between 3% to 20% depending on the type of services provided. Sale of real properties and other improvements on the land attract a business tax at the rate of 5% of the turnover of the selling enterprise payable to the relevant local tax authorities.

On May 30, 2006, the State Administration of Taxation issued the Notice on Relevant Issues of Strengthening Administration of Collection of Real Estate Business Tax (國家稅務總局關於加強住房營業稅徵收管理有關問題的通知). According to the notice, from June 1, 2006, business tax will be imposed on the full amount of the sale income, upon the transfer of a residential house by an individual within five years from the purchase date. In the case of a residence other than an ordinary residence, business tax will be imposed on the difference between the sale income and the purchase price, provided that the transfer occurs after five years from the purchase date.

On December 29, 2008, the Ministry of Finance and the State Administration of Taxation issued a Notice on the Policy of Business Tax on Re-sale of Individual Residential Properties (財政部、國家稅務總局關於個人住房轉讓營業稅政策的通知), from January 1, 2009 to December 31, 2009, business tax will be imposed on the full amount of the sale income, upon the transfer of a non-ordinary residence by an individual within two years from the purchase date; for the transfer of a non-ordinary residence which is more than two years from the purchase date and an ordinary residence which is within two years from the purchase date, the business tax is to be levied on the difference between the sale income and the purchase price; and in the case of an ordinary residence, the business tax is exempted if that transfer occurs after two years from the purchase date.

On December 22, 2009, the State Council terminated the policy on preferential treatment relating to business taxes payable upon transfers of residential properties by property owners as previously adopted in December 2008 by the PRC government in response to the global economic slowdown, and the Ministry of Finance and the State Administration of Taxation jointly issued the

Notice on Adjusting the Policy of Business Tax on Re-sale of Personal Residential Properties (財政部、國家稅務總局關於調整個人住房轉讓營業稅政策的通知) which abolished the aforesaid; and the Ministry of Finance and the State Administration of Taxation issued a Notice on the Policy of Business Tax on Re-sale of Individual Residential Properties to curtail speculations in the property market in response to property price rises across the country. Pursuant to the Notice, effective from January 1, 2010, business tax will be imposed on the full amount of the sale income upon the transfer of non-ordinary residence by an individual within five years, instead of two years, from the purchase date. For the transfer of non-ordinary residence which is more than five years from the purchase date and ordinary residence which is within five years of the purchase date, the business tax is to be levied on the difference between the sale income and the purchase prices. In the case of an ordinary residence, the business tax is exempted if that transfer occurs after five years from the purchase date.

On January 27, 2011, the Ministry of Finance and the State Administration of Taxation issued the Notice on the Adjustment of Policy of Business Tax on Re-sale of Personal Residential Properties (財政部、國家稅務總局關於調整個人住房轉讓營業稅政策的通知) which repeals the Notice on Adjusting the Policy of Business Tax on Re-sale of Personal Residential Properties promulgated on December 22, 2009 and provides that transfer of residential properties by individuals within five years of purchase is subject to business tax based on the sales income, while the business tax levied on the transfer of non-ordinary residential properties by individuals after five years of purchase is based on the difference between the sales income and the purchase price. In the case of an ordinary residence, the business tax is exempted if that transfer occurs after five years from the purchase date.

Land Appreciation Tax. Under the PRC Interim Regulation on Land Appreciation Tax (中華人民共和國土地增值稅暫行條例) of 1994 and its implementation rules of 1995, LAT applies to both domestic and foreign investors in real properties in mainland China, irrespective of whether they are corporate entities or individuals. The tax is payable by a taxpayer on the appreciation value derived from the transfer of land use rights, buildings or other facilities on such land, after deducting the deductible items that include the following:

- payments made to acquire land use rights;
- costs and charges incurred in connection with land development;
- construction costs and charges in the case of newly constructed buildings and ancillary facilities;
- assessed value in the case of old buildings and facilities;
- taxes paid or payable in connection with the transfer of land use rights, buildings or other facilities on such land; and
- other deductible items allowed by the Ministry of Finance.

The tax rate is progressive and ranges from 30% to 60% of the appreciation value as compared to the “deductible items” as follows:

Appreciation value	LAT rate
Portion not exceeding 50% of the sum of deductible items	30%
Portion over 50% but not more than 100% of the sum of deductible items.	40%
Portion over 100% but not more than 200% of the sum of deductible items.	50%
Portion over 200% of the sum of deductible items.	60%

According to the requirements of the LAT Provisional Regulations, the LAT Detailed Implementation Rules and the Notice issued by the MOF in respect of the Levy and Exemption of LAT for Development and Transfer Contracts signed before January 1, 1994 (財政部關於對一九九四年一月一日前簽訂開發及轉讓合同的房地產徵免土地增值稅的通知), which was announced by MOFCOM and State Administration of Taxation on January 27, 1995, LAT shall be exempted under any one of the following circumstances:

- Taxpayers constructing ordinary residential properties for sale (i.e., residences built in accordance with the local standard for residential properties used by the general population, excluding deluxe apartments, villas, resorts and other high-end premises), where the appreciation amount does not exceed 20% of the sum of deductible items;
- Real estate taken over or the grant of state-owned land use right of repossessed land which were approved by the government according to laws due to the construction requirements of the state; and
- Due to redeployment of work or improvement of living standards, transfers by individuals of originally self-used residential properties, with five years or longer of self-used residence and with tax authorities' approval.

According to the notice, the LAT regulation does not apply to the following transfers of land use rights:

- real estate transfer contracts executed before January 1, 1994; and
- first-time transfers of land use rights and/or premises and buildings during the five years commencing on January 1, 1994 if the land grant contracts were executed or the development projects were approved before January 1, 1994 and the capital has been injected for the development in compliance with the relevant regulations.

After the enactment of the LAT regulations and the implementation rules in 1994 and 1995, respectively, due to the long period of time typically required for real estate developments and their transfers, many jurisdictions, while implementing these regulations and rules, did not require real estate development enterprises to declare and pay the LAT as they did other taxes. Therefore, in order to assist the local tax authorities in the collection of LAT, the Ministry of Finance, State Administration of Taxation, Ministry of Construction and State Land Administration Bureau separately and jointly issued several notices to reiterate that, after the assignments are signed, the taxpayers should declare the tax to the local tax authorities where the real estate is located, and pay the LAT in accordance with the amount as calculated by the tax authority and within the time period as required. For those who fail to acquire proof as regards the tax paid or the tax exemption from the tax authorities, the real estate administration authority will not process the relevant title change procedures, and will not issue the property ownership certificates.

The State Administration of Taxation issued a further notice in July 2002 to require local tax authorities to require prepayment of LAT on basis of proceeds from pre-sale of real estate.

In December 2006, the State Administration of Taxation issued a Notice on the Administration of the Settlement of Land Appreciation Tax of Property Development Enterprises (國家稅務總局關於房地產開發企業土地增值稅清算管理有關問題通知), which came into effect on February 1, 2007. The notice required settlement of LAT liabilities by real estate developers. Provincial tax authorities are given authority to formulate their implementation rules according to the notice and their local situation.

To further strengthen LAT collection, in May 2009, the State Administration of Taxation released the Rules on the Administration of the Settlement of Land Appreciation Tax (國家稅務總局關於土地增值稅清算管理規程), which come into force on June 1, 2009.

In May 2010, the State Administration of Taxation issued the Circular on Settlement of Land Appreciation Tax (國家稅務總局關於土地增值稅清算有關問題的通知) to strengthen the settlement of LAT. The circular clarifies certain issues with respect to the calculation and settlement of LAT, such as (i) recognition of the revenue upon the settlement of LAT; and (ii) the deduction of fees incurred in connection with the property development.

In May 2010, the State Administration of Taxation issued the Notice on Strengthening the Collection of Land Appreciation Tax (國家稅務總局關於加強土地增值稅徵管工作的通知), which requires that except for affordable residences the minimum LAT prepayment rate shall be 2% for provinces in the eastern region of China, 1.5% for provinces in the central and northeastern regions, and 1% for provinces in the western region. According to the notice, the local tax bureaus shall determine the applicable LAT prepayment rates based on the property type.

Urban Land Use Tax. Pursuant to the PRC Interim Regulations on Land Use Tax in respect of Urban Land (中華人民共和國城鎮土地使用稅暫行條例) promulgated by the State Council in September 1988, land use tax in respect of urban land is levied according to the area of relevant land. The annual tax on urban land was between RMB0.2 and RMB10 per sq.m. An amendment by the State Council in December 2006 changed the annual tax rate to between RMB0.6 and RMB30 per sq.m. of urban land. The changed rates in detail are as follows:

- between 1.5 yuan and 30 yuan in large cities;
- between 1.2 yuan and 24 yuan in medium cities;
- between 0.9 yuan and 18 yuan in small cities; and
- between 0.6 yuan and 12 yuan in county towns, towns/bases operated under an organizational system, and industrial and mining districts.

According to the provisional regulations, land use tax shall be collected from foreign invested enterprises, foreign enterprises and foreign individuals.

On June 11, 2007, SAT issued the Notice on Canceling Certain Administrative Examination and Approval Items for Local Taxes (關於取消部分地方稅行政審批專案的通知), which came into force as of the date of its issuance. Under this Notice, certain preferential treatments of land use tax have been canceled as follows:

- for certain infrastructure construction projects, in particular the large-scale infrastructure construction projects supported by relevant national industry policies, which need large areas of land and long-term construction but without operational revenue during the construction period, the exemption or reduction of land use tax may be granted by the taxation bureau at the provincial level based on the specified situations.
- for real estate development enterprises that have difficulty in paying the land use tax prior to the sale of commercial real estate, the exemption or reduction of land use tax may be granted by the taxation bureau at the provincial level based on the specified situations.
- the exemption or reduction of land use tax as a benefit for using land for port construction, electric power industry and coal industry.

Property Tax. Under the PRC Interim Regulations on Property Tax (中華人民共和國房產稅暫行條例) promulgated by the State Council in September 1986, property tax applicable to domestic enterprises is 1.2% if it is calculated on the basis of the residual value of a building and 12% if it is calculated on the basis of the rental. The following categories of buildings shall be exempt from property tax:

- a building of governmental agencies, people's organizations and the armed forces for their own use;
- a building of institutions whose operating expenses are allocated by State finance departments for their own use;
- a building religious temples and shrines' parks and places of historic interest and scenic beauty for their own use;
- a building owned by individuals for non-business purposes; and
- tax exemption approved by the Ministry of Finance for other buildings.

And according to the Notice on Issues Relating to Assessment of Property Tax against Foreign-invested Enterprises and Foreign Individuals (關於對外資企業及外籍個人徵收房產稅有關問題的通知) promulgated by the Ministry of Finance and the State Administration of Tax on January 12, 2009, foreign-invested enterprises, foreign enterprises and foreign individuals are to have been levied the property tax (房產稅) since January 1, 2009.

On January 27, 2011, Shanghai Municipal Government issued the Provisional Measure on Levying of Property Tax on Part of Individual Residential Properties in Shanghai on a Trial Basis (上海市開展對部分個人住房徵收房產稅試點的暫行辦法). According to this Provisional Measure, property tax shall be imposed on any second or more residential property purchased by Shanghai residents and any residential property purchased by non-Shanghai residents from January 28, 2011. For Shanghai residents who purchase the second residential property after January 28, 2011, if the construction area per capita of all residential properties owned by the family is no more than 60 sq.m. (the "tax-free construction area"), such newly purchased residential property could be temporarily exempted from property tax; if the construction area per capita of all residential properties owned by the family is more than 60 sq.m., property tax will be levied on the construction area of the newly purchased residential properties, which exceeds the tax-free construction area. The property tax will be provisionally based on 70% of the market price of the taxable residential property with the tax rate at 0.6%. For the taxable residential property whose market price per square meter is no more than two times last year's average sales price of newly constructed commodity residential properties of Shanghai, the tax rate shall temporarily be 0.4%. In February 2011, the Shanghai municipal government announced that for taxable residential properties whose market price is no more than RMB28,426, the tax rate is 0.4%.

On January 28, 2011, Chongqing Municipal Government issued Provisional Measure on Levying of Property Tax on Part of Individual Residential Properties on a Trial Basis (重慶市政府對部分個人住房徵收房產稅改革試點暫行辦法) and Detailed Implementation Rules on Administration of Collection of Property Tax of Residential Property in Chongqing Municipality (重慶市個人住房房產稅徵收管理實施細則). Within nine trial districts, property tax shall be imposed on the detached commodity house, newly purchased high-end residential property and second ordinary residential property newly purchased by individuals who do not have local household registration (戶口), entities or jobs in Chongqing from January 28, 2011. The applicable tax rate of detached commodity house and high-end residential property shall be 0.5%, 1% and 1.2%, respectively, based on the transaction prices of such properties. The applicable tax rate of

second ordinary residential property newly purchased by individuals who do not have local household registration (戶口), entities or jobs in Chongqing is 0.5%. The Provisional Measure and its Implementation Rules also set detailed guidelines on tax exemption and administration on tax collection.

Stamp Duty. Under the PRC Interim Regulations on Stamp Duty (中華人民共和國印花稅暫行條例) promulgated by the State Council in August 1988, for property transfer instruments, including those in respect of property ownership transfers, the duty rate is 0.05% of the amount stated therein; for permits and certificates relating to rights, including property ownership certificates and land use rights certificates, stamp duty is levied on an item-by-item basis of RMB5 per item.

Municipal Maintenance Tax. Under the PRC Interim Regulations on Municipal Maintenance Tax (中華人民共和國城市維護建設稅暫行條例) promulgated by the State Council in 1985, a taxpayer, whether an individual or otherwise, of product tax, value-added tax or business tax is required to pay municipal maintenance tax calculated on the basis of product tax, value-added tax and business tax. The tax rate is 7% for a taxpayer whose domicile is in an urban area, 5% for a taxpayer whose domicile is in a county or a town, and 1% for a taxpayer whose domicile is not in any urban area or county or town.

Under the Circular Concerning Temporary Exemption from Municipal Maintenance Tax and Education Surcharge For Enterprises with Foreign Investment and Foreign Enterprises issued by the State Administration of Taxation (國家稅務總局關於外商投資企業和外國企業暫不徵收城市維護建設稅和教育費附加的通知) in February 1994 and the Approval on Exemption of Municipal Maintenance Tax and Education Surcharge in Foreign-Invested Freightage Enterprises (關於外商投資貨物運輸企業免徵城市維護建設稅和教育費附加問題的批覆) issued by the State Administration of Taxation on February 25, 1994 and on September 14, 2005, respectively, the municipal maintenance tax is not applicable to foreign-invested enterprises for the time being, until further explicit stipulations are issued by the State Council.

In October 2010, the State Council issued the Notice on Unification of the Application of Municipal Maintenance Tax and Education Surcharge by Domestic and Foreign Enterprises and Individuals (國務院關於統一內外資企業和個人城市維護建設稅和教育費附加制度的通知), pursuant to which, from December 1, 2010, municipal maintenance tax is applicable to both foreign-invested enterprises, foreign enterprises and foreign individuals as well as domestic enterprises and individuals.

Pursuant to the Notice on Relevant Issues of Imposition of Municipal Maintenance and Education Surcharge on Foreign-invested Enterprises promulgated by the Ministry of Finance and the State Administration of Taxation (財政部和國家稅務總局關於對外資企業徵收城市維護建設稅和教育費附加有關問題的通知) in November 2010, foreign-invested enterprises must pay municipal maintenance tax on any value-added tax, consumption tax and business tax incurred on or after December 1, 2010. However, foreign-invested enterprises will be exempted from municipal maintenance tax on any value-added tax, consumption tax and business tax incurred before December 1, 2010.

Education Surcharge. Under the Interim Provisions on Imposition of Education Surcharge (徵收教育費附加的暫行規定) promulgated by the State Council in April 1986 and amended in 1990 and in August 2005, any taxpayer, whether an individual or otherwise, of value-added tax, business tax or consumption tax is liable for an education surcharge, unless such taxpayer is required to pay a rural area education surcharge as provided by the Notice of the State Council on Raising Funds for Schools in Rural Areas. The Education Surcharge rate is 3% calculated on the basis of consumption tax, value-added tax and business tax. Under the Circular Concerning Temporary Exemption from Municipal Maintenance Tax and Education Surcharge For Enterprises with Foreign Investment and Foreign Enterprises issued by the State Administration of Taxation (國家稅務總局關於外商投資企業和外國企業暫不徵收城市維護建設稅和教育費附加的通知) in

February 1994, the Supplementary Circular Concerning Imposition of Education Surcharge issued by the State Council (國務院關於教育費附加徵收問題的補充通知) in October 1994 and the Reply on Exemption of Municipal Maintenance Tax and Education Surcharge in Foreign-Invested Freightage Enterprises (關於外商投資貨物運輸企業免徵城市維護建設稅和教育費附加問題的批覆) issued by the State Administration of Taxation on February 25, 1994 and on September 14, 2005, respectively, whether foreign investment enterprises are subject to the education surcharge shall be determined in accordance with notices issued by the State Council and such tax is not applicable to enterprises with foreign investment for the time being, until further explicit stipulations are issued by the State Council.

Pursuant to the aforesaid Unification of Application of Municipal Maintenance Tax and Education Surcharge by Domestic and Foreign Enterprises and Individuals (國務院關於統一內外資企業和個人城市維護建設稅和教育費附加制度的通知), from December 1, 2010 an education surcharge is applicable to both foreign-invested enterprises, foreign enterprises and foreign individuals as well as domestic enterprises and individuals.

Pursuant to the aforesaid Notice on Relevant Issues of Imposition of Municipal Maintenance and Education Surcharge on Foreign-invested Enterprises (關於對外資企業徵收城市維護建設稅和教育費附加有關問題的通知), foreign-invested enterprises must pay an education surcharge on any value-added tax, consumption tax and business tax incurred on or after December 1, 2010. However, foreign-invested enterprises will be exempted from paying an education surcharge on any value-added tax, consumption tax and business tax incurred before December 1, 2010.

MANAGEMENT

Directors and Senior Management

The following table sets forth information regarding our directors as of the date of this offering memorandum.

Name	Age	Position/Title
Wu Yajun	47	Chairperson of the Board and Executive Director
Shao Mingxiao	45	Chief Executive Officer and Executive Director
Zhou Dekang	44	Chief Operating Officer and Executive Director
Qin Lihong	38	Chief Marketing Officer and Executive Director
Feng Jinyi	40	Chief Business Development Officer and Executive Director
Wei Huaning	34	Chief Financial Officer and Executive Director
Frederick Peter Churchouse	62	Independent Non-Executive Director
Chan Chi On, Derek	48	Independent Non-Executive Director
Xiang Bing	49	Independent Non-Executive Director
Zeng Ming	41	Independent Non-Executive Director

Executive Directors

Madam Wu Yajun (吳亞軍), aged 47, was appointed as executive director of the Company on December 21, 2007, and is the Chairperson of the Board of the Group. Madam Wu joined the Group at its inception in 1994. Madam Wu graduated from the Department of Navigation Engineering of Northwestern Polytechnical University in 1984. Madam Wu serves as a member of the National Peoples' Congress, Vice-Chairperson of the Federation of Industry and Commerce of Chongqing Municipality and Vice-Chairperson of the Real Estate Branch Chamber of the Chongqing General Chamber of Commerce. Madam Wu has extensive experience in property development, property investment and property management.

Mr. Shao Mingxiao (邵明曉), aged 45, was appointed as executive director of the Company on June 3, 2011, and is the Chief Executive Officer of the Group. Mr. Shao joined the Group in 2006. Mr. Shao graduated from Renmin University of China with a Master of Economics degree in 1992. Prior to joining the Group, Mr. Shao served as the Deputy General Manager of Hangyu Economic Development Company, a subsidiary of the Beijing Capital Group, and Beijing Xinlian Xiechuang Real Estate Development Limited, respectively. Mr. Shao was also the General Manager of Beijing Zhongjing Yiyuan Real Estate Development Limited and the Director of the real estate development division of Beijing Hualian Group.

Mr. Zhou Dekang (周德康), aged 44, was appointed as executive director of the Company on June 3, 2011, and is the Chief Operating Officer of the Group. Mr. Zhou joined the Group in 2005. Mr. Zhou graduated from the Architecture Institute of Chongqing Jianzhu University and obtained a bachelor's degree majoring in Architecture in 1989. Prior to joining the Group, Mr. Zhou had been the head of the construction division of the Chongqing City Planning and Design Research Institute and a director in charge of design at Chengdu Bo Rui Real Estate Development Limited.

Mr. Qin Lihong (秦力洪), aged 38, was appointed as executive director of the Company on September 8, 2009, and is the Chief Marketing Officer of the Group. Mr. Qin joined the Group in 2008. Mr. Qin graduated from the School of International Studies of Peking University in 1999 with a master's degree in Law. He obtained a Master's degree in Public Policy (MPP) from John Fitzgerald Kennedy School of Government, Harvard University in 2001. Prior to joining the Group, Mr. Qin worked in the Marketing Department of Procter & Gamble (Guangzhou) Limited, Roland Berger Strategy Consultants and Anhui Chery Automobile Sales and Service Company.

Mr. Feng Jinyi (馮勁義), aged 40, was appointed as executive director of the Company on June 3, 2011, is the Chief Business Development Officer of the Group. Mr. Feng joined the Group in 2008. Mr. Feng graduated from Changsha Communication College (currently known as Changsha University of Science & Technology) in 1994 with a bachelor's degree in engineering. Prior to joining the Group, Mr. Feng worked for No. 3 Aviation Engineering Design Institute Co., Ltd., Shanghai Kangqiao Bandao (Group) Co., Ltd. and Zhejiang Jubao Real Estate Co., Ltd..

Mr. Wei Huaning (韋華寧), aged 34, was appointed as executive director of the Company on June 3, 2011, is the Chief Financial Officer of the Group. He joined the Group in 2006 and has served as the Head of Strategic Management Centre and Operational Management Centre. He is the General Manager of Finance Department of the Group since June 2010. Mr. Wei holds a doctoral degree in Management from the Shanghai University of Finance and Economics (School of Accountancy) and specializes in research on corporate strategy and execution. Prior to joining the Group, he has previously worked as a researcher at Center for Strategy and Execution of Cheung Kong Research Institute in Cheung Kong Graduate School of Business.

Independent Non-executive Directors

Mr. Frederick Peter Churchouse, aged 62, was appointed as independent non-executive director and member of the Audit Committee of the Company on November 1, 2009. He is the managing director of Portwood Capital Limited. Mr. Churchouse earned a bachelor of arts degree, and a Master of Social Science degree from the University of Waikato in New Zealand. He has been a director of LIM Advisers Limited, the senior portfolio manager for the LIM Asia Alternative Real Estate Fund and a managing director of the research department of Morgan Stanley.

Mr. Chan Chi On, Derek (陳志安), aged 48, was appointed as independent non-executive director, Chairman of the Audit Committee and the member of the Remuneration Committee of the Company on November 1, 2009. Mr. Chan is a Group Executive Director of Haitong International Securities Group Limited, a company listed on the Stock Exchange of Hong Kong, and is also currently the Managing Director of Haitong International Capital Limited, in charge of its corporate finance division. Mr. Chan graduated from the University of Hong Kong with a bachelor's degree in Social Sciences (majoring in Economics) in 1985 and from the Hong Kong University of Science & Technology with a master's degree in Business Administration in 1994. Between 1989 and 1996, he worked for The Stock Exchange of Hong Kong Limited. He is an independent non-executive director of GZI REIT Asset Management Limited and Sheng Yuan Holdings Limited, both listed on the Stock Exchange of Hong Kong. He is also an adjunct professor in the School of Accounting and Finance of the Hong Kong Polytechnic University. Mr. Chan possesses over 20 years of experience in the financial services industry.

Dr. Xiang Bing (項兵), aged 49, was appointed as independent non-executive director, member of the Audit Committee and the Remuneration Committee of the Company on November 1, 2009. He obtained a Doctoral degree in Accounting from the University of Alberta, Canada. Dr. Xiang is currently the founding Dean and Professor of the Cheung Kong Graduate School of Business. Dr. Xiang is an independent non-executive director of Dan Form Holdings Company Limited, HC International, Inc., Enerchina Holdings Limited, Sinolink Worldwide Holdings Limited, China Dongxiang (Group) Co., Ltd, Little Sheep Group Limited, Peak Sport Products Co., Limited and Guangzhou Automobile Group Co., Ltd.. All of the above mentioned

companies are listed on the Hong Kong Stock Exchange. Dr. Xiang is an independent non-executive director LDK Solar Co., Ltd., Perfect World Co., Ltd., and E-House (China) Holdings Limited. All of the above mentioned companies are listed in the U.S. Dr. Xiang is an independent non-executive director of Yunnan Baiyao Group Co., Ltd, a company listed on the Shenzhen Stock Exchange. In the past three years, Dr. Xiang was an independent director of Shaanxi Qinchuan Machinery Development Co., Ltd., Guangdong Midea Electric Appliances Co., Ltd., TCL Corporation., Shenzhen Terca Technology Co., Ltd. All of these companies are listed on the Shenzhen Stock Exchange. Dr Xiang also was an independent non-executive director of Jutal offshore Oil Services Limited, a company listed on the Hong Kong Stock Exchange.

Mr. Zeng Ming (曾鳴), aged 41, was appointed as an independent nonexecutive director of the Company on June 3, 2011 and chairman of the remuneration committee on April 1, 2012. Mr. Zeng is the Chief Strategy Officer of Alibaba Group. Mr. Zeng obtained his Ph.D in International Business and Strategy from the University of Illinois at Urbana-Champaign, USA in 1998 and a Bachelor of Arts degree in Economics from Fudan University in 1991. Mr. Zeng was the Professor of Strategy at Cheung Kong Graduate School of Business, Beijing, China and a faculty member at INSEAD, France.

Senior Management

Ms. Fan Qi (樊琦), aged 44, is an executive director of Chengdu Longhu Jinhua Real Estate. Madam Fan joined the Group in 1997. Madam Fan served as the General Manager of Chengdu Longhu Jinhua Real Estate business operations from 2005 to 2010. Madam Fan graduated from the Department of Management Engineering of the Sichuan Institute of Light Industry and Chemical Technology in 1988. Prior to joining the Group, Madam Fan had worked for the Chongqing City Jiangbei District Shimen Tax Office.

Mr. Zhao Nannan (趙男男), aged 35, is the General Manager in charge of our Shanghai business operations. Mr. Zhao joined the Group in 2001. Mr. Zhao graduated from Chongqing Jianzhu University and obtained a bachelor's degree majoring in Management Engineering in 1999. Prior to joining the Group, Mr. Zhao worked for Chongqing Residential Construction Limited.

Mr. Huang Shi Xuan (黃世軒), aged 47, was appointed as the Chief Engineer of the Group. He joined the Group in 1998 and has served as the Deputy General Manager of engineer of Chongqing Longhu and Beijing Longfor Real Estate respectively. Mr. Huang graduated from the Department of Mechanical Engineering of Chongqing University in 1988. Prior to joining the Group, Mr. Huang worked for Chongqing Construction Limited.

Mr. Wei Jian (魏健), aged 37, is the General Manager of Investment Properties Operating Department of the Group. Mr. Wei joined the Group in 2008. He graduated from the Tianjin University in 2000 and obtained a master's degree in Management Science and Engineering. Prior to joining the Group, Mr. Wei worked for Procter & Gamble (Guangzhou) Ltd., Roland Berger Strategy Consultants and Tiens Group.

Mr. Zhang Xue Qiao (張雪樵), aged 40, is the General Manager in charge of our Chengdu business operations. Mr. Zhang joined the Group in 2007 and was the Deputy General Manager of the Marketing Department of Chongqing Longfor Real Estate. He has served as the General Manager of our Chengdu business operations since 2011. Mr. Zhang graduated from the Department of Economics and Management of Guizhou Nationalities University, majoring in Industrial Enterprise Management in 1992. Prior to joining the Group, Mr. Zhang worked for Shenzhen Skyworth Group, Chongqing Yuhai Industrial Co Ltd and Chongqing Jinke Group.

Mr. Cui Hengzhong (崔恒忠), aged 44, is the General Manager in Charge of our Chongqing business operations. Mr. Cui joined the Group in 2007 and served as the Project Director, Deputy General Manager of operations and Deputy General Manager of Engineering of Beijing Longhu Properties. Mr. Cui graduated from the Department of Structural Engineering of Beijing University of Technology in 1997 and obtained a master's degree in Engineering. Prior to joining the Group, he worked for Jiangsu Province Urban Construction Engineering Corporation, Research Institute of Metallurgical Construction and Beijing Wanda Real Estate Development Co., Ltd.

Mr. Yang Xiaopeng (楊小鵬), aged 36, is the General Manager in Charge of our business operations in Southern Jiangsu. Mr. Yang joined the Group in 2008 and served as the Project Development Manager, Director of Development and Design, and Deputy General Manager of Development of Beijing Longhu Properties. Mr. Yang graduated from the Department of Urban Planning of Tsinghua University in 2001 and obtained a master's degree in Engineering. Subsequently, he obtained a doctoral degree in Architecture from Tsinghua University in June 2008. Prior to joining the Group, Mr. Yang worked for China International Engineering Design and Consult Co., Ltd.

Mr. Song Hailin (宋海林), aged 39, is the General Manager in charge of our Beijing business operations. Mr. Song joined the Group in 2011 and served as the Deputy Executive General Manager of Beijing Longfor Real Estate. He has served as the General Manager of Beijing Longhu Properties since May 2011. Mr. Song graduated from the Department of Architectural Design and Theory of Tsinghua University in 2001 and obtained a doctoral degree in Engineering. Mr. Song was a visiting scholar of the Special Program for Urban and Regional Studies (SPURS) of Massachusetts Institute of Technology (MIT) in the United States from 2009 to 2011. Prior to joining the Group, Mr. Song was the President of the Architectural Design and Research Institute of Tsinghua University and during such office, he acted as the temporary Deputy District Chief of Fushan District of Yantai in Shandong Province.

Mr. Li Jun (李軍), aged 39, is the General Manager in charge of our Shenyang business operations. Mr. Li joined the Group in June 2006. Mr. Li graduated from Beijing University of Technology with a bachelor's degree in Engineering in 1996 majoring in civil engineering. Prior to joining the Group, Mr. Li worked for Beijing Beichen Innovation Hi-tech Development Limited, Markgold International Housing Land Consulting (Beijing) Co., Ltd. and Beichen Property Development Company.

Mr. Peng Jiang (彭江), aged 37, is the General Manager in charge of our Qingdao business operations. Mr. Peng graduated from Tongji University in 1997 with a bachelor's degree in Engineering and from Tsinghua University in 2001 with a master's degree of Engineering. Prior to joining to Group, Mr. Peng worked for China Resources Land Beijing Limited and Taikang Real Estate Investment Co.

Mr. Yuan Chun (袁春), aged 37, is the General Manager in charge of our Hangzhou business operations. Mr. Yuan joined the Group in 2010. He graduated from Tongji University in 1996 with a bachelor's degree in HVAC. Prior to joining the Group, Mr. Yuan worked for China Overseas Land & Investment Ltd.

Company Secretary

Mr. Lo Chi Lik, Peter (羅志力), aged 60, is our Company Secretary. He qualified as a solicitor in Hong Kong in 1976 and has been in continuous practice since qualification. He is currently a partner of Messrs. Woo, Kwan, Lee & Lo. Mr. Lo is also the Company Secretary of China Resources Land Limited (stock code: 01109) (華潤置地有限公司) and China Resources Cement Holdings Limited (華潤水泥控股有限公司) (stock code: 1313) which are listed on the Stock Exchange.

Audit Committee

We established an audit committee on November 1, 2009 in compliance with Rules 3.21 and 3.23 of the Listing Rules. The audit committee comprises three independent non-executive directors, Mr. Chan Chi On, Derek, Mr. Frederick Peter Churchouse and Dr. Xiang Bing. Mr. Chan is the Chairman of the audit committee. The primary duties of the audit committee are to review and supervise the financial reporting process and our internal control procedures and nominate and monitor external auditors.

Remuneration Committee

We established a remuneration committee on November 1, 2009 in compliance with Appendix 14 to the Listing Rules. The remuneration committee comprises three independent non-executive directors, Mr. Zeng Ming, Dr. Xiang Bing and Mr. Chan Chi On, Derek. Mr. Zeng Ming is the Chairman of the remuneration committee. The primary functions of the remuneration committee are to make recommendations to the Board on the remuneration of our directors and senior management, to determine on behalf of the Board specific remuneration packages and conditions of employment for the directors and senior management and to evaluate and make recommendations on employee benefit arrangements.

Management Committee

We have established a management committee consisting of our executive directors and the General Managers of the regional companies. Led by the Chief Executive Officer, the committee is responsible for discussing and approving corporate policies and key management issues in the areas of strategy, operation, finance and human resources.

Investment Decision Committee

We have established an investment decision committee consisting of the Chairperson and Chief Executive Officer, the Chief Financial Officer, the General Managers of the regional companies, the General Manager of the Business Development Department and the General Manager of the Customer and Corporate Branding Department of our headquarters. The investment decision committee reports directly to the Board and is responsible for appraising land acquisition proposals submitted by our regional companies and the business development department of our headquarters as well as making land purchase decisions. When there is conflict of interest with any member of the investment decision committee in respect of any matter to be transacted at the committee meeting, the relevant member is required to abstain from voting on such matter of the meeting.

Compensation of Directors

The aggregate amount of salaries, housing allowances, pension scheme contributions, other allowances, benefits-in-kind and bonuses received by the directors during each of the three financial years ended December 31, 2009, 2010 and 2011, were approximately RMB44.9 million, RMB63.0 million and RMB98.0 million, respectively.

During the three financial years ended December 31, 2009, 2010 and 2011 and the six months ended June 30, 2012:

- no remuneration was paid by us to, or receivable by, our directors as an inducement to join or upon joining us;

- no compensation was paid by us to, or receivable by, our directors or past directors for each of the last three years for the loss of office as a director or for the loss of any other office in connection with the management of the affairs of any of our members; and
- none of our directors waived any emoluments.

Save as disclosed above, no other payments have been paid or are payable, in respect of the three financial years ended December 31, 2009, 2010 and 2011 and the six months ended June 30, 2012 by us to the directors.

In consideration of, among other things, their respective employment and compensation arrangements under their respective employment agreements, each of those individuals are bound by certain restrictive covenants, including a covenant which restricts their ability to compete with us both during their employment with us and for a period of twelve months thereafter. Madam Wu is further bound by the terms of the Non-competition Deed which was entered into on November 1, 2009.

Employees

We had a total of 8,285 employees as of June 30, 2012. The following table sets out the number of our employees categorized by function as at that date:

Department	No. of employees
Marketing and Sales and Corporate Branding	482
Engineering	441
Cost and Procurement	233
Finance and Accounting	182
R&D and Design	142
Public Affairs and Administration	86
Investment and Business Development	130
Operation Management and IT	80
Human Resources	55
Other:	198
Sub-total for Property Development and Headquarters	2,029
Property Management Services	6,092
Commercial Real Estate and Related Services	164
Total	8,285

All of our employees are employed under employment contracts. We review the performance of our employees twice a year, the results of which are used in his or her annual salary review and promotion appraisal.

All of our employees are considered for an annual bonus based on various performance criteria and their assessment results.

We review our staff remuneration packages semi-annually. We conduct research on remuneration packages offered to similar positions in our industry which we believe allows us to remain competitive in the labor market.

We incurred staff costs (including directors' emoluments) of approximately RMB524.1 million, RMB627.6 million and RMB977.5 million for the three financial years ended December 31, 2009, 2010 and 2011, representing 4.6%, 4.2% and 4.1%, respectively, of our revenue for those periods.

We confirm that no compensation was paid by us to, or receivable by, such employees for the three financial years ended December 31, 2009, 2010 and 2011 and the six months ended June 30, 2012 for loss of office in connection with the management of our affairs, or as an inducement to join or upon joining us.

Employee Incentive Schemes

We have adopted the Pre-IPO Share Award Schemes, the Pre-IPO Option Scheme and the Post-IPO Option Scheme for the benefit of our employees, including our directors and senior management personnel subject to the terms and conditions respectively stated therein.

Compensation of employees

Compensation of our employees, including our sales staff, consists of basic salary and bonuses. Bonuses are determined on a yearly basis based on performance reviews and our overall financial results. At the completion of a property project, we also issue a special project completion bonus. We expect to grant share options to our senior employees pursuant to the Post-IPO Option Scheme as part of their remuneration packages.

PRINCIPAL SHAREHOLDERS

The following table sets forth information regarding beneficial ownership of our ordinary shares as of June 30, 2012 by (i) our directors and (ii) those persons known by us to beneficially own 5% or more of our outstanding shares (the “Shares”).

Name of shareholder	Capacity/nature of interest	Number of Ordinary Shares	Interest in underlying shares	Approximate percentage of shareholding
Directors				
Wu Yajun	Founder of a discretionary trust (Note 1)	2,343,736,000	—	45.407%
	Family interest (Note 2)	1,559,394,400	—	30.211%
	Family interest (Note 6)	3,100,000	—	0.060%
Shao Mingxiao	Beneficiary of a trust (Note 3)	956,250	—	0.019%
	Beneficiary of a trust (Note 4)	—	26,379,000	0.511%
	Beneficial owner	3,555,750	31,600,000 (Note 5)	0.681%
Zhou Dekang	Beneficiary of a trust (Note 3)	1,091,500	—	0.021%
	Beneficiary of a trust (Note 4)	—	26,379,000	0.511%
	Beneficial owner	3,320,500	5,200,000 (Note 5)	0.165%
Qin Lihong	Beneficial owner	1,471,750	—	0.029%
	Beneficiary of a trust (Note 3)	1,928,250	10,000,000 (Note 5)	0.231%
Feng Jinyi	Beneficiary of a trust (Note 3)	1,250,000	—	0.024%
	Beneficiary of a trust (Note 4)	—	26,379,000	0.511%
	Beneficial Owner	750,000	9,800,000 (Note 5)	0.204%
Wei Huaning	Beneficiary of a trust (Note 3)	100,000	—	0.002%
	Beneficiary of a trust (Note 4)	—	26,379,000	0.511%
	Beneficial Owner	313,000	10,600,000 (Note 5)	0.211%
	Interests of Spouse	348,500 (Note 7)	3,000,000 (Note 5 and 7)	0.065%
		80,000 (Note 7)	—	0.002%
Frederick Peter Churchouse . . .	Beneficial owner	50,000	550,00 (Note 5)	0.012%
Chan Chi On, Derek	Beneficial owner	—	600,000 (Note 5)	0.012%
Xiang Bing	Beneficial owner	—	600,000 (Note 5)	0.012%
Zeng Ming	Beneficial owner	—	400,000 (Note 5)	0.008%
Principal Shareholders				
Cai Kui (Note 7)	Family interest (Note 1)	2,343,736,600	—	45.407%
	Founder of a discretionary trust (Note 2)	1,559,394,400	—	30.211%
	Registered owner (Note 3)	3,100,000	—	0.060%

Name of shareholder	Capacity/nature of interest	Number of Ordinary Shares	Interest in underlying shares	Approximate percentage of shareholding
HSBC International Trustee Limited	Trustee (Note 1, 2 and 4)	3,903,567,000		75.627%
Charm Talent International Limited	Registered owner (Note 1)	2,343,591,600		45.404%
Silver Sea Assets Limited	Interest of controlled corporation (Note 1)	2,343,591,600		45.404%
Junson Development International Limited	Registered owner (Note 2)	1,562,394,400		30.211%
Silverland Assets Limited	Interest of controlled corporation (Note 2)	1,562,394,400		30.211%

- (1) These 2,343,736,600 Shares are held by Charm Talent Investment Limited (“Charm Talent”) as registered holder. The entire issued share capital of Charm Talent is wholly owned by Silver Sea Asset Limited (“Silver Sea”), the entire issued share capital of which is in turn wholly owned by HSBC International Trustee Limited (“HSBC International Trustee”) as the trustee of the Wu Family Trust. The Wu Family Trust is a discretionary trust set up by Madam Wu Yajun (“Madam Wu”) as settlor and protector and HSBC International Trustee as trustee on June 11, 2008. The beneficiary objects of the Wu Family Trust include certain family members of Madam Wu. According to the latest disclosure of interests filings submitted by Charm Talent, Charm Talent is interested in 2,343,591,600 Shares, representing 45.404% of the issued Shares as at June 30, 2012. The Company is aware that Charm Talent is interested in 2,343,736,600 Shares, representing 45.407% of the issued Shares as at June 30, 2012. No disclosure of interests form has been voluntarily filed by Charm Talent in respect of the acquisition of 145,000 Shares. On September 18, 2012, the Company, Charm Talent and two placing agents entered into a placing agreement, pursuant to which the placing agents agreed to procure purchasers for Charm Talent on a fully underwritten basis for a total of 260,000,000 shares at HK\$11.88 per share. Madam Wu as founder of the Wu Family Trust and Mr. Cai Kui (“Mr. Cai”) are each taken to be interested in these 2,343,736,600 Shares held by Charm Talent pursuant to Part XV of the SFO.
- (2) These 1,559,394,400 Shares are held by Junson Development International Limited (“Junson Development”) as registered holder. The entire issued share capital of Junson Development is wholly owned by Silverland Asset Limited (“Silverland”), the entire issued share capital of which is in turn wholly owned by HSBC International Trustee as the trustee of the Cai Family Trust. The Cai Family Trust is a discretionary trust set up by Mr. Cai as settlor and protector and HSBC International Trustee as trustee on June, 11 2008. The beneficiary objects of the Cai Family Trust include certain family members of Mr. Cai. Madam Wu is taken to be interested in the 1,559,394,400 Shares held by Junson Development pursuant to Part XV of the SFO.
- (3) Such number of Shares are held on trust by Fit All. The entire issued share capital of Fit All is wholly-owned by HSBC Trustee (HK) Limited (“HSBC (HK) Trustee”) as the trustee of the Fit All Trust. The Fit All Trust was set up on June 11, 2008 with HSBC (HK) Trustee acting as the trustee thereof. The beneficiary objects of the Fit All Trust are certain selected employees and directors of the Group as participants of the Pre-IPO Share Award Schemes adopted by the Company.
- (4) Such number of pre-IPO options granted pursuant to a Pre-IPO Option Scheme adopted by the Company on November 30, 2007 are currently held by Long Faith Management Limited (“Long Faith”) subject to the terms of the Long Faith Trust.
The Long Faith Trust is a discretionary trust of which HSBC (HK) Trustee is the trustee and the relevant director is one of the discretionary objects.
- (5) The relevant director was granted options to subscribe for such number of shares under the Post-IPO Option Scheme.
- (6) These 3,100,000 shares are beneficially held by Mr. Cai Kui. Madam Wu is taken to be interested in these 3,100,000 shares held by Mr. Cai pursuant to Part XV of the SFO.
- (7) Mdm. ZHANG Yan, the spouse of Mr. WEI Huaning, has a personal interest of 348,500 shares under the Post-IPO Option Scheme. She was granted 1,000,000 options on January 17, 2011 at an exercise price of HK\$12.528 per share and 2,000,000 options on September 28, 2011 at an exercise price of HK\$8.28 per share. Mdm. ZHANG Yan is also the beneficiary of the Fit All Trust under which Mdm. ZHANG Yan is interested in 80,000 Shares as selected participant pursuant to the Pre-IPO Share Award Schemes. Mr. WEI Huaning is deemed to be interested in the aforesaid interests of Mdm. ZHANG Yan by virtue of Part XV of the SFO.

RELATED PARTY TRANSACTIONS

The following discussion describes certain material related party transactions between our consolidated subsidiaries and our directors, executive officers and principal shareholders and, in each case, the companies with whom they are affiliated. Each of our related party transactions was entered into in the ordinary course of business, on fair and reasonable commercial terms, in our interests and the interests of our shareholders.

The table below sets forth our related party transactions for the periods indicated.

	Year ended December 31,			Six months ended June 30,	
	2009	2010	2011	2012	2012
	RMB'000	RMB'000	RMB'000	RMB'000	US\$'000
Joint controlled entities					
Amounts due from JCE ⁽¹⁾	35,271	7,362	13,084	33,552	5,281
Amounts due to JCE ⁽²⁾	363,879	1,319,490	803,170	389,294	61,277
Sales of properties	35,564	1,744	—	—	—
Consultancy fee income	13,000	13,588	—	—	—
Property management income	4,708	7,013	10,880	35	6
Key management and shareholders.					
Sales of properties to key management and shareholders	33,423	18,931	95,206	4,906	772
Remuneration paid and payable to key management personnel who are also directors					
Basic salaries and other benefits	14,370	10,987	20,848	12,000	1,889
Bonus	16,882	17,325	28,000	—	—
Retirement benefit contribution	304	286	378	131	21
Equity-settled share-based payments	13,132	32,434	46,848	24,620	3,875
Total	<u>530,533</u>	<u>1,429,160</u>	<u>1,018,414</u>	<u>464,538</u>	<u>73,121</u>

(1) The amounts due from jointly-controlled entities are unsecured, interest-free and are repayable within one year.

(2) The amounts are denominated in RMB which are unsecured, interest free and repayable on demand.

On June 30, 2009, the Group issued a financial guarantee of HK\$100,000,000 to a bank in respect of loans granted to a related party, Dujiangyan Qingcheng Co., of which two directors are common to the Company and have beneficial interests. The guarantee was fully released before December 31, 2009.

Except as above disclosed, there was no related party transaction between us, our consolidated subsidiaries and our directors, executive officers and principal shareholders nor, in each case, the companies with whom they are affiliated, for the three years ended December 31, 2011 and the six months ended June 30, 2012.

DESCRIPTION OF OTHER MATERIAL INDEBTEDNESS AND OBLIGATIONS

To fund our existing property projects and to finance our working capital requirements, we have borrowed money from various banks. As of June 30, 2012, our total consolidated bank loans, and other borrowings amounted to RMB29,648.9 million (US\$4,666.9 million). We set forth below a summary of the material terms and conditions of these loans.

PRC Bank Loans

Certain of our PRC subsidiaries have entered into loan agreements with various PRC banks, including Bank of China, The Agricultural Bank of China, China Construction Bank and Industrial and Commercial Bank of China.

These loans are typically secured project loans and working capital loans to finance the construction of our projects and for working capital purposes of the subsidiary borrowers, and generally have terms ranging from 24 months to 60 months, which, in the case of project loans, generally correspond to the construction periods of the particular projects. As of June 30, 2012, an aggregate principal amount of RMB19,129.0 million (US\$3,011.0 million) was outstanding under these PRC bank loans. Our project loans are typically secured by land use rights and properties as well as guaranteed by certain of our other PRC subsidiaries. The Notes, the Subsidiary Guarantees and JV Subsidiary Guarantees (if any) will be structurally subordinated to these loans and any other indebtedness incurred by our PRC Subsidiaries.

Interest

The principal amounts outstanding under the project loans generally bear interest at floating rates calculated by reference to PBOC's benchmark interest rate per annum. Floating interest rates generally are subject to review by the lending banks annually. Interest payments are payable either monthly or quarterly and must be made on each payment date as provided in the particular loan agreement.

Covenants

Under these project loans, many of our subsidiary borrowers have agreed, among other things, not to take the following actions without first obtaining the relevant lenders' prior consent:

- create encumbrances on any part of their property or assets or deal with their assets in a way that may adversely affect their ability to repay their loans;
- grant guarantees to any third parties that may adversely affect their ability to repay their loans;
- make any major changes to their corporate structures, such as entering into joint ventures, mergers and acquisitions and reorganizations; and
- alter the nature or scope of their business operations in any material respect.

Events of Default

The project loans contain certain customary events of default, including insolvency and breaches of the terms of the loan agreements. The banks are entitled to terminate their respective agreements and/or demand immediate repayment of the loans and any accrued interest upon the occurrence of an event of default.

Guarantee and Security

Certain of our PRC subsidiaries have entered into guarantee agreements with the PRC banks in connection with some of the project loans pursuant to which these subsidiaries have guaranteed all liabilities of the subsidiary borrowers under these project loans.

Onshore RMB Bonds

On May 5, 2009, Chongqing Longhu Development Company Limited (the “RMB bond issuer”) issued a bond with a total principal amount of RMB1.4 billion which is repayable in full on May 5, 2016, subject to early redemption. The bond bears fixed coupon interest rate at 6.7% per annum for the first five years payable semi-annually in arrears and is subject to a one-off upward adjustment of up to 100 basis points (inclusive) from May 5, 2014 at the election of the RMB bond issuer. On April 25, 2014, the RMB bond issuer will determine the interest rate by election of an upward adjustment to the interest rate or maintain the interest rate at 6.7%. A holder of the bond then may elect to redeem all or part of the bond at the face value. A portion of such bond, RMB1.1 billion, is listed and traded on the Shanghai Stock Exchange. The bond is secured by certain properties and our land use rights. The outstanding principal amount of the RMB bonds as of June 30, 2012 was RMB1.4 billion (US\$0.22 billion).

Offshore Loans

2010 Syndicated Loan

On April 26, 2010, we signed a HK\$2,150 million syndicated term loan facility agreement with The Hongkong and Shanghai Banking Corporation Limited (“HSBC”) acting as agent (the “2010 Syndicated Loan”). As of June 30, 2012, HK\$1,935 million (US\$249.4 million) in principal amount was outstanding under this facility.

The 2010 Syndicated Loan will mature on April 26, 2014. We may prepay the 2010 Syndicated Loan upon 30 days’ prior written notice of prepayment to HSBC.

Guarantee and Security

The 2010 Syndicated Loan is unsecured and guaranteed by our offshore subsidiaries.

Interest

The 2010 Syndicated Loan bears interest at the rate of HIBOR plus 2.85% per annum.

Financial Covenants

Pursuant to the agreement for the 2010 Syndicated Loan, we agreed to the following financial covenants:

- our tangible net worth will be at least RMB11,500 million;
- our net leverage ratio will not exceed 1.0x on or prior to December 30, 2011 and 0.85x thereafter;
- our fixed charge coverage ratio will be at least 3.5x;

- our borrowings in the PRC will not exceed 35% of our total assets; and
- our dividends will not exceed 35% of our net profit after tax.

Other Covenants

Pursuant to the agreement for the 2010 Syndicated Loan:

- neither we nor any of our subsidiaries may create any encumbrance over our assets unless the benefit of such encumbrance is extended to the lenders of the 2010 Syndicated Loan on a *pari passu* basis;
- we may not dispose of any guarantor of the 2010 Syndicated Loan without consent from all lenders of the 2010 Syndicated Loan; and
- no guarantor of the 2010 Syndicated Loan may enter into any arrangements that may restrict its ability to pay dividends to its shareholders.

Events of Default

The 2010 Syndicated Loan contains certain customary events of default, including nonpayment of principal or interest, cross default, insolvency and breaches of the terms of the 2010 Syndicated Loan.

2010 BEA Bilateral Loan

On December 30, 2010, we signed a HK\$500 million term loan facility agreement with The Bank of East Asia, Limited (“BEA,” the “2010 BEA Bilateral Loan”). As of June 30, 2012, HK\$450.0 million (US\$58.0 million) in principal amount was outstanding under this facility.

The 2010 BEA Bilateral Loan will mature on December 30, 2013. We may prepay the 2010 BEA Bilateral Loan upon five business days’ prior written notice of prepayment to BEA.

Guarantee and Security

The 2010 BEA Bilateral Loan is unsecured and is not supported by any guarantee.

Interest

The 2010 BEA Bilateral Loan bears interest at the rate of HIBOR plus 2.8% per annum.

Financial Covenants

Pursuant to the agreement for the 2010 BEA Bilateral Loan, we agreed to the following financial covenants:

- our tangible net worth will be at least RMB11,500 million;
- our net leverage ratio will not exceed 1.0x on or prior to December 30, 2011 and 0.85x thereafter;
- our fixed charge coverage ratio will be at least 3.5x;
- our borrowings in the PRC will not exceed 35% of our total assets; and
- our dividends will not exceed 35% of our net profit after tax.

Other Covenants

Pursuant to the agreement for the 2010 BEA Bilateral Loan:

- neither we nor any of our subsidiaries may create any encumbrance over our assets unless the benefit of such encumbrance is extended to BEA on a *pari passu* basis; and
- neither we nor any of our subsidiaries may enter into any arrangements that may restrict its ability to pay dividends to its shareholders.

Events of Default

The 2010 BEA Bilateral Loan contains certain customary events of default, including nonpayment of principal or interest, cross default, insolvency and breaches of the terms of the 2010 BEA Bilateral Loan.

2011 Club Loan

On March 31, 2011, we signed a HK\$1,200 million club term loan facility agreement with The Hongkong and Shanghai Banking Corporation Limited acting as agent (the “2011 Club Loan”). As of June 30, 2012, HK\$1,200 million (US\$154.7 million) in principal amount was outstanding under this facility.

The 2011 Club Loan will mature on March 30, 2015. We may prepay the 2011 Club Loan upon 30 days’ prior written notice of prepayment.

Guarantee and Security

The 2011 Club Loan is unsecured and guaranteed by our offshore subsidiaries.

Interest

The 2011 Club Loan bears a floating interest rate of HIBOR plus 3.15% per annum.

Financial Covenants

Pursuant to the agreement for the 2011 Club Loan, we agreed to the following financial covenants:

- our consolidated tangible net worth will be no less than RMB11.5 billion;
- our ratio of consolidated net borrowings to consolidated tangible net worth will not be more than 0.85:1;
- our ratio of consolidated EBITDA to consolidated fixed charges will be no less than 3.5x;
- the borrowings of our PRC subsidiaries will not exceed 35% of our total assets; and
- our dividends will not exceed 35% of our net profit after tax.

Other Covenants

Pursuant to the agreement for the 2011 Club Loan:

- neither we nor any of our subsidiaries may create any encumbrance over our assets unless the benefit of such encumbrance is extended to the lenders of the 2011 Club Loan on a *pari passu* basis;
- we may not dispose of any guarantor of the 2011 Club Loan without consent from all lenders of the 2011 Club Loan; and
- no guarantor of the 2011 Club Loan may enter into any arrangements that may restrict its ability to pay dividends to its shareholders.

Events of Default

The 2011 Club Loan contains certain customary events of default, including nonpayment of principal or interest, violation of the financial covenants, cross default, insolvency and breaches of the terms of the 2011 Club Loan.

The 2011 Notes

On April 7, 2011, we issued the 2011 Notes, the terms of which are substantially identical to the terms of the Notes except that:

- the 2011 Notes will mature on April 7, 2016;
- the 2011 Notes bear interest at a rate of 9.5% per annum, payable semi-annually in arrears on April 7 and October 7 of each year, commencing October 7, 2011;
- at any time and from time to time on or after April 7, 2014, we may redeem the 2011 Notes, in whole or in part, at the following redemption prices plus accrued and unpaid interest, if any, to (but not including) the redemption date: (1) before April 7, 2015: 104.75% and (2) on or after April 7, 2015: 102.375%, in each case of the principal amount of the 2011 Notes redeemed;
- at any time prior to April 7, 2014, we may redeem the 2011 Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the 2011 Notes plus the applicable premium as of, and accrued and unpaid interest, if any, to (but not including) the redemption date; and
- at any time and from time to time prior to April 7, 2014, we may redeem up to 35% of the aggregate principal amount of the 2011 Notes with the net cash proceeds of one or more sales of our common stock in an equity offering at a redemption price of 109.5% of the principal amount of the 2011 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 2011 Notes originally issued on April 7, 2011 remains outstanding after each such redemption and any such redemption takes place within 60 days after the closing of the related equity offering.

As of June 30, 2012, US\$750 million in principal amount of the 2011 Notes was outstanding.

2012 Syndicated Loan

On April 5, 2012, we signed a HK\$2,430 million syndicated term loan facility agreement with The Hongkong and Shanghai Banking Corporation Limited acting as agent (the “2012 Syndicated Loan”). As of June 30, 2012, HK\$2,430 million (US\$313.3 million) in principal amount was outstanding under this facility.

The 2012 Syndicated Loan will mature on April 4, 2015. We may prepay the 2012 Syndicated Loan upon 30 days’ prior written notice of prepayment.

Guarantee and Security

The 2012 Syndicated Loan is unsecured and guaranteed by our offshore subsidiaries.

Interest

The 2012 Syndicated Loan bears a floating interest rate of HIBOR and LIBOR, depending on the facility, plus 4.0% per annum.

Financial Covenants

Pursuant to the agreement for the 2012 Syndicated Loan, we agreed to the following financial covenants:

- our consolidated tangible net worth will be no less than RMB15 billion;
- our ratio of consolidated net borrowings to consolidated tangible net worth will not be more than 0.85:1;
- our ratio of consolidated EBITDA to consolidated fixed charges will be no less than 3.5x;
- the borrowings of our PRC subsidiaries will not exceed 35% of our total assets; and
- our dividends will not exceed 35% of our net profit after tax.

Other Covenants

Pursuant to the agreement for the 2012 Syndicated Loan:

- neither we nor any of our subsidiaries may create any encumbrance over our assets unless the benefit of such encumbrance is extended to the lenders of the 2012 Syndicated Loan on a *pari passu* basis;
- we may not dispose of any guarantor of the 2012 Syndicated Loan without consent from all lenders of the 2012 Syndicated Loan; and
- no guarantor of the 2012 Syndicated Loan may enter into any arrangements that may restrict its ability to pay dividends to its shareholders.

Events of Default

The 2012 Syndicated Loan contains certain customary events of default, including nonpayment of principal or interest, violation of the financial covenants, cross default, insolvency and breaches of the terms of the 2012 Syndicated Loan.

From time to time, we may enter into customary interest rate swap arrangements with third party swap counterparties to manage our interest rate risk arising from the offshore loans above.

DESCRIPTION OF THE NOTES

For purposes of this “Description of the Notes,” the term “Company” refers only to Longfor Properties Co. Ltd., and any successor obligor on the Notes, and not to any of its subsidiaries. Each Subsidiary of the Company which guarantees the Notes is referred to as a “Subsidiary Guarantor,” and each such guarantee is referred to as a “Subsidiary Guarantee.” Each Subsidiary of the Company that in the future provides a JV Subsidiary Guarantee (as defined herein) is referred to as a “JV Subsidiary Guarantor.”

The Notes are to be issued under an indenture (the “Indenture”), to be dated as of October 18, 2012, among the Company, the Subsidiary Guarantors, as guarantors, and The Hongkong and Shanghai Banking Corporation Limited, as trustee (the “Trustee”).

The following is a summary of certain provisions of the Indenture, the Notes, the Subsidiary Guarantees and the JV Subsidiary Guarantees. This summary does not purport to be complete and is subject to, and is qualified in its entirety by reference to, all of the provisions of the Indenture, the Notes, the Subsidiary Guarantees and the JV Subsidiary Guarantees. It does not restate those agreements in their entirety. Whenever particular sections or defined terms of the Indenture not otherwise defined herein are referred to, such sections or defined terms are incorporated herein by reference. Copies of the Indenture will be available on or after the Original Issue Date at the corporate trust office of the Trustee at Level 30, HSBC Main Building, 1 Queen’s Road Central, Hong Kong.

Brief Description of the Notes

The Notes are:

- general obligations of the Company;
- senior in right of payment to any existing and future obligations of the Company expressly subordinated in right of payment to the Notes;
- at least *pari passu* in right of payment with all other unsecured, unsubordinated Indebtedness of the Company (subject to any priority rights of such unsubordinated Indebtedness pursuant to applicable law);
- guaranteed by the Subsidiary Guarantors and the JV Subsidiary Guarantors (if any) on a senior basis, subject to the limitations described below under the caption “— The Subsidiary Guarantees and the JV Subsidiary Guarantors” and in “Risk Factors — Risks Relating to the Subsidiary Guarantees and the JV Subsidiary Guarantees;”
- effectively subordinated to the other secured obligations (if any) of the Company, the Subsidiary Guarantors and the JV Subsidiary Guarantors, to the extent of the value of the assets serving as security therefor; and
- effectively subordinated to all existing and future obligations of the Non-Guarantor Subsidiaries (as defined below).

The Company will initially issue US\$400 million in aggregate principal amount of the Notes, which will mature on October 18, 2019, unless earlier redeemed pursuant to the terms thereof and the Indenture.

The Notes will bear interest at 6.875% per annum from the Original Issue Date or from the most recent interest payment date to which interest has been paid or duly provided for, payable semiannually in arrears on April 18 and October 18 of each year (each an “Interest Payment Date”), commencing April 18, 2013. Interest on the Notes will be paid to Holders of record at the

close of business on April 3 or October 3 immediately preceding an Interest Payment Date (each, a “Record Date”), notwithstanding any transfer, exchange or cancellation thereof after a Record Date and prior to the immediately following Interest Payment Date. Interest on the Notes will be calculated on the basis of a 360-day year comprised of twelve 30-day months.

Except as described under “Optional Redemption” and otherwise provided in the Indenture, the Notes may not be redeemed prior to maturity (unless they have been repurchased by the Company).

In any case in which the date of the payment of principal of, premium on or interest on the Notes is not a Business Day in the relevant place of payment or in the place of business of the Paying Agent, then payment of such principal, premium or interest need not be made on such date but may be made on the next succeeding Business Day. Any payment made on such Business Day shall have the same force and effect as if made on the date on which such payment is due, and no interest on the Notes shall accrue for the period after such date.

The Indenture allows additional Notes to be issued from time to time (the “Additional Notes”), subject to certain limitations described under “— Further Issues.” Unless the context requires otherwise, references to the “Notes” for all purposes of the Indenture and this “Description of the Notes” include any Additional Notes that are actually issued.

The Notes will be issued only in fully registered form, without coupons, in denominations of US\$200,000 and integral multiples of US\$1,000 in excess thereof. No service charge will be made for any registration of transfer or exchange of Notes, but the Company may require payment of a sum sufficient to cover any transfer tax or other similar governmental charge payable in connection therewith.

All payments on the Notes will be made in U.S. dollars by the Company at the office or agency of the Company maintained for that purpose (which initially will be an office of the Paying Agent currently located at Level 30, HSBC Main Building, 1 Queen’s Road Central, Hong Kong), and the Notes may be presented for registration of transfer or exchange at such office or agency; *provided* that, at the option of the Company, payment of interest may be made by check mailed to the address of the Holders as such address appears in the Note register maintained by the Note Registrar. Interest payable on the Notes held through Euroclear or Clearstream will be available to Euroclear or Clearstream participants (as defined herein) on the Business Day following payment thereof.

The Trustee or the Paying and Transfer Agent (as defined below), as the case may be, may take and instruct any delegate to take any action which it in its sole discretion considers appropriate so as to comply with any applicable law, regulation, request of a public or regulatory authority or any HSBC Group policy which relates to the prevention of fraud, money laundering, terrorism or other criminal activities or the provision of financial and other services to sanctioned persons or entities. Such action may include but is not limited to the interception and investigation of transactions on the depositor’s accounts (particularly those involving the international transfer of funds) including the source of the intended recipient of fund paid into or out of the depositor’s accounts. In certain circumstances, such action may delay or prevent the processing of the depositor’s instructions, the settlement of transactions over the depositor’s accounts or the performance by the Trustee or the Paying and Transfer Agent, as the case may be, of its obligations hereunder. Where possible, the Trustee or the Paying and Transfer Agent, as the case may be, will endeavor to notify the depositor of the existence of such circumstances. Neither the Trustee, the Paying and Transfer Agent, nor any of their delegates will be liable for any loss (whether direct or consequential and including, without limitation, loss of profit or interest) caused in whole or in part by any actions which are taken by the Trustee, the Paying and Transfer

Agent or any of their delegates pursuant to this paragraph. For the purposes of this paragraph, the “HSBC Group” means HSBC Holdings plc, its subsidiaries and associated companies, and “depositor” means any of the Company, Subsidiary Guarantors, JV Subsidiary Guarantors and Holders of Notes.

The Subsidiary Guarantees and the JV Subsidiary Guarantees

The initial Subsidiary Guarantors that will execute the Indenture on the Original Issue Date will consist of all of the Company’s Restricted Subsidiaries other than those Restricted Subsidiaries organized under the laws of the PRC (the “PRC Non-Guarantor Subsidiaries”). All of the Subsidiary Guarantors are holding companies that do not have significant operations.

None of the PRC Non-Guarantor Subsidiaries will provide a Subsidiary Guarantee or JV Subsidiary Guarantee on the Original Issue Date or at any time in the future. In addition, no future Restricted Subsidiaries organized under the laws of the PRC will provide a Subsidiary Guarantee or JV Subsidiary Guarantee at any time in the future.

The Company will cause each of its future Restricted Subsidiaries (other than Persons organized under the laws of the PRC) to execute and deliver to the Trustee a supplemental indenture to the Indenture, pursuant to which such Restricted Subsidiary will Guarantee the payment of the Notes as either a Subsidiary Guarantor or a JV Subsidiary Guarantor, as soon as practicable and in any event within 30 days after such Person becomes a Restricted Subsidiary. Notwithstanding the foregoing sentence, the Company may elect to have any future Restricted Subsidiary organized outside the PRC not provide a Subsidiary Guarantee or a JV Subsidiary Guarantee (Restricted Subsidiaries other than those organized under the laws of the PRC that do not provide Subsidiary Guarantee or JV Subsidiary Guarantee in accordance with the Indenture, the “New Non-Guarantor Subsidiaries,” and together with the PRC Non-Guarantor Subsidiaries, the “Non-Guarantor Subsidiaries”) at the time such entity becomes a Restricted Subsidiary, *provided* that, after giving effect to the Consolidated Assets of such Restricted Subsidiary, the Consolidated Assets of all Restricted Subsidiaries organized outside the PRC that are not Subsidiary Guarantors or JV Subsidiary Guarantors do not account for more than 20% of the Total Assets of the Company.

Although the Indenture contains limitations on the amount of additional Indebtedness that Restricted Subsidiaries may incur, the amount of such additional Indebtedness could be substantial. In the event of a bankruptcy, liquidation or reorganization of any Non-Guarantor Subsidiary, the Non-Guarantor Subsidiaries will pay the holders of their debt and their trade creditors before they will be able to distribute any of their assets to the Company.

- In the case of a Restricted Subsidiary (i) that is, or is proposed by the Company or any of its Restricted Subsidiaries to be, established after the Original Issue Date, (ii) that is incorporated in any jurisdiction other than the PRC and (iii) in respect of which the Company or any of its Restricted Subsidiaries (x) is proposing to sell, whether through the sale of existing shares or the issuance of new shares, no less than 20% and no more than 49.9% of the Capital Stock of such Restricted Subsidiary or (y) is proposing to purchase no less than 50.1% of the Capital Stock of an Independent Third Party and designate such entity as a Restricted Subsidiary, the Company may, concurrently with the consummation of such sale or purchase, provide a JV Subsidiary Guarantee (as defined below) instead of a Subsidiary Guarantee for (a) such Restricted Subsidiary and

(b) the Restricted Subsidiaries of such Restricted Subsidiary that are organized in any jurisdiction other than the PRC, if the following conditions, in the case of both (a) and (b), are satisfied:

- as of the date of execution of the JV Subsidiary Guarantee (as defined below), no document exists that is binding on the Company or any of the Restricted Subsidiaries that would have the effect of (a) prohibiting the Company or any of the Restricted Subsidiaries from providing such JV Subsidiary Guarantee or (b) requiring the Company or any of the Restricted Subsidiaries to deliver or keep in place a guarantee on terms that are more favorable to the recipients of such guarantee than the JV Subsidiary Guarantee;
- such sale or issuance of Capital Stock is made to, or such purchase of Capital Stock is purchased from, an Independent Third Party at a consideration that is not less than the appraised value of such Capital Stock by an independent appraisal firm of recognized international standing appointed by the Company, *provided, however*, that no such appraisal is required if the sale or issuance of Capital Stock is made within 180 days after land use rights are acquired by such JV Subsidiary Guarantor or any Restricted Subsidiary of such JV Subsidiary Guarantor;
- concurrently with providing the JV Subsidiary Guarantee, the Company shall or shall cause such JV Subsidiary Guarantor to deliver to the Trustee:
 - (i) (A) a duly executed JV Subsidiary Guarantee of such JV Subsidiary Guarantor (the “JV Subsidiary Guarantee”) and each Restricted Subsidiary of such JV Subsidiary Guarantor that is not organized under the laws of the PRC, and (B) a duly executed supplemental indenture to the Indenture pursuant to which such JV Subsidiary Guarantor will guarantee the payment of the Notes, each of which provides, among other things, that the aggregate claims of the Trustee under such JV Subsidiary Guarantee and all JV Subsidiary Guarantees provided by the Restricted Subsidiaries and shareholders of such JV Subsidiary Guarantor will be limited to the JV Entitlement Amount;
 - (ii) an Officers’ Certificate certifying a copy of the Board Resolution to the effect that such JV Subsidiary Guarantee has been approved by a majority of the disinterested members of the Board of Directors; and
 - (iii) a legal opinion by a law firm of recognized international standing confirming that under New York law such JV Subsidiary Guarantees are valid, binding and enforceable against the JV Subsidiary Guarantors providing such JV Subsidiary Guarantees (subject to customary qualifications and assumptions).

As of June 30, 2012, the Company and its consolidated subsidiaries had consolidated borrowings of approximately RMB29,648.9 million (US\$4,666.9 million), of which approximately RMB15.8 million (US\$2.5 million) was secured.

As of June 30, 2012, the Non-Guarantor Subsidiaries had total borrowing of approximately RMB20,520 million (US\$3,230.0 million) and the Non-Guarantor Subsidiaries had capital commitments of approximately RMB13,884 million (US\$2,185.4 million) and contingent liabilities of approximately RMB8,001 million (US\$1,259.4 million).

The Subsidiary Guarantee of each Subsidiary Guarantor:

- is a general obligation of such Subsidiary Guarantor;
- is effectively subordinated to secured obligations of such Subsidiary Guarantor, to the extent of the value of the assets serving as security therefor;

- is senior in right of payment to all future obligations of such Subsidiary Guarantor expressly subordinated in right of payment to such Subsidiary Guarantee; and
- ranks at least pari passu with all other unsecured, unsubordinated Indebtedness of such Subsidiary Guarantor (subject to any priority rights of such unsubordinated Indebtedness pursuant to applicable law).

If any is provided, the JV Subsidiary Guarantee of each JV Subsidiary Guarantor:

- will be a general obligation of such JV Subsidiary Guarantor;
- will be enforceable only up to the JV Entitlement Amount;
- will be effectively subordinated to secured obligations of such JV Subsidiary Guarantor, to the extent of the value of the assets serving as security therefor;
- will be limited to the JV Entitlement Amount, and will be senior in right of payment to all future obligations of such JV Subsidiary Guarantor expressly subordinated in right of payment to such JV Subsidiary Guarantee; and
- will be limited to the JV Entitlement Amount, and will rank at least pari passu with all other unsecured, unsubordinated Indebtedness of such JV Subsidiary Guarantor (subject to any priority rights of such unsubordinated Indebtedness pursuant to applicable law).

Each Restricted Subsidiary that guarantees the Notes after the Original Issue Date other than a JV Subsidiary Guarantor is referred to as a “Future Subsidiary Guarantor” and upon execution of the applicable supplemental indenture to the Indenture will be a “Subsidiary Guarantor.”

Under the Indenture, and any supplemental indenture to the Indenture, as applicable, each of the Subsidiary Guarantors and JV Subsidiary Guarantors (if any) will jointly and severally guarantee the due and punctual payment of the principal of, premium, if any, and interest on, and all other amounts payable under, the Notes; *provided* that any JV Subsidiary Guarantee will be limited to the JV Entitlement Amount. The Subsidiary Guarantors and JV Subsidiary Guarantors will (1) agree that their respective obligations under the Subsidiary Guarantees and JV Subsidiary Guarantees, as the case may be, will be enforceable irrespective of any invalidity, irregularity or unenforceability of the Notes or the Indenture and (2) waive their right to require the Trustee to pursue or exhaust its legal or equitable remedies against the Company prior to exercising its rights under the Subsidiary Guarantees and the JV Subsidiary Guarantees, as the case may be. Moreover, if at any time any amount paid under a Note or the Indenture is rescinded or must otherwise be restored, the rights of the Holders under the Subsidiary Guarantees and the JV Subsidiary Guarantees, as the case may be, will be reinstated with respect to such payment as though such payment had not been made. All payments under the Subsidiary Guarantees and the JV Subsidiary Guarantees, as the case may be, are required to be made in U.S. dollars.

Under the Indenture, and any supplemental indenture to the Indenture, as applicable,

- each Subsidiary Guarantee will be limited to an amount not to exceed the maximum amount that can be guaranteed by the applicable Subsidiary Guarantor without rendering the Subsidiary Guarantee, as it relates to such Subsidiary Guarantor, voidable under applicable law relating to fraudulent conveyance or fraudulent transfer or similar laws affecting the rights of creditors generally; and
- each JV Subsidiary Guarantee will be limited to an amount which is the lower of (i) the JV Entitlement Amount and (ii) an amount not to exceed the maximum amount that can

be guaranteed by the applicable JV Subsidiary Guarantor without rendering the JV Subsidiary Guarantee, as it relates to such JV Subsidiary Guarantor, voidable under applicable law relating to fraudulent conveyance or fraudulent transfer or similar laws affecting the rights of creditors generally.

If a Subsidiary Guarantee or JV Subsidiary Guarantee were to be rendered voidable, it could be subordinated by a court to all other indebtedness (including guarantees and other contingent liabilities) of the applicable Subsidiary Guarantor or JV Subsidiary Guarantor, as the case may be, and, depending on the amount of such indebtedness, a Subsidiary Guarantor's liability on its Subsidiary Guarantee or a JV Subsidiary Guarantor's liability on its JV Subsidiary Guarantee, as the case may be, could in each case be reduced to zero.

The obligations of each Subsidiary Guarantor under its Subsidiary Guarantee may be limited, or possibly invalid, under applicable laws. Similarly, the obligations of each JV Subsidiary Guarantor under its JV Subsidiary Guarantee may be limited, or possibly invalid, under applicable laws. See "Risk Factors — Risks Relating to the Subsidiary Guarantees and the JV Subsidiary Guarantees — The Subsidiary Guarantees or JV Subsidiary Guarantees may be challenged under applicable insolvency or fraudulent transfer laws, which could impair the enforceability of the Subsidiary Guarantees or JV Subsidiary Guarantees."

Release of the Subsidiary Guarantees and JV Subsidiary Guarantees

A Subsidiary Guarantee given by a Subsidiary Guarantor and a JV Subsidiary Guarantee given by a JV Subsidiary Guarantor may be released in certain circumstances, including:

- upon repayment in full of the Notes;
- upon a defeasance as described under "— Defeasance — Defeasance and Discharge";
- upon the designation by the Company of a Subsidiary Guarantor or a JV Subsidiary Guarantor, as the case may be, as an Unrestricted Subsidiary in compliance with the terms of the Indenture;
- upon the sale, merger or disposition of a Subsidiary Guarantor or a JV Subsidiary Guarantor, as the case may be, in compliance with the terms of the Indenture (including the covenants under the captions "— Certain Covenants — Limitation on Sales and Issuances of Capital Stock in Restricted Subsidiaries," "— Certain Covenants — Limitation on Asset Sales" and "— Consolidation, Merger and Sale of Assets") resulting in such Subsidiary Guarantor or JV Subsidiary Guarantor, as the case may be, no longer being a Restricted Subsidiary, so long as (1) such Subsidiary Guarantor or JV Subsidiary Guarantor, as the case may be, is simultaneously released from its obligations in respect of any of the Company's other Indebtedness or any Indebtedness of any other Restricted Subsidiary and (2) the proceeds from such sale or disposition are used for the purposes permitted or required by the Indenture;
- in the case of a Subsidiary Guarantee, upon the replacement of a Subsidiary Guarantee with a JV Subsidiary Guarantee; or
- in the case of a Subsidiary Guarantor that becomes a New Non-Guarantor Subsidiary, in compliance with the terms of the Indenture.

In the case of a Subsidiary Guarantor with respect to which the Company or any of its Restricted Subsidiaries is proposing to sell, whether through the sale of existing shares or the issuance of new shares, no less than 20% of the Capital Stock of such Subsidiary Guarantor, the Company may concurrently with the consummation of such sale or issuance of Capital Stock, instruct the Trustee to release the Subsidiary Guarantees provided by such Subsidiary Guarantor and each of its Restricted Subsidiaries organized outside the PRC, and upon such release such

Subsidiary Guarantor and its Restricted Subsidiaries organized outside the PRC will become “New Non-Guarantor Subsidiaries” (such that each New Non-Guarantor Subsidiary will no longer Guarantee the Notes) (without any requirement to seek the consent or approval of the Holders of the Notes), *provided* that after the release of such Subsidiary Guarantees, the Consolidated Assets of all Restricted Subsidiaries organized outside the PRC that are not Subsidiary Guarantors or JV Subsidiary Guarantors (including the New Non-Guarantor Subsidiaries) do not account for more than 20% of the Total Assets of the Company. A Subsidiary Guarantee of a Subsidiary Guarantor may only be released pursuant to this paragraph if as of the date of such proposed release, no document exists that is binding on the Company or any of the Restricted Subsidiaries that would have the effect of (a) prohibiting the Company or any of the Restricted Subsidiaries from releasing such Subsidiary Guarantee or (b) requiring the Company or such Subsidiary Guarantor to deliver or keep in place a guarantee of other Indebtedness of the Company by such Subsidiary Guarantor.

Replacement of Subsidiary Guarantees with JV Subsidiary Guarantees

A Subsidiary Guarantee given by a Subsidiary Guarantor may be released following the sale or issuance by the Company or any of its Restricted Subsidiaries of Capital Stock in (a) such Subsidiary Guarantor or (b) any other Subsidiary Guarantor that, directly or indirectly, owns a majority of the Capital Stock of such Subsidiary Guarantor, in each case where such sale or issuance, whether through the sale of existing shares or the issuance of new shares, is for no less than 20% and no more than 49.9% of the issued Capital Stock of the relevant Subsidiary Guarantor, *provided* that the following conditions are satisfied or complied with:

- as of the date of such proposed release, no document exists that is binding on the Company or any of the Restricted Subsidiaries that would have the effect of (a) prohibiting the Company or any of the Restricted Subsidiaries from releasing such Subsidiary Guarantee, (b) prohibiting the Company or any of the Restricted Subsidiaries from providing such JV Subsidiary Guarantee, or (c) requiring the Company or any of the Restricted Subsidiaries to deliver or keep in force a replacement guarantee on terms that are more favorable to the recipients of such guarantee than the JV Subsidiary Guarantee;
- such sale is made to an Independent Third Party at a consideration that is not less than the appraised value of such Capital Stock by an independent appraisal firm of recognized international standing appointed by the Company, *provided, however*, that no such appraisal is required if the sale or issuance of Capital Stock is made within 180 days after land use rights are acquired by such Subsidiary Guarantor or any Restricted Subsidiary of such Subsidiary Guarantor;
- concurrently with the release of such Subsidiary Guarantee, the Company shall or shall cause such JV Subsidiary Guarantor to deliver to the Trustee:
 - (i) (A) a duly executed JV Subsidiary Guarantee of such JV Subsidiary Guarantor and each Restricted Subsidiary of such JV Subsidiary Guarantor that is not organized under the laws of the PRC and (B) a duly executed supplemental indenture to the Indenture pursuant to which such JV Subsidiary Guarantor will guarantee the payment of the Notes, each of which provides, among other things, that the aggregate claims of the Trustee under such JV Subsidiary Guarantee and all JV Subsidiary Guarantees provided by the Restricted Subsidiaries of such JV Subsidiary Guarantor will be limited to the JV Entitlement Amount;
 - (ii) an Officers’ Certificate certifying a copy of a Board Resolution to the effect that such JV Subsidiary Guarantee has been approved by a majority of the disinterested members of the Board of Directors; and

- (iii) a legal opinion by a law firm of recognized international standing confirming that under New York law such JV Subsidiary Guarantee is valid, binding and enforceable against the JV Subsidiary Guarantor providing such JV Subsidiary Guarantee (subject to customary qualifications and assumptions).

Notwithstanding the foregoing paragraph, any such sale or issuance of the Capital Stock of the relevant Subsidiary Guarantor (including where such sale results in the relevant Subsidiary Guarantor ceasing to be a Restricted Subsidiary) will need to comply with the other covenants set forth in the Indenture, including, without limitation, the “Limitation on Asset Sales” and “Limitation on Restricted Payments” covenants.

Any Net Cash Proceeds from the sale of such Capital Stock shall be applied by the Company (or any Restricted Subsidiary) in accordance with the “Limitation on Asset Sales” covenant.

As of the date of the Indenture, all of the Company’s Subsidiaries will be “Restricted Subsidiaries.” However, under the circumstances described below under the caption “— Certain Covenants — Designation of Restricted and Unrestricted Subsidiaries,” the Company will be permitted to designate certain of its Subsidiaries as “Unrestricted Subsidiaries.” The Company’s Unrestricted Subsidiaries will generally not be subject to the restrictive covenants in the Indenture. The Company’s Unrestricted Subsidiaries will not Guarantee the Notes.

Further Issues

Subject to the covenants described below and in accordance with the terms of the Indenture, the Company may, from time to time, without notice to or the consent of the Holders, create and issue Additional Notes having the same terms and conditions as the Notes (including the benefit of the Subsidiary Guarantees and JV Subsidiary Guarantees) in all respects (or in all respects except for the issue date, issue price and the first payment of interest on them and, to the extent necessary, certain temporary securities law transfer restrictions) (a “Further Issue”) so that such Additional Notes may be consolidated and form a single class with the previously outstanding Notes and vote together as one class on all matters with respect to the Notes; *provided* that the issuance of any such Additional Notes shall then be permitted under the “Limitation on Indebtedness and Preferred Stock” covenant described below.

Optional Redemption

At any time and from time to time on or after October 18, 2016 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, if any, to (but not including) the redemption date if redeemed during the twelve month period beginning on October 18 of each of the years indicated below.

Year	Redemption Price
2016	103.43750%
2017	101.71875%
2018 and thereafter	100.00000%

At any time prior to October 18, 2016, the Company may at its option redeem the Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the 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 October 18, 2016, the Company may redeem up to 35% of the aggregate principal amount of the 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 106.875% of the principal amount of the 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 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.

Selection and Notice

The Company will give not less than 30 days' nor more than 60 days' notice of any redemption. If less than all of the Notes are to be redeemed at any time, the Trustee will select Notes for redemption as follows:

- (1) if the Notes are listed on any national securities exchange, in compliance with the requirements of the principal national securities exchange on which the Notes are listed; or
- (2) if the Notes are not listed on any national securities exchange, on a pro rata basis, by lot or by such other method as the Trustee in its sole discretion deems to be fair and appropriate.

A Note of US\$200,000 in principal amount or less shall not be redeemed in part. If any Note is to be redeemed in part only, the notice of redemption relating to such Note will state the portion of the principal amount to be redeemed. A new Note in principal amount equal to the unredeemed portion will be issued upon cancellation of the original Note. On and after the redemption date, interest will cease to accrue on Notes or portions of them called for redemption.

Repurchase of Notes Upon a Change of Control Triggering Event

Not later than 30 days following a Change of Control Triggering Event, the Company will make an Offer to Purchase all outstanding Notes (a "Change of Control Offer") at a purchase price equal to 101% of the principal amount thereof plus accrued and unpaid interest, if any, to (but not including) the Offer to Purchase Payment Date.

The Company has agreed in the Indenture that it will timely repay all Indebtedness or obtain consents as necessary under, or terminate, agreements or instruments that would otherwise prohibit a Change of Control Offer required to be made pursuant to the Indenture. Notwithstanding this agreement of the Company, it is important to note that if the Company is unable to repay (or cause to be repaid) all of the Indebtedness, if any, that would prohibit repurchase of the Notes or is unable to obtain the requisite consents of the holders of such Indebtedness, or terminate any agreements or instruments that would otherwise prohibit a Change of Control Offer, it would continue to be prohibited from purchasing the Notes. In that case, the Company's failure to purchase tendered Notes would constitute an Event of Default under the Indenture.

Certain of the events constituting a Change of Control Triggering Event under the Notes will also constitute an event of default under certain debt instruments of the Company and its Subsidiaries. Future debt of the Company may also (1) prohibit the Company from purchasing Notes in the event of a Change of Control Triggering Event; (2) provide that a Change of Control Triggering Event is a default; or (3) require repurchase of such debt upon a Change of Control Triggering Event. Moreover, the exercise by the Holders of their right to require the Company to purchase the Notes could cause a default under other Indebtedness, even if the Change of Control Triggering Event itself does not, due to the financial effect of the purchase on the Company. The Company's ability to pay cash to the Holders following the occurrence of a Change of Control Triggering Event may be limited by the Company's and the Subsidiary Guarantors' then-existing

financial resources. There can be no assurance that sufficient funds will be available when necessary to make the required purchase of the Notes. See “Risk Factors — Risks Relating to the Notes — We may not be able to repurchase the Notes upon a Change of Control Triggering Event.”

The phrase “all or substantially all,” as used with respect to the assets of the Company in the definition of “Change of Control,” will likely be interpreted under applicable law of the relevant jurisdictions and will be dependent upon particular facts and circumstances. As a result, there may be a degree of uncertainty in ascertaining whether a sale or transfer of “all or substantially all” the assets of the Company has occurred.

Notwithstanding the above, the Company will not be required to make a Change of Control Offer following a Change of Control Triggering Event if a third party makes the Change of Control Offer in the same manner at the same time and otherwise in compliance with the requirements set forth in the Indenture applicable to a Change of Control Offer made by the Company and purchases all Notes validly tendered and not withdrawn under such Change of Control Offer.

Except as described above with respect to a Change of Control Triggering Event, the Indenture does not contain provisions that permit the Holders to require that the Company purchase or redeem the Notes in the event of a takeover, recapitalization or similar transaction.

No Mandatory Redemption or Sinking Fund

There will be no mandatory redemption or sinking fund payments for the Notes.

Additional Amounts

All payments of principal of, and premium (if any) and interest on the Notes or under the Subsidiary Guarantees and JV Subsidiary Guarantees will be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or within any jurisdiction in which the Company, a Surviving Person (as defined under the caption “— Consolidation, Merger and Sale of Assets”) or an applicable Subsidiary Guarantor or JV Subsidiary Guarantor is organized or resident for tax purposes (or any political subdivision or taxing authority thereof or therein), including, without limitation, if applicable, the PRC (each, as applicable, a “Relevant Jurisdiction”), or the jurisdiction through which payments are made, unless such withholding or deduction is required by law or by regulation or governmental policy having the force of law. In the event that any such withholding or deduction is so required, the Company, a Surviving Person or the applicable Subsidiary Guarantor or JV Subsidiary Guarantor, as the case may be, will pay such additional amounts (“Additional Amounts”) as will result in receipt by the Holder of each Note of such amounts as would have been received by such Holder had no such withholding or deduction been required, except that no Additional Amounts shall be payable:

- (1) for or on account of:
 - (a) any tax, duty, assessment or other governmental charge that would not have been imposed but for:
 - (i) the existence of any present or former connection between the Holder or beneficial owner of such Note, and the Relevant Jurisdiction or the jurisdiction through which payments are made, other than merely holding such Note or the receipt of payments thereunder or under a Subsidiary Guarantee or JV Subsidiary Guarantee, including, without limitation, such

Holder or beneficial owner being or having been a national, domiciliary or resident of such jurisdiction or treated as a resident thereof or being or having been physically present or engaged in a trade or business therein or having or having had a permanent establishment therein;

- (ii) the presentation of such Note (in cases in which presentation is required) more than 30 days after the later of the date on which the payment of the principal of, premium, if any, and interest on, such Note became due and payable pursuant to the terms thereof or was made or duly provided for, except to the extent that the Holder thereof would have been entitled to such Additional Amounts if it had presented such Note for payment on any date within such 30-day period;
 - (iii) the failure of the Holder or beneficial owner to comply with a timely request of the Company, a Surviving Person, any Subsidiary Guarantor or any JV Subsidiary Guarantor addressed to the Holder to provide information concerning such Holder's or beneficial owner's nationality, residence, identity or connection with any Relevant Jurisdiction or the jurisdiction through which payments are made, if and to the extent that due and timely compliance with such request is required under the tax laws of such jurisdiction in order to reduce or eliminate any withholding or deduction as to which Additional Amounts would have otherwise been payable to such Holder; or
 - (iv) the presentation of such Note (in cases in which presentation is required) for payment in the Relevant Jurisdiction or the jurisdiction through which payments are made, unless such Note could not have been presented for payment elsewhere;
- (b) any estate, inheritance, gift, sale, transfer, personal property or similar tax, assessment or other governmental charge;
 - (c) any withholding or deduction that is imposed or levied on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of November 26-27, 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directives; or
 - (d) any combination of taxes, duties, assessments or other governmental charges referred to in the preceding clauses (a), (b) and (c); or
- (2) to a Holder that is a fiduciary, partnership or person other than the sole beneficial owner of any payment to the extent that such payment would be required to be included in the income under the laws of a Relevant Jurisdiction or the jurisdiction through which payments are made, for tax purposes, of a beneficiary or settlor with respect to the fiduciary, or a member of that partnership or a beneficial owner who would not have been entitled to such Additional Amounts had that beneficiary, settlor, partner or beneficial owner been the Holder thereof.

Whenever there is mentioned in any context the payment of principal of, and any premium or interest on, any Note or under any Subsidiary Guarantee or JV Subsidiary Guarantee, such mention shall be deemed to include payment of Additional Amounts provided for in the Indenture to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof.

Redemption for Taxation Reasons

The Notes may be redeemed, at the option of the Company or a Surviving Person with respect to the Company, as a whole but not in part, upon giving not less than 30 days' nor more than 60 days' notice to the Holders and upon reasonable notice in advance of such notice to Holders, to the Trustee and the Paying and Transfer Agent (which notice shall be irrevocable), at a redemption price equal to 100% of the principal amount thereof, together with accrued and unpaid interest (including any Additional Amounts), if any, to the date fixed by the Company or the Surviving Person, as the case may be, for redemption (the "Tax Redemption Date") if, as a result of:

- (1) any change in, or amendment to, the laws (or any regulations or rulings promulgated thereunder) of a Relevant Jurisdiction affecting taxation; or
- (2) any change in the existing official position or the stating of an official position regarding the application or interpretation of such laws, regulations or rulings (including a holding, judgment or order by a court of competent jurisdiction),

which change or amendment becomes effective (or in the case of official position, is announced) (i) with respect to the Company or any initial Subsidiary Guarantor, on or after the Original Issue Date, or (ii) with respect to any Future Subsidiary Guarantor, JV Subsidiary Guarantor or Surviving Person, in each case that is not organized or tax resident in a jurisdiction that is a Relevant Jurisdiction on the Original Issue Date, on or after the date such Future Subsidiary Guarantor, JV Subsidiary Guarantor or Surviving Person becomes a Subsidiary Guarantor, JV Subsidiary Guarantor or Surviving Person, with respect to any payment due or to become due under the Notes or the Indenture, the Company, a Surviving Person or a Subsidiary Guarantor or JV Subsidiary Guarantor, as the case may be, is, or on the next Interest Payment Date would be, required to pay Additional Amounts, and such requirement cannot be avoided by the taking of reasonable measures by the Company, a Surviving Person, a Subsidiary Guarantor or JV Subsidiary Guarantor, as the case may be; *provided* that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Company, a Surviving Person, a Subsidiary Guarantor or a JV Subsidiary Guarantor, as the case may be, would be obligated to pay such Additional Amounts if a payment in respect of the Notes were then due.

Prior to the mailing of any notice of redemption of the Notes pursuant to the foregoing, the Company, a Surviving Person, a Subsidiary Guarantor or a JV Subsidiary Guarantor, as the case may be, will deliver to the Trustee at least 30 days but not more than 60 days before a redemption date:

- (1) an Officers' Certificate stating that such change or amendment referred to in the prior paragraph has occurred, describing the facts related thereto and stating that such requirement cannot be avoided by the Company, such Surviving Person, Subsidiary Guarantor or JV Subsidiary Guarantor, as the case may be, taking reasonable measures available to it; and
- (2) an Opinion of Counsel or an opinion of a tax consultant, in either case of recognized standing with respect to tax matters of the Relevant Jurisdiction, stating that the requirement to pay such Additional Amounts results from such change or amendment referred to in the prior paragraph.

The Trustee shall accept such certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent described above, in which event it shall be conclusive and binding on the Holders.

Any Notes that are redeemed will be cancelled.

Certain Covenants

Set forth below are summaries of certain covenants contained in the Indenture.

Limitation on Indebtedness and Preferred Stock

- (1) The Company will not, and will not permit any Restricted Subsidiary to, Incur any Indebtedness (including Acquired Indebtedness), and the Company will not permit any Restricted Subsidiary to issue Preferred Stock, provided that the Company may Incur Indebtedness (including Acquired Indebtedness) and any Restricted Subsidiary may Incur Permitted Subsidiary Indebtedness if, after giving effect to the Incurrence of such Indebtedness and the receipt and application of the proceeds therefrom, (x) no Default has occurred and is continuing and (y) the Fixed Charge Coverage Ratio would be not less than 3.0 to 1.0. Notwithstanding the foregoing, the Company will not permit any Restricted Subsidiary to Incur any Disqualified Stock (other than Disqualified Stock held by the Company or a Subsidiary Guarantor, so long as it is so held).
- (2) Notwithstanding the foregoing, the Company and, to the extent provided below, any Restricted Subsidiary may Incur each and all of the following (“Permitted Indebtedness”):
 - (a) Indebtedness under the Notes (excluding any Additional Notes) and each Subsidiary Guarantee and JV Subsidiary Guarantee;
 - (b) any Pari Passu Subsidiary Guarantees by any Subsidiary Guarantor or any JV Subsidiary Guarantor;
 - (c) Indebtedness of the Company or any Restricted Subsidiary outstanding on the Original Issue Date excluding Indebtedness permitted under clause (d); provided that such Indebtedness of Restricted Subsidiaries shall be included in the calculation of Permitted Subsidiary Indebtedness (other than any such Indebtedness described in clauses (a) and (b) above and clauses (d), (f), (g) and (m) below);
 - (d) Indebtedness of the Company or any Restricted Subsidiary owed to the Company or any Restricted Subsidiary; provided that (i) any event which results in any such Restricted Subsidiary ceasing to be a Restricted Subsidiary or any subsequent transfer of such Indebtedness (other than to the Company or any Restricted Subsidiary) shall be deemed, in each case, to constitute an Incurrence of such Indebtedness not permitted by this clause (d) and (ii) if the Company is the obligor on such Indebtedness, such Indebtedness must expressly be subordinated in right of payment to the Notes, and if a Subsidiary Guarantor or a JV Subsidiary Guarantor is the obligor on such Indebtedness and the Company is not the obligee, such Indebtedness must be expressly subordinated in right of payment to the Subsidiary Guarantee of such Subsidiary Guarantor or the JV Subsidiary Guarantee of such JV Subsidiary Guarantor, as the case may be;
 - (e) Indebtedness (“Permitted Refinancing Indebtedness”) issued in exchange for, or the net proceeds of which are used to refinance or refund, replace, exchange, renew, repay, defease, discharge or extend (collectively, “refinance” and “refinances” and “refinanced” shall have a correlative meaning), then outstanding Indebtedness (or Indebtedness that is no longer outstanding but that is refinanced substantially concurrently with the Incurrence of such Permitted Refinancing Indebtedness) Incurred under the immediately preceding paragraph (1) or clauses (a), (b), (c), (e), (h), (o), (q), (r), (s) or (t) of this paragraph (2) and any refinancings thereof in an amount not to exceed the amount so refinanced or refunded (plus premiums, accrued interest, fees and expenses); provided that (i) Indebtedness the proceeds of

which are used to refinance or refund the Notes or Indebtedness that is pari passu with, or subordinated in right of payment to, the Notes or a Subsidiary Guarantee or a JV Subsidiary Guarantee shall only be permitted under this clause (e) if (A) in case the Notes are refinanced in part or the Indebtedness to be refinanced is pari passu with the Notes or a Subsidiary Guarantee or a JV Subsidiary Guarantee, such new Indebtedness, by its terms or by the terms of any agreement or instrument pursuant to which such new Indebtedness is outstanding, is expressly made pari passu with, or subordinate in right of payment to, the remaining Notes or such Subsidiary Guarantee or such JV Subsidiary Guarantee, as the case may be, or (B) in case the Indebtedness to be refinanced is subordinated in right of payment to the Notes or a Subsidiary Guarantee or a JV Subsidiary Guarantee, such new Indebtedness, by its terms or by the terms of any agreement or instrument pursuant to which such new Indebtedness is issued or remains outstanding, is expressly made subordinate in right of payment to the Notes or such Subsidiary Guarantee or such JV Subsidiary Guarantee, as the case may be, at least to the extent that the Indebtedness to be refinanced is subordinated to the Notes or such Subsidiary Guarantee or such JV Subsidiary Guarantee, (ii) such new Indebtedness, determined as of the date of Incurrence of such new Indebtedness, does not mature prior to the Stated Maturity of the Indebtedness to be refinanced or refunded, and the Average Life of such new Indebtedness is at least equal to the remaining Average Life of the Indebtedness to be refinanced or refunded, (iii) in no event may Indebtedness of the Company, any Subsidiary Guarantor or any JV Subsidiary Guarantor be refinanced pursuant to this clause by means of any Indebtedness of any Restricted Subsidiary that is not a Subsidiary Guarantor or a JV Subsidiary Guarantor, and (iv) in no event may Indebtedness of the Company or any Subsidiary Guarantor be refinanced pursuant to this clause by means of any Indebtedness of any JV Subsidiary Guarantor (provided that this sub-clause (iv) shall not prohibit the replacement of a Subsidiary Guarantee by a JV Subsidiary Guarantee if otherwise permitted by the Indenture);

- (f) Indebtedness Incurred by the Company or any Restricted Subsidiary pursuant to Hedging Obligations entered into in the ordinary course of business and designed solely to protect the Company or any of its Restricted Subsidiaries from fluctuations in interest rates, currencies or the price of commodities and not for speculation;
- (g) Pre-Registration Mortgage Guarantees by the Company or any Restricted Subsidiary;
- (h) Indebtedness Incurred by the Company or any Restricted Subsidiary for the purpose of financing (x) all or any part of the purchase price of assets, real or personal property (including the lease purchase price of land use rights) or equipment to be used in the ordinary course of business by the Company or a Restricted Subsidiary in the Permitted Business, including any such purchase through the acquisition of Capital Stock of any Person that owns such real or personal property or equipment which will, upon acquisition, become a Restricted Subsidiary, or (y) all or any part of the purchase price or the cost of development, construction or improvement of real or personal property (including the lease purchase price of land use rights) or equipment to be used in the ordinary course of business by the Company or such Restricted Subsidiary in the Permitted Business; provided that in the case of clauses (x) and (y), (A) the aggregate principal amount of such Indebtedness shall not exceed such purchase price or cost, (B) such Indebtedness shall be Incurred no later than 180 days after the acquisition of such property or completion of such development, construction or improvement and (C) on the date of the Incurrence of such Indebtedness and after

giving effect thereto, the aggregate principal amount outstanding of all such Indebtedness permitted by this clause (h) (together with refinancings thereof and the aggregate principal amount outstanding of Indebtedness that was permitted to be Incurred under clauses (q), (r), (s), (t) and (v) below and the refinancings thereof, but excluding any Contractor Guarantee or Guarantee Incurred under such clauses and this clause (h) to the extent the amount of such Contractor Guarantee or Guarantee is otherwise reflected in such aggregate principal amount) does not exceed an amount equal to 20% of Total Assets;

- (i) Indebtedness Incurred by the Company or any Restricted Subsidiary constituting reimbursement obligations with respect to workers' compensation claims or self-insurance obligations or bid, performance or surety bonds (in each case other than for an obligation for borrowed money);
- (j) Indebtedness Incurred by the Company or any Restricted Subsidiary constituting reimbursement obligations with respect to letters of credit, trade guarantees or similar instruments issued in the ordinary course of business to the extent that such letters of credit, trade guarantees or similar instruments are not drawn upon or, if drawn upon, to the extent such drawing is reimbursed no later than the 30 days following receipt by the Company or such Restricted Subsidiary of a demand for reimbursement;
- (k) Indebtedness arising from agreements providing for indemnification, adjustment of purchase price or similar obligations, or from Guarantees or letters of credit, surety bonds or performance bonds securing any obligation of the Company or any Restricted Subsidiary pursuant to such agreements, in any case, Incurred in connection with the disposition of any business, assets or Restricted Subsidiary, other than Guarantees of Indebtedness Incurred by any Person acquiring all or any portion of such business, assets or Restricted Subsidiary for the purpose of financing such acquisition; provided that the maximum aggregate liability in respect of all such Indebtedness in the nature of such Guarantee shall at no time exceed the gross proceeds actually received from the sale of such business, assets or Restricted Subsidiary;
- (l) Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument drawn against insufficient funds in the ordinary course of business provided, however, that such Indebtedness is extinguished within five Business Days of Incurrence;
- (m) Guarantees by the Company or any Restricted Subsidiary of Indebtedness of the Company or any Restricted Subsidiary that was permitted to be Incurred by another provision of this covenant, subject to the "Limitation on Issuances of Guarantees by Restricted Subsidiaries" covenant;
- (n) Indebtedness of the Company or any Restricted Subsidiary with a maturity of one year or less used by the Company or any Restricted Subsidiary for working capital; provided that the aggregate principal amount of Indebtedness permitted by this clause (n) at any time outstanding does not exceed US\$50 million (or the Dollar Equivalent thereof using the Original Issue Date as the date of determination);
- (o) Indebtedness of the Company or any Restricted Subsidiary in an aggregate principal amount outstanding at any time (together with refinancings thereof) not to exceed US\$20 million (or the Dollar Equivalent thereof using the Original Issue Date as the date of determination);

- (p) Indebtedness of the Company or any Restricted Subsidiary constituting an obligation to pay the deferred purchase price of Capital Stock of a Person pursuant to a Staged Acquisition Agreement, to the extent that such deferred purchase price is paid within 12 months after the date the Company or such Restricted Subsidiary enters into such Staged Acquisition Agreement;
- (q) Indebtedness Incurred by the Company or any Restricted Subsidiary arising from any Investment made by a Trust Company Investor in a PRC Restricted Subsidiary; provided that on the date of the Incurrence of such Indebtedness and after giving effect thereto, the aggregate principal amount outstanding of all such Indebtedness permitted by this clause (q) (together with refinancings thereof and the aggregate principal amount outstanding of Indebtedness that was permitted to be Incurred under clause (h) above and clauses (r), (s), (t) and (v) below and the refinancings thereof, but excluding any Contractor Guarantee or Guarantee Incurred under such clauses and this clause (q) to the extent the amount of such Contractor Guarantee or Guarantee is otherwise reflected in such aggregate principal amount) does not exceed an amount equal to 20% of Total Assets;
- (r) Indebtedness Incurred by the Company or any Restricted Subsidiary constituting a Guarantee of Indebtedness of any Person (other than a Restricted Subsidiary) by the Company or such Restricted Subsidiary, if the aggregate of all Indebtedness Incurred under this clause (r) (together with refinancing thereof and the aggregate principal amount outstanding of Indebtedness that was permitted to be Incurred under clauses (h) and (q) above and clauses (s), (t) and (v) below and the refinancings thereof, but excluding any Contractor Guarantee or Guarantee Incurred under such clauses and this clause (r) to the extent the amount of such Contractor Guarantee or Guarantee is otherwise reflected in such aggregate principal amount) does not exceed an amount equal to 20% of Total Assets;
- (s) Bank Deposit Secured Indebtedness Incurred by the Company or any of its Restricted Subsidiaries, provided that on the date of Incurrence of such Indebtedness, the aggregate principal amount outstanding of such Indebtedness permitted by this clause (s) (together with refinancing thereof and the aggregate principal amount outstanding of Indebtedness that was permitted to be Incurred under clauses (h), (q) and (r) above and clauses (t) and (v) below and the refinancings thereof, but excluding any Contractor Guarantee or Guarantee Incurred under such clauses and this clause (s) to the extent the amount of such Contractor Guarantee or Guarantee is otherwise reflected in such aggregate principal amount) does not exceed an amount equal to 20% of Total Assets;
- (t) Indebtedness Incurred by any Restricted Subsidiary incorporated under the laws of the PRC which is secured by Investment Properties, and Guarantees thereof by the Company or any such Restricted Subsidiary; provided that on the date of the Incurrence of such Indebtedness and after giving effect thereto, the aggregate principal amount outstanding of all such Indebtedness permitted by this clause (t) (together with refinancings thereof and the aggregate principal amount outstanding of Indebtedness that was permitted to be Incurred under clauses (h), (q), (r) and (s) above and clause (v) below and the refinancings thereof, but excluding any Contractor Guarantee or Guarantee Incurred under such clauses and this clause (t) to the extent the amount of such Contractor Guarantee or Guarantee is otherwise reflected in such aggregate principal amount) does not exceed an amount equal to 20% of Total Assets;
- (u) Indebtedness Incurred by the Company constituting a Subordinated Shareholder Loan; and

- (v) Indebtedness of the Company or any Restricted Subsidiary constituting an obligation to pay the deferred purchase price of Capital Stock of a Person pursuant to a Minority Interest Staged Acquisition Agreement, to the extent that such deferred purchase price is paid within 12 months after the date the Company or such Restricted Subsidiary enters into such Minority Interest Staged Acquisition Agreement; provided that on the date of the Incurrence of such Indebtedness and after giving effect thereto, the aggregate principal amount outstanding of all such Indebtedness permitted by this clause (v) (together with refinancings thereof and the aggregate principal amount outstanding of Indebtedness that was permitted to be Incurred under clauses (h), (q), (r), (s) and (t) above and the refinancings thereof, but excluding any Contractor Guarantee or Guarantee Incurred under such clauses and this clause (v) to the extent the amount of such Contractor Guarantee or Guarantee is otherwise reflected in such aggregate principal amount) does not exceed an amount equal to 20% of Total Assets.
- (3) For purposes of determining compliance with this “Limitation on Indebtedness and Preferred Stock” covenant, in the event that an item of Indebtedness meets the criteria of more than one of the types of Indebtedness described above, including under the proviso in the first paragraph of part (1), the Company, in its sole discretion, shall classify, and from time to time may reclassify, such item of Indebtedness in one or more types of Indebtedness described above.
- (4) Notwithstanding any other provision of this covenant, the maximum amount of Indebtedness that may be Incurred pursuant to this covenant will not be deemed to be exceeded with respect to any outstanding Indebtedness due solely to the result of fluctuations in the exchange rates of currencies, provided that such Indebtedness was permitted to be Incurred at the time of such Incurrence.

Limitation on Restricted Payments

The Company will not, and will not permit any Restricted Subsidiary to, directly or indirectly (the payments or any other actions described in clauses (1) through (4) below being collectively referred to as “Restricted Payments”):

- (1) declare or pay any dividend or make any distribution on or with respect to the Company’s or any of its Restricted Subsidiaries’ Capital Stock (other than dividends or distributions payable or paid in shares of the Company’s or any of its Restricted Subsidiaries’ Capital Stock (other than Disqualified Stock or Preferred Stock) or in options, warrants or other rights to acquire shares of such Capital Stock) held by Persons other than the Company or any Wholly Owned Restricted Subsidiary;
- (2) purchase, call for redemption or redeem, retire or otherwise acquire for value any shares of Capital Stock of the Company or any Restricted Subsidiary (including options, warrants or other rights to acquire such shares of Capital Stock) or any direct or indirect parent of the Company held by any Persons other than the Company or any Wholly Owned Restricted Subsidiary;
- (3) make any voluntary or optional principal payment, or voluntary or optional redemption, repurchase, defeasance, or other acquisition or retirement for value, of Indebtedness that is subordinated in right of payment to the Notes or any of the Subsidiary Guarantees or any of the JV Subsidiary Guarantees (excluding any intercompany Indebtedness between or among the Company and any of its Restricted Subsidiaries); or

(4) make any Investment, other than a Permitted Investment;

if, at the time of, and after giving effect to, the proposed Restricted Payment:

- (a) a Default has occurred and is continuing or would occur as a result of such Restricted Payment;
- (b) the Company could not Incur at least US\$1.00 of Indebtedness under the proviso in the first paragraph of part (1) of the covenant under the caption “— Limitation on Indebtedness and Preferred Stock”; or
- (c) such Restricted Payment, together with the aggregate amount of all Restricted Payments made by the Company and its Restricted Subsidiaries after the Measurement Date, shall exceed the sum of:
 - (i) 50% of the aggregate amount of the Consolidated Net Income of the Company (or, if the Consolidated Net Income is a loss, minus 100% of the amount of such loss) accrued on a cumulative basis during the period (taken as one accounting period) beginning on January 1, 2011 and ending on the last day of the Company’s most recently ended fiscal semiannual period for which consolidated financial statements of the Company (which the Company shall use its best efforts to compile in a timely manner) are available (which may include internal consolidated financial statements); plus
 - (ii) 100% of the aggregate Net Cash Proceeds received by the Company after the Measurement Date as a capital contribution to its common equity or from the issuance and sale of its Capital Stock (other than Disqualified Stock) to a Person who is not a Subsidiary of the Company, including any such Net Cash Proceeds received upon (A) the conversion of any Indebtedness (other than Subordinated Indebtedness) of the Company into Capital Stock (other than Disqualified Stock) of the Company, or (B) the exercise by a Person who is not a Subsidiary of the Company of any options, warrants or other rights to acquire Capital Stock of the Company (other than Disqualified Stock) in each case excluding the amount of any such Net Cash Proceeds used to redeem, repurchase, defease or otherwise acquire or retire for value any Subordinated Indebtedness or Capital Stock of the Company; plus
 - (iii) the amount by which Indebtedness of the Company or any of its Restricted Subsidiaries is reduced on the Company’s consolidated balance sheet upon the conversion or exchange (other than by a Subsidiary of the Company) subsequent to the Measurement Date of any Indebtedness of the Company or any of its Restricted Subsidiaries convertible or exchangeable into Capital Stock (other than Disqualified Stock) of the Company (less the amount of any cash, or the Fair Market Value of any other property, distributed by the Company upon such conversion or exchange); plus
 - (iv) an amount equal to the net reduction in Investments (other than reductions in Permitted Investments) that were made after the Measurement Date in any Person resulting from (A) payments of interest on Indebtedness, dividends or repayments of loans or advances by such Person, in each case to the Company or any Restricted Subsidiary (except, in each case, to the extent any such payment or proceeds are included in the calculation of Consolidated Net Income) after the Measurement Date, (B) the unconditional release of a Guarantee provided by the Company or a Restricted Subsidiary after the Measurement Date of an obligation of another Person, (C) to the extent that an Investment made after the Measurement Date was, after such date, or is

sold or otherwise liquidated or repaid for cash, the lesser of (x) cash return of capital with respect to such Investment (less the cost of disposition, if any) and (y) the initial amount of such Investment, or (D) from redesignations of Unrestricted Subsidiaries as Restricted Subsidiaries, not to exceed, in each case, the amount of Investments (other than Permitted Investments) made by the Company or a Restricted Subsidiary after the Measurement Date in any such Person; plus

- (v) US\$30 million (or the Dollar Equivalent thereof using the Original Issue Date as the date of determination).

The foregoing provision shall not be violated by reason of:

- (1) the payment of any dividend or redemption of any Capital Stock within 60 days after the related date of declaration or call for redemption if, at said date of declaration or call for redemption, such payment or redemption would comply with the preceding paragraph;
- (2) the redemption, repurchase, defeasance or other acquisition or retirement for value of Subordinated Indebtedness of the Company or any of the Subsidiary Guarantors or JV Subsidiary Guarantors with the Net Cash Proceeds of, or in exchange for, a substantially concurrent Incurrence of Permitted Refinancing Indebtedness;
- (3) the redemption, repurchase or other acquisition of Capital Stock of the Company or any Subsidiary Guarantor or JV Subsidiary Guarantor (or options, warrants or other rights to acquire such Capital Stock) in exchange for, or out of the Net Cash Proceeds of a substantially concurrent capital contribution or a sale (other than to a Subsidiary of the Company) of, shares of the Capital Stock (other than Disqualified Stock) of the Company or any Subsidiary Guarantor (or options, warrants or other rights to acquire such Capital Stock); provided that the amount of any such Net Cash Proceeds that are utilized for any such Restricted Payment will be excluded from clause (c)(ii) of the preceding paragraph, provided however that any item that has been excluded pursuant to clause (c)(ii) of the preceding paragraph will not be excluded again as a result of the proviso in this clause (3);
- (4) the redemption, repurchase, defeasance or other acquisition or retirement for value of Subordinated Indebtedness of the Company or any of the Subsidiary Guarantors or JV Subsidiary Guarantors in exchange for, or out of the Net Cash Proceeds of, a substantially concurrent capital contribution or sale (other than to a Subsidiary of the Company) of, shares of Capital Stock (other than Disqualified Stock) of the Company or any of the Subsidiary Guarantors or JV Subsidiary Guarantors (or options, warrants or other rights to acquire such Capital Stock); provided that the amount of any such Net Cash Proceeds that are utilized for any such Restricted Payment will be excluded from clause (c)(ii) of the preceding paragraph, provided however that any item that has been excluded pursuant to clause (c)(ii) of the preceding paragraph will not be excluded again as a result of the proviso in this clause (4);
- (5) any dividends or distributions declared, paid or made by a Restricted Subsidiary payable, on a pro rata basis or on a basis more favorable to the Company, to all holders of any class of Capital Stock of such Restricted Subsidiary, a majority of which is held, directly or indirectly through Restricted Subsidiaries, by the Company;

- (6) the repurchase, redemption or other acquisition or retirement for value of any Capital Stock of the Company or any Restricted Subsidiary held by an employee benefit plan of the Company or any Restricted Subsidiary, any current or former officer, director, consultant, or employee of the Company or any Restricted Subsidiary (or permitted transferees, estates or heirs of any of the foregoing), provided that the aggregate price paid for all such repurchased, redeemed, acquired or retired Capital Stock may not exceed US\$25 million (or the Dollar Equivalent using the Original Issue Date as the date of determination);
- (7) the purchase of Capital Stock of a Person pursuant to a Staged Acquisition Agreement or a Minority Interest Staged Acquisition Agreement;
- (8) dividends paid to, or the purchase of Capital Stock of any PRC Restricted Subsidiary held by any Trust Company Investor in respect of any Indebtedness outstanding on the Original Issue Date or permitted to be Incurred under paragraph (2)(q) of the “Limitation on Indebtedness and Preferred Stock” covenant; or
- (9) cash payment in lieu of fractional shares in connection with the exercise of warrants, options or other securities convertible into or exchangeable for Capital Stock of the Company, provided, however, that any such cash payment shall not be for the purpose of evading the limitation of this “— Limitation on Restricted Payments” covenant (as determined in good faith by the Board of Directors of the Company);

provided that, in the case of clause (2), (3) or (4) of the preceding paragraph, no Default shall have occurred and be continuing or would occur as a consequence of the actions or payments set forth therein.

Each Restricted Payment permitted pursuant to clause (1) of the preceding paragraph shall be included in calculating whether the conditions of clause (c) of the first paragraph of this “Limitation on Restricted Payments” covenant have been met with respect to any subsequent Restricted Payments. For the avoidance of doubt, the 2010 Dividend shall not be included in such calculation as set forth in the foregoing sentence.

The amount of any Restricted Payments (other than cash) will be the Fair Market Value on the date of the Restricted Payment of the asset(s) or securities proposed to be transferred or issued by the Company or the Restricted Subsidiary, as the case may be, pursuant to the Restricted Payment. The value of any assets or securities that are required to be valued by this covenant will be the Fair Market Value. The Board of Directors’ determination of the Fair Market Value of a Restricted Payment or any such assets or securities must be based upon an opinion or appraisal issued by an appraisal or investment banking firm of recognized international standing if the Fair Market Value exceeds US\$10.0 million (or the Dollar Equivalent thereof).

Not later than the date of making any Restricted Payment in excess of US\$10.0 million (or the Dollar Equivalent thereof), the Company will deliver to the Trustee an Officers’ Certificate stating that such Restricted Payment is permitted and setting forth the basis upon which the calculations required by this “— Limitation on Restricted Payments” covenant were computed, together with a copy of any fairness opinion or appraisal required by the Indenture.

Limitation on Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries

- (1) Except as provided below, the Company will not, and will not permit any Restricted Subsidiary to, create or otherwise cause or permit to exist or become effective any encumbrance or restriction on the ability of any Restricted Subsidiary to:
 - (a) pay dividends or make any other distribution on any Capital Stock of such Restricted Subsidiary owned by the Company or any other Restricted Subsidiary;
 - (b) pay any Indebtedness or other obligation owed to the Company or any other Restricted Subsidiary;
 - (c) make loans or advances to the Company or any other Restricted Subsidiary; or
 - (d) sell, lease or transfer any of its property or assets to the Company or any other Restricted Subsidiary.

- (2) The provisions of paragraph (1) do not apply to any encumbrances or restrictions:
 - (a) existing in agreements as in effect on the Original Issue Date, or in the Notes, the Subsidiary Guarantees, the JV Subsidiary Guarantees, the Indenture or Pari Passu Subsidiary Guarantee of any Subsidiary Guarantor or any JV Subsidiary Guarantor, and any extensions, refinancings, renewals or replacements of any of the foregoing agreements; provided that the encumbrances and restrictions in any such extension, refinancing, renewal or replacement, taken as a whole, are no more restrictive in any material respect to the Holders than those encumbrances or restrictions that are then in effect and that are being extended, refinanced, renewed or replaced;
 - (b) existing under or by reason of applicable law, rule, regulation or order;
 - (c) existing with respect to any Person or the property or assets of such Person acquired by the Company or any Restricted Subsidiary, at the time of such acquisition and not incurred in contemplation thereof, which encumbrances or restrictions are not applicable to any Person or the property or assets of any Person other than such Person or the property or assets of such Person so acquired, and any extensions, refinancings, renewals or replacements thereof; provided that the encumbrances and restrictions in any such extension, refinancing, renewal or replacement, taken as a whole, are no more restrictive in any material respect to the Holders than those encumbrances or restrictions that are then in effect and that are being extended, refinanced, renewed or replaced;
 - (d) that otherwise would be prohibited by the provision described in clause (1)(d) of this covenant if they arise, or are agreed to, in the ordinary course of business and, that (i) restrict in a customary manner the subletting, assignment or transfer of any property or asset that is subject to a lease or license, or (ii) exist by virtue of any Lien on, or agreement to transfer, option or similar right with respect to any property or assets of the Company or any Restricted Subsidiary not otherwise prohibited by the Indenture or (iii) do not relate to any Indebtedness, and that do not, individually or in the aggregate, detract from the value of property or assets of the Company or any Restricted Subsidiary in any manner material to the Company or any Restricted Subsidiary;

- (e) with respect to a Restricted Subsidiary and imposed pursuant to an agreement that has been entered into for the sale or disposition of all or substantially all of the Capital Stock of, or property and assets of, such Restricted Subsidiary that is permitted by the “— Limitation on Sales and Issuances of Capital Stock in Restricted Subsidiaries,” “— Limitation on Indebtedness and Preferred Stock” and “— Limitation on Asset Sales” covenants;
- (f) with respect to any Restricted Subsidiary and imposed pursuant to an agreement that has been entered into for the Incurrence of Indebtedness permitted under paragraph (1) or of the type described under clause (2)(h), (2)(n), (2)(o), (2)(p), (2)(q), (2)(r), (2)(s), (2)(t) or (2)(v) of the “Limitation on Indebtedness and Preferred Stock” covenant if, as determined by the Board of Directors, the encumbrances or restrictions are (i) customary for such types of agreements and (ii) would not, at the time agreed to, be expected to materially and adversely affect the ability of the Company to make required payment on the Notes and any extensions, refinancings, renewals or replacements of any of the foregoing agreements; provided that the encumbrances and restrictions in any such extension, refinancing, renewal or replacement, taken as a whole, are no more restrictive in any material respect to the Holders than those encumbrances or restrictions that are then in effect and that are being extended, refinanced, renewed or replaced;
- (g) existing in customary provisions in joint venture agreements and other similar agreements permitted under the Indenture, to the extent such encumbrance or restriction relates to the activities or assets of a Restricted Subsidiary that is a party to such joint venture and if (as determined in good faith by the Board of Directors) (i) the encumbrances or restrictions are customary for a joint venture or similar agreement of that type and (ii) the encumbrances or restrictions would not, at the time agreed to, be expected to materially and adversely affect (x) the ability of the Company to make the required payments on the Notes, or (y) any Subsidiary Guarantor or JV Subsidiary Guarantor to make required payments under its Subsidiary Guarantee or JV Subsidiary Guarantee; or
- (h) existing with respect to any Unrestricted Subsidiary or the property or assets of such Unrestricted Subsidiary that is designated as a Restricted Subsidiary in accordance with the terms of the Indenture at the time of such designation and not incurred in contemplation of such designation, which encumbrances or restrictions are not applicable to any Person or the property or assets of any Person other than such Subsidiary or its subsidiaries or the property or assets of such Subsidiary or its subsidiaries, and any extensions, refinancing, renewals or replacements thereof; provided that the encumbrances and restrictions in any such extension, refinancing, renewal or replacement, taken as a whole, are no more restrictive in any material respect to the Holders than those encumbrances or restrictions that are then in effect and that are being extended, refinanced, renewed or replaced.

Limitation on Sales and Issuances of Capital Stock in Restricted Subsidiaries

The Company will not sell, and will not permit any Restricted Subsidiary, directly or indirectly, to issue or sell any shares of Capital Stock of a Restricted Subsidiary (including options, warrants or other rights to purchase shares of such Capital Stock) except:

- (1) to the Company or a Wholly Owned Restricted Subsidiary, or in the case of a Restricted Subsidiary that is not Wholly Owned, pro rata to its shareholders or incorporators;

- (2) to the extent such Capital Stock represents director's qualifying shares or is required by applicable law to be held by a Person other than the Company or a Wholly Owned Restricted Subsidiary;
- (3) for the issuance or sale of the Capital Stock of a Restricted Subsidiary if, immediately after giving effect to such issuance or sale, such Restricted Subsidiary would no longer constitute a Restricted Subsidiary and any remaining Investment in such Person would have been permitted to be made under the "—Limitation on Restricted Payments" covenant if made on the date of such issuance or sale and provided that the Company complies with the "— Limitation on Asset Sales" covenant; or
- (4) the issuance or sale of Capital Stock of a Restricted Subsidiary (which remains a Restricted Subsidiary after any such issuance or sale); provided that the Company or such Restricted Subsidiary applies the Net Cash Proceeds of such issuance or sale in accordance with the "— Limitation on Asset Sales" covenant.

Limitation on Issuances of Guarantees by Restricted Subsidiaries

The Company will not permit any Restricted Subsidiary which is not a Subsidiary Guarantor or a JV Subsidiary Guarantor, directly or indirectly, to Guarantee any Indebtedness ("Guaranteed Indebtedness") of the Company or any Subsidiary Guarantor, unless (1) such Restricted Subsidiary simultaneously executes and delivers a supplemental indenture to the Indenture providing for an unsubordinated Subsidiary Guarantee (in the case of a Subsidiary Guarantor) or JV Subsidiary Guarantee (in the case of a JV Subsidiary Guarantor) of payment of the Notes by such Restricted Subsidiary and (2) such Restricted Subsidiary waives and will not in any manner whatsoever claim or take the benefit or advantage of, any rights of reimbursement, indemnity or subrogation or any other rights against the Company or any other Restricted Subsidiary as a result of any payment by such Restricted Subsidiary under its Subsidiary Guarantee or JV Subsidiary Guarantee, as the case may be, until the Notes have been paid in full.

If the Guaranteed Indebtedness (1) ranks *pari passu* in right of payment with the Notes, any Subsidiary Guarantee or any JV Subsidiary Guarantee, then the Guarantee of such Guaranteed Indebtedness shall rank *pari passu* in right of payment with, or subordinated to, the Subsidiary Guarantee or the JV Subsidiary Guarantee, as the case may be, or (2) is subordinated in right of payment to the Notes, any Subsidiary Guarantee or any JV Subsidiary Guarantee, then the Guarantee of such Guaranteed Indebtedness shall be subordinated in right of payment to the Subsidiary Guarantee or the JV Subsidiary Guarantee, as the case may be, at least to the extent that the Guaranteed Indebtedness is subordinated to the Notes, the Subsidiary Guarantee or the JV Subsidiary Guarantee.

The Company will not permit any JV Subsidiary Guarantor, directly or indirectly, to guarantee any Indebtedness of the Company or any other Restricted Subsidiary unless the aggregate claims of the creditor under such guarantee will be limited to the JV Entitlement Amount. If any JV Subsidiary Guarantor guarantees any Indebtedness of the Company or any other Restricted Subsidiary where the aggregate claims of the creditor under such guarantee exceeds the JV Entitlement Amount, such JV Subsidiary Guarantee shall be replaced with a Subsidiary Guarantee given by a Subsidiary Guarantor.

Limitation on Transactions with Shareholders and Affiliates

The Company will not, and will not permit any Restricted Subsidiary to, directly or indirectly, enter into, renew or extend any transaction or arrangement (including, without limitation, the purchase, sale, lease or exchange of property or assets, or the rendering of any

service) with (x) any holder (or any Affiliate of such holder) of 10.0% or more of any class of Capital Stock of the Company or (y) any Affiliate of the Company (each an “Affiliate Transaction”), unless:

- (1) the Affiliate Transaction is on fair and reasonable terms that are no less favorable to the Company or the relevant Restricted Subsidiary than those that would have been obtained in a comparable transaction by the Company or the relevant Restricted Subsidiary with a Person that is not an Affiliate of the Company; and
- (2) the Company delivers to the Trustee:
 - (a) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of US\$5.0 million (or the Dollar Equivalent thereof), a Board Resolution set forth in an Officers’ Certificate certifying that such Affiliate Transaction complies with this covenant and such Affiliate Transaction has been approved by a majority of the disinterested members of the Board of Directors; and
 - (b) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of US\$10.0 million (or the Dollar Equivalent thereof), in addition to the Board Resolution required in clause 2(a) above, an opinion as to the fairness to the Company or the relevant Restricted Subsidiary of such Affiliate Transaction from a financial point of view issued by an accounting, appraisal or investment banking firm of recognized international standing.

The foregoing limitation does not limit, and shall not apply to:

- (1) the payment of reasonable and customary regular fees and other compensation for the service as board members to directors of the Company or any Restricted Subsidiary who are not employees of the Company or any Restricted Subsidiary;
- (2) transactions between or among the Company and any of its Wholly Owned Restricted Subsidiaries or between or among Wholly Owned Restricted Subsidiaries;
- (3) any Restricted Payment of the type described in clauses (1), (2) or (3) of the first paragraph of the covenant described above under the caption “— Limitation on Restricted Payments” if permitted by that covenant;
- (4) any sale of Capital Stock (other than Disqualified Stock) of the Company;
- (5) the payment of compensation to officers and directors of the Company or any Restricted Subsidiary pursuant to an employee stock or share option scheme, so long as such scheme is in compliance with the listing rules of The Stock Exchange of Hong Kong Limited, which as of the Original Issue Date require a majority shareholder approval of any such scheme;
- (6) any repurchase, redemption or other acquisition or retirement for value of any Capital Stock of the Company or any Restricted Subsidiary pursuant to clause (6) of the second paragraph of the “Limitation on Restricted Payments” covenant;
- (7) loans or advances to employees, officers or directors in the ordinary course of business not to exceed US\$2.5 million in the aggregate at any one time outstanding; and

- (8) any sale of apartment units by the Company or a Restricted Subsidiary in the ordinary course of business to employees, officers, directors or their respective family members at a discount from the listed price not greater than that applicable generally to all employees of the Company and its Restricted Subsidiaries with respect to those apartment units; provided that (x) revenues from all such sales in any fiscal year shall not exceed 1% of the revenues for the year as shown in the consolidated financial statements of the Company for that period prepared in accordance with GAAP and (y) any such discount shall not exceed 15% of the Fair Market Value of the relevant apartment unit.

In addition, the requirements of clause (2) of the first paragraph of this covenant shall not apply to (i) Investments (other than Permitted Investments) not prohibited by the “Limitation on Restricted Payments” covenant, (ii) transactions pursuant to agreements in effect on the Original Issue Date and described in this offering memorandum, or any amendment or modification or replacement thereof, so long as such amendment, modification or replacement is not more disadvantageous to the Company and its Restricted Subsidiaries than the original agreement in effect on the Original Issue Date and (iii) any transaction between or among the Company, any Wholly-Owned Restricted Subsidiary and any Restricted Subsidiary that is not a Wholly Owned Restricted Subsidiary or between or among Restricted Subsidiaries that are not Wholly Owned Restricted Subsidiaries; *provided* that in the case of clause (iii) (a) such transaction is entered into in the ordinary course of business and (b) none of the minority shareholders or minority partners of or in such Restricted Subsidiary that is not a Wholly Owned Restricted Subsidiary is a Person described in clauses (x) or (y) of the first paragraph of this covenant (other than by reason of such minority shareholder or minority partner being an officer or director of such Restricted Subsidiary).

Limitation on Liens

The Company will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, incur, assume or permit to exist any Lien of any nature whatsoever on any of its assets or properties of any kind, whether owned at the Original Issue Date or thereafter acquired, except Permitted Liens, unless the Notes are equally and ratably secured by such Lien.

Limitation on Sale and Leaseback Transactions

The Company will not, and will not permit any of its Restricted Subsidiaries to, enter into any Sale and Leaseback Transaction; *provided* that the Company or any Restricted Subsidiary may enter into a Sale and Leaseback Transaction if:

- (1) the Company or any Restricted Subsidiary could have (a) Incurred Indebtedness in an amount equal to the Attributable Indebtedness relating to such Sale and Leaseback Transaction under the covenant described above under “— Limitation on Indebtedness and Preferred Stock” and (b) incurred a Lien to secure such Indebtedness pursuant to the covenant described above under the caption “— Limitation on Liens,” in which case, the corresponding Indebtedness and Lien will be deemed incurred pursuant to those provisions;
- (2) the gross cash proceeds of that Sale and Leaseback Transaction are at least equal to the Fair Market Value of the property that is the subject of such Sale and Leaseback Transaction; and
- (3) the transfer of assets in that Sale and Leaseback Transaction is permitted by, and the Company or such Restricted Subsidiary applies the proceeds of such transaction in compliance with, the covenant described below under the caption “— Limitation on Asset Sales.”

Limitation on Asset Sales

The Company will not, and will not permit any Restricted Subsidiary to, consummate any Asset Sale, unless:

- (1) no Default shall have occurred and be continuing or would occur as a result of such Asset Sale;
- (2) the consideration received by the Company or such Restricted Subsidiary, as the case may be, is at least equal to the Fair Market Value of the assets sold or disposed of;
- (3) in the case of an Asset Sale that constitutes an Asset Disposition, the Company could Incur at least US\$1.00 of Indebtedness under the proviso in the first paragraph of part of the covenant under the caption “— Limitation on Indebtedness and Preferred Stock” after giving pro forma effect to such Asset Disposition; and
- (4) at least 75% of the consideration received consists of cash, Temporary Cash Investments or Replacement Assets; provided that in the case of an Asset Sale in which the Company or such Restricted Subsidiary receives Replacement Assets involving aggregate consideration in excess of US\$50.0 million (or the Dollar Equivalent thereof), the Company shall deliver to the Trustee an opinion as to the fairness to the Company or such Restricted Subsidiary of such Asset Sale from a financial point of view issued by an accounting, appraisal or investment banking firm of international standing. For purposes of this provision, each of the following will be deemed to be cash:
 - (a) any liabilities, as shown on the Company’s most recent consolidated balance sheet, of the Company or any Restricted Subsidiary (other than contingent liabilities and liabilities that are by their terms subordinated to the Notes, any Subsidiary Guarantee or any JV Subsidiary Guarantee) that are assumed by the transferee of any such assets pursuant to a customary assumption, assignment, novation or similar agreement that releases the Company or such Restricted Subsidiary from further liability; and
 - (b) any securities, notes or other obligations received by the Company or any Restricted Subsidiary from such transferee that are promptly, but in any event within 30 days of closing, converted by the Company or such Restricted Subsidiary into cash, to the extent of the cash received in that conversion;

Within 360 days after the receipt of any Net Cash Proceeds from an Asset Sale, the Company (or any Restricted Subsidiary) may apply such Net Cash Proceeds to:

- (1) permanently repay Senior Indebtedness of the Company or a Subsidiary Guarantor or any Indebtedness of a Restricted Subsidiary that is not a Subsidiary Guarantor (and, if such Senior Indebtedness repaid is revolving credit Indebtedness, to correspondingly reduce commitments with respect thereto) in each case owing to a Person other than the Company or a Restricted Subsidiary;
- (2) acquire properties and assets that replace the properties and assets that were the subject of such Asset Sale or Replacement Assets; or
- (3) make an Investment in cash or Temporary Cash Investments pending application of such Net Cash Proceeds as set forth in clause (1) or (2) above.

Any Net Cash Proceeds from Asset Sales that are not applied or invested as provided in clauses (1) and (2) in the immediately preceding paragraph will constitute “Excess Proceeds.” Excess Proceeds of less than US\$20.0 million (or the Dollar Equivalent thereof) will be carried forward and accumulated. When accumulated Excess Proceeds exceed US\$20.0 million (or the Dollar Equivalent thereof), within 10 days thereof, the Company must make an Offer to Purchase Notes having a principal amount equal to:

- (1) accumulated Excess Proceeds, multiplied by
- (2) a fraction (x) the numerator of which is equal to the outstanding principal amount of the Notes and (y) the denominator of which is equal to the outstanding principal amount of the Notes and all *pari passu* Indebtedness similarly required to be repaid, redeemed or tendered for in connection with the Asset Sale,

rounded down to the nearest US\$1,000.

The offer price in any Offer to Purchase will be equal to 100% of the principal amount plus accrued and unpaid interest to the date of purchase, and will be payable in cash.

If any Excess Proceeds remain after consummation of an Offer to Purchase, the Company may use those Excess Proceeds for any purpose not otherwise prohibited by the Indenture. If the aggregate principal amount of Notes (and any other *pari passu* Indebtedness) tendered in such Offer to Purchase exceeds the amount of Excess Proceeds, the Trustee will select the Notes (and such other *pari passu* Indebtedness) to be purchased on a pro rata basis. Upon completion of each Offer to Purchase, the amount of Excess Proceeds will be reset at zero.

Limitation on the Company’s Business Activities

The Company will not, and will not permit any Restricted Subsidiary to, directly or indirectly, engage in any business other than Permitted Businesses; *provided, however*, that the Company or any Restricted Subsidiary may own Capital Stock of an Unrestricted Subsidiary or joint venture or other entity that is engaged in a business other than Permitted Businesses as long as any Investment therein was not prohibited when made by the covenant under the caption “— Limitation on Restricted Payments.”

Use of Proceeds

The Company will not, and will not permit any Restricted Subsidiary to, use the net proceeds from the sale of the Notes, in any amount, for any purpose other than (1) in the approximate amounts and for the purposes specified, including any adjustment in response to changes in acquisition or development plans as contemplated, under the caption “Use of Proceeds” in this offering memorandum and (2) pending the application of all of such net proceeds in such manner, to invest the portion of such net proceeds not yet so applied in Temporary Cash Investments.

Designation of Restricted and Unrestricted Subsidiaries

The Board of Directors may designate any Restricted Subsidiary to be an Unrestricted Subsidiary; *provided* that (1) no Default shall have occurred and be continuing at the time of or after giving effect to such designation; (2) neither the Company nor any Restricted Subsidiary provides credit support for the Indebtedness of such Restricted Subsidiary, except to the extent permitted to be Incurred under paragraph (2)(r) under the caption “— Limitation on Indebtedness and Preferred Stock”; (3) such Restricted Subsidiary has no outstanding Indebtedness that could trigger a cross-default to the Indebtedness of the Company; (4) such Restricted Subsidiary does not own any Disqualified Stock of the Company or Disqualified or Preferred Stock of another Restricted Subsidiary or hold any Indebtedness of, or any Lien on any property of, the Company or any Restricted Subsidiary, if such Disqualified or Preferred Stock or Indebtedness could not be Incurred under the covenant described under the caption “— Limitation on Indebtedness and

Preferred Stock” or such Lien would violate the covenant described under the caption “— Limitation on Liens”; (5) such Restricted Subsidiary does not own any Voting Stock of another Restricted Subsidiary, and all of its Subsidiaries are Unrestricted Subsidiaries or are being concurrently designated to be Unrestricted Subsidiaries in accordance with this paragraph; and (6) the Investment deemed to have been made thereby in such newly-designated Unrestricted Subsidiary and each other newly-designated Unrestricted Subsidiary being concurrently redesignated would be permitted to be made by the covenant described under “— Limitation on Restricted Payments.”

The Board of Directors may designate any Unrestricted Subsidiary to be a Restricted Subsidiary; *provided* that (1) no Default shall have occurred and be continuing at the time of or after giving effect to such designation; (2) any Indebtedness of such Unrestricted Subsidiary outstanding at the time of such designation which will be deemed to have been Incurred by such newly-designated Restricted Subsidiary as a result of such designation would be permitted to be Incurred by the covenant described under the caption “— Limitation on Indebtedness and Preferred Stock”; (3) any Lien on the property of such Unrestricted Subsidiary at the time of such designation which will be deemed to have been incurred by such newly-designated Restricted Subsidiary as a result of such designation would be permitted to be incurred by the covenant described under the caption “— Limitation on Liens”; (4) such Unrestricted Subsidiary is not a Subsidiary of another Unrestricted Subsidiary (that is not concurrently being designated as a Restricted Subsidiary); and (5) if such Restricted Subsidiary is not organized under the laws of the PRC, such Restricted Subsidiary shall upon such designation execute and deliver to the Trustee a supplemental indenture to the Indenture by which such Restricted Subsidiary shall become a Subsidiary Guarantor or a JV Subsidiary Guarantor.

Government Approvals and Licenses; Compliance with Law

The Company will, and will cause each Restricted Subsidiary to, (1) obtain and maintain in full force and effect all governmental approvals, authorizations, consents, permits, concessions and licenses as are necessary to engage in the Permitted Businesses; (2) preserve and maintain good and valid title to its properties and assets (including land-use rights) free and clear of any Liens other than Permitted Liens; and (3) comply with all laws, regulations, orders, judgments and decrees of any governmental body, except to the extent that failure so to obtain, maintain, preserve and comply would not reasonably be expected to have a material adverse effect on (a) the business, results of operations or prospects of the Company and its Restricted Subsidiaries, taken as a whole, or (b) the ability of the Company, any Subsidiary Guarantor or any JV Subsidiary Guarantor to perform its obligations under the Notes, the relevant Subsidiary Guarantee, the relevant JV Subsidiary Guarantee or the Indenture.

Anti-Layering

The Company will not Incur, and will not permit any Subsidiary Guarantor or JV Subsidiary Guarantor to Incur, any Indebtedness if such Indebtedness is contractually subordinated in right of payment to any other Indebtedness of the Company, such Subsidiary Guarantor or such JV Subsidiary Guarantor, as the case may be, unless such Indebtedness is also contractually subordinated in right of payment to the Notes, the applicable Subsidiary Guarantee or the applicable JV Subsidiary Guarantee, on substantially identical terms. This does not apply to distinctions between categories of Indebtedness that exist by reason of any Liens or Guarantees securing or in favor of some but not all of such Indebtedness.

Suspension of Certain Covenants

If, on any date following the date of the Indenture, the Notes have a rating of Investment Grade from both of the Rating Agencies and no Default has occurred and is continuing (a “Suspension Event”), then, beginning on that day and continuing until such time, if any, at which the Notes cease to have a rating of Investment Grade from either of the Rating Agencies, the provisions of the Indenture summarized under the following captions will be suspended:

- (1) “— Certain Covenants — Limitation on Indebtedness and Preferred Stock;”
- (2) “— Certain Covenants — Limitation on Restricted Payments;”
- (3) “— Certain Covenants — Limitation on Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries;”
- (4) “— Certain Covenants — Limitation on Sales and Issuances of Capital Stock in Restricted Subsidiaries;”
- (5) “— Certain Covenants — Limitation on Issuances of Guarantees by Restricted Subsidiaries;”
- (6) “— Certain Covenants — Limitation on the Company’s Business Activities;”
- (7) “— Certain Covenants — Limitation on Sale and Leaseback Transactions;” and
- (8) “— Certain Covenants — Limitation on Asset Sales.”

During any period that the foregoing covenants have been suspended, the Board of Directors may not designate any of the Restricted Subsidiaries as Unrestricted Subsidiaries pursuant to the covenant summarized under the caption “— Certain Covenants — Designation of Restricted and Unrestricted Subsidiaries” or the definition of “Unrestricted Subsidiary.”

Such covenants will be reinstated and apply according to their terms as of and from the first day on which a Suspension Event ceases to be in effect. Such covenants will not, however, be of any effect with regard to actions of the Company or any Restricted Subsidiary properly taken in compliance with the provisions of the Indenture during the continuance of the Suspension Event, and following reinstatement the calculations under the covenant summarized under “— Certain Covenants — Limitation on Restricted Payments” will be made as if such covenant had been in effect since the date of the Indenture except that no Default will be deemed to have occurred solely by reason of a Restricted Payment made while that covenant was suspended. There can be no assurance that the Notes will ever achieve a rating of Investment Grade or that any such rating will be maintained.

Provision of Financial Statements and Reports

- (1) So long as any of the Notes remain outstanding, the Company will file with the Trustee and furnish to the Holders upon request, as soon as they are available but in any event not more than 10 calendar days after they are filed with The Stock Exchange of Hong Kong Limited or any other recognized exchange on which the Company’s common shares are at any time listed for trading, true and correct copies of any financial or

other report in the English language filed with such exchange; provided that if at any time the Common Stock of the Company ceases to be listed for trading on a recognized stock exchange, the Company will file with the Trustee and furnish to the Holders:

- (a) as soon as they are available, but in any event within 90 calendar days after the end of the fiscal year of the Company, copies of its financial statements (on a consolidated basis) in respect of such financial year (including a statement of income, balance sheet and cash flow statement) audited by a member firm of an internationally-recognized firm of independent accountants;
 - (b) as soon as they are available, but in any event within 45 calendar days after the end of the second financial quarter of the Company, copies of its financial statements (on a consolidated basis) in respect of such half-year period (including a statement of income, balance sheet and cash flow statement) reviewed by a member firm of an internationally-recognized firm of independent accountants; and
 - (c) as soon as they are available, but in any event within 45 calendar days after the end of each of the first and third financial quarter of the Company, copies of its unaudited financial statements (on a consolidated basis), including a statement of income, balance sheet and cash flow statement, prepared on a basis consistent with the audited financial statements of the Company together with a certificate signed by the person then authorized to sign financial statements on behalf of the Company to the effect that such financial statements are true in all material respects and present fairly the financial position of the Company as at the end of, and the results of its operations for, the relevant quarterly period.
- (2) In addition, so long as any of the Notes remain outstanding, the Company will provide to the Trustee (a) within 120 days after the close of each fiscal year, an Officers' Certificate stating the Fixed Charge Coverage Ratio with respect to the two most recent fiscal semiannual periods and showing in reasonable detail the calculation of the Fixed Charge Coverage Ratio, including the arithmetic computations of each component of the Fixed Charge Coverage Ratio, with a certificate from the Company's external auditors verifying the accuracy and correctness of the calculation and arithmetic computation, provided that the Company shall not be required to provide such auditor certification if its external auditors refuse to provide such certification as a result of a policy of such external auditors not to provide such certification; and (b) as soon as possible and in any event within 30 days after the Company becomes aware or should reasonably become aware of the occurrence of a Default, an Officers' Certificate setting forth the details of the Default, and the action which the Company proposes to take with respect thereto.

Events of Default

The following events will be defined as "Events of Default" in the Indenture:

- (1) default in the payment of principal of (or premium, if any, on) the Notes when the same becomes due and payable at maturity, upon acceleration, redemption or otherwise;
- (2) default in the payment of interest on any Note when the same becomes due and payable, and such default continues for a period of 30 consecutive days;
- (3) default in the performance or breach of the provisions of the covenants described under "— Consolidation, Merger and Sale of Assets," the failure by the Company to make or consummate an Offer to Purchase in the manner described under the captions "— Repurchase of Notes upon a Change of Control Triggering Event" or "— Limitation on Asset Sales";

- (4) the Company or any Restricted Subsidiary defaults in the performance of or breaches any other covenant or agreement in the Indenture or under the Notes (other than a default specified in clause (1), (2) or (3) above) and such default or breach continues for a period of 30 consecutive days after written notice by the Trustee or the Holders of 25% or more in aggregate principal amount of the Notes;
- (5) there occurs with respect to any Indebtedness of the Company or any Restricted Subsidiary (other than a Subordinated Shareholder Loan) having an outstanding principal amount of US\$10.0 million (or the Dollar Equivalent thereof) or more in the aggregate for all such Indebtedness of all such Persons, whether such Indebtedness now exists or shall hereafter be created, (a) an event of default that has caused the holder thereof to declare such Indebtedness to be due and payable prior to its Stated Maturity and/or (b) the failure to make a principal payment when due;
- (6) one or more final judgments or orders for the payment of money are rendered against the Company or any of its Restricted Subsidiaries and are not paid or discharged, and there is a period of 60 consecutive days following entry of the final judgment or order that causes the aggregate amount for all such final judgments or orders outstanding and not paid or discharged against all such Persons to exceed US\$10.0 million (or the Dollar Equivalent thereof) (in excess of amounts which the Company's insurance carriers have agreed to pay under applicable policies) during which a stay of enforcement, by reason of a pending appeal or otherwise, is not in effect;
- (7) an involuntary case or other proceeding is commenced against the Company or any Significant Subsidiary with respect to it or its debts under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect seeking the appointment of a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of the Company or any Significant Subsidiary or for any substantial part of the property and assets of the Company or any Significant Subsidiary and such involuntary case or other proceeding remains undismissed and unstayed for a period of 60 consecutive days; or an order for relief is entered against the Company or any Significant Subsidiary under any applicable bankruptcy, insolvency or other similar law as now or hereafter in effect;
- (8) the Company or any Significant Subsidiary (a) commences a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or consents to the entry of an order for relief in an involuntary case under any such law, (b) consents to the appointment of or taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of the Company or any Significant Subsidiary or for all or substantially all of the property and assets of the Company or any Significant Subsidiary or (c) effects any general assignment for the benefit of creditors; or
- (9) any Subsidiary Guarantor or JV Subsidiary Guarantor denies or disaffirms its obligations under its Subsidiary Guarantee or JV Subsidiary Guarantee or, except as permitted by the Indenture, any Subsidiary Guarantee or JV Subsidiary Guarantee is determined to be unenforceable or invalid or shall for any reason cease to be in full force and effect.

If an Event of Default (other than an Event of Default specified in clause (7) or (8) above) occurs and is continuing under the Indenture, the Trustee or the Holders of at least 25% in aggregate principal amount of the Notes then outstanding, by written notice to the Company (and to the Trustee if such notice is given by the Holders), may, and the Trustee at the written direction of such Holders shall, declare the principal of, premium, if any, and accrued and unpaid interest on the Notes to be immediately due and payable. Upon a declaration of acceleration, such principal of, premium, if any, and accrued and unpaid interest shall be immediately due and payable. If an Event of Default specified in clause (7) or (8) above occurs with respect to the

Company or any Significant Subsidiary, the principal of, premium, if any, and accrued and unpaid interest on the Notes then outstanding shall automatically become and be immediately due and payable without any declaration or other act on the part of the Trustee or any Holder.

The Holders of at least a majority in principal amount of the outstanding Notes by written notice to the Company and to the Trustee may on behalf of the Holders of Notes waive all past defaults and rescind and annul a declaration of acceleration and its consequences if:

- (1) all existing Events of Default, other than the nonpayment of the principal of, premium, if any, and interest on the Notes that have become due solely by such declaration of acceleration, have been cured or waived, and
- (2) the rescission would not conflict with any judgment or decree of a court of competent jurisdiction.

Upon such waiver, the Default will cease to exist, and any Event of Default arising therefrom will be deemed to have been cured, but no such waiver will extend to any subsequent or other Default or impair any right consequent thereon.

If an Event of Default occurs and is continuing, the Trustee may pursue, in its own name or as trustee of an express trust, any available remedy by proceeding at law or in equity to collect the payment of principal of and interest on the Notes or to enforce the performance of any provision of the Notes or the Indenture. The Trustee may maintain a proceeding even if it does not possess any of the Notes or does not produce any of them in the proceeding.

The Holders of at least a majority in aggregate principal amount of the outstanding Notes may direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred on the Trustee. However, the Trustee may refuse to follow any direction that conflicts with law or the Indenture, that may involve the Trustee in personal liability, or that the Trustee determines in good faith may be unduly prejudicial to the rights of Holders not joining in the giving of such direction and may take any other action it deems proper that is not inconsistent with any such direction received from Holders. In addition, the Trustee will not be required to expend its own funds in following such direction if it does not reasonably believe that reimbursement and/or satisfactory indemnification is assured to it.

A Holder of Notes may not institute any proceeding, judicial or otherwise, with respect to the Indenture or the Notes, or for the appointment of a receiver or trustee, or for any other remedy under the Indenture or the Notes, unless:

- (1) the Holder has previously given the Trustee written notice of a continuing Event of Default;
- (2) the Holders of at least 25% in aggregate principal amount of outstanding Notes make a written request to the Trustee to pursue the remedy;
- (3) such Holder or Holders offer the Trustee indemnity and/or security reasonably satisfactory to the Trustee against any costs, liability or expense to be incurred in compliance with such request;
- (4) the Trustee does not comply with the request within 60 days after receipt of the written request and the offer of indemnity and/or security; and
- (5) during such 60-day period, the Holders of a majority in aggregate principal amount of the outstanding Notes do not give the Trustee a direction that is inconsistent with the request.

However, such limitations do not apply to the right of any Holder to receive payment of the principal of, premium, if any, or interest on, such Note, or to bring suit for the enforcement of any such payment, on or after the due date expressed in the Notes, which right shall not be impaired or affected without the consent of the Holder.

Officers of the Company must certify to the Trustee in writing, on or before a date not more than 120 days after the end of each fiscal year, that a review has been conducted of the activities of the Company and its Restricted Subsidiaries and the Company's and its Restricted Subsidiaries' performance under the Indenture and that the Company has fulfilled all obligations thereunder, or, if there has been a default in the fulfillment of any such obligation, specifying each such default and the nature and status thereof. The Company will also be obligated to notify the Trustee in writing of any default or defaults in the performance of any covenants or agreements under the Indenture. See "— Provision of Financial Statements and Reports."

Consolidation, Merger and Sale of Assets

The Company will not consolidate with, merge with or into another Person, permit any Person to merge with or into it, or sell, convey, transfer, lease or otherwise dispose of all or substantially all of its and its Restricted Subsidiaries' properties and assets (computed on a consolidated basis) (as an entirety or substantially an entirety in one transaction or a series of related transactions), unless:

- (1) the Company shall be the continuing Person, or the Person (if other than it) formed by such consolidation or merger or that acquired or leased such property and assets (the "Surviving Person") shall be a corporation organized and validly existing under the laws of the Cayman Islands, Hong Kong or the British Virgin Islands and shall expressly assume, by a supplemental indenture to the Indenture, executed and delivered to the Trustee, all the obligations of the Company under the Indenture and the Notes, as the case may be, including the obligation to pay Additional Amounts with respect to any jurisdiction in which it is organized or resident for tax purposes or through which it makes payments, and the Indenture and the Notes, as the case may be, shall remain in full force and effect;
- (2) immediately after giving effect to such transaction, no Default shall have occurred and be continuing;
- (3) immediately after giving effect to such transaction on a pro forma basis, the Company or the Surviving Person, as the case may be, shall have a Consolidated Net Worth equal to or greater than the Consolidated Net Worth of the Company immediately prior to such transaction;
- (4) immediately after giving effect to such transaction on a pro forma basis the Company or the Surviving Person, as the case may be, could Incur at least US\$1.00 of Indebtedness under the first paragraph of the covenant under the caption "Certain Covenants — Limitation on Indebtedness and Preferred Stock";
- (5) the Company delivers to the Trustee (x) an Officers' Certificate (attaching the arithmetic computations to demonstrate compliance with clauses (3) and (4)) and (y) an Opinion of Counsel, in each case stating that such consolidation, merger or transfer and the relevant supplemental indenture complies with this provision and that all conditions precedent provided for in the Indenture relating to such transaction have been complied with;
- (6) each Subsidiary Guarantor and JV Subsidiary Guarantor, unless such Subsidiary Guarantor or JV Subsidiary Guarantor is the Person with which the Company has entered into a transaction described under the caption "— Consolidation, Merger and

Sale of Assets,” shall execute and deliver a supplemental indenture to the Indenture confirming that its Subsidiary Guarantee or JV Subsidiary Guarantee, as applicable, shall apply to the obligations of the Company or the Surviving Person in accordance with the Notes and the Indenture; and

- (7) no Rating Decline shall have occurred.

No Subsidiary Guarantor or JV Subsidiary Guarantor will consolidate with, merge with or into another Person, permit any Person to merge with or into it, or sell, convey, transfer, lease or otherwise dispose of all or substantially all of its and its Restricted Subsidiaries’ properties and assets (computed on a consolidated basis) (as an entirety or substantially an entirety in one transaction or a series of related transactions) to another Person (other than the Company or another Subsidiary Guarantor or, in the case of a JV Subsidiary Guarantor, other than to another JV Subsidiary Guarantor, the Company or a Subsidiary Guarantor), unless:

- (1) such Subsidiary Guarantor or JV Subsidiary Guarantor shall be the continuing Person, or the Person (if other than it) formed by such consolidation or merger or that acquired or leased such property and assets shall be the Company, another Subsidiary Guarantor or shall become a Subsidiary Guarantor concurrently with the transaction (or, in the case of a JV Subsidiary Guarantor, another JV Subsidiary Guarantor, the Company or a Subsidiary Guarantor); and shall expressly assume, by a supplemental indenture to the Indenture, executed and delivered to the Trustee, all the obligations of such Subsidiary Guarantor or JV Subsidiary Guarantor under the Indenture and the Notes, as the case may be, including the obligation to pay Additional Amounts with respect to any jurisdiction in which it is organized or resident for tax purposes or through which it makes payments, and the Indenture and the Notes, as the case may be, shall remain in full force and effect;
- (2) immediately after giving effect to such transaction, no Default shall have occurred and be continuing;
- (3) immediately after giving effect to such transaction on a pro forma basis, the Company shall have a Consolidated Net Worth equal to or greater than the Consolidated Net Worth of the Company immediately prior to such transaction;
- (4) immediately after giving effect to such transaction on a pro forma basis, the Company could Incur at least US\$1.00 of Indebtedness under the first paragraph of the covenant under the caption “— Limitation on Indebtedness and Preferred Stock”;
- (5) the Company delivers to the Trustee (x) an Officers’ Certificate (attaching the arithmetic computations to demonstrate compliance with clauses (3) and (4) of this paragraph) and an Opinion of Counsel, in each case stating that such consolidation, merger or transfer and the relevant supplemental indenture complies with this covenant and that all conditions precedent provided for in the Indenture relating to such transaction have been complied with; and
- (6) no Rating Decline shall have occurred;

provided that this paragraph shall not apply to any sale or other disposition that complies with the “— Limitation on Asset Sales” covenant or any Subsidiary Guarantor or JV Subsidiary Guarantor whose Subsidiary Guarantee or JV Subsidiary Guarantee, as the case may be, is unconditionally released in accordance with the provisions described under “— The Subsidiary Guarantees — Release of the Subsidiary Guarantees.”

Although there is a limited body of case law interpreting the phrase “substantially all,” there is no precise established definition of the phrase under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve “all or substantially all” of the property or assets of a Person.

The foregoing requirements shall not apply to a consolidation or merger of any Subsidiary Guarantor or JV Subsidiary Guarantor with and into the Company or any other Subsidiary Guarantor or JV Subsidiary Guarantor, so long as the Company or such Subsidiary Guarantor or JV Subsidiary Guarantor survives such consolidation or merger.

The foregoing provisions would not necessarily afford Holders protection in the event of highly-leveraged or other transactions involving the Company that may adversely affect Holders.

No Payments for Consents

The Company will not, and shall not permit any of its Subsidiaries to, directly or indirectly, pay or cause to be paid any consideration, whether by way of interest, fee or otherwise, to any Holder for or as an inducement to any consent, waiver or amendment of any of the terms or provisions of the Indenture or the Notes unless such consideration is offered to be paid or is paid to all Holders that consent, waive or agree to amend such term or provision within the time period set forth in the solicitation documents relating to such consent, waiver or amendment.

Defeasance

Defeasance and Discharge

The Indenture will provide that the Company will be deemed to have paid and will be discharged from any and all obligations in respect of the Notes on the 183rd day after the deposit referred to below, and the provisions of the Indenture will no longer be in effect with respect to the Notes (except for, among other matters, certain obligations to register the transfer or exchange of the Notes, to replace stolen, lost or mutilated Notes, to maintain paying agencies and to hold monies for payment in trust) if, among other things:

- (1) the Company (a) has deposited with the Trustee (or its agent), in trust, money and/or U.S. Government Obligations or any combination thereof that through the payment of interest and principal in respect thereof in accordance with their terms will provide money in an amount sufficient to pay the principal of, premium, if any, and accrued interest on the Notes on the Stated Maturity for such payments in accordance with the terms of the Indenture and the Notes and (b) delivers to the Trustee an Opinion of Counsel or a certificate of an internationally-recognized firm of independent accountants to the effect that the amount deposited by the Company is sufficient to provide payment for the principal of, premium, if any, and accrued interest on, the Notes on the Stated Maturity for such payment in accordance with the terms of the Indenture;
- (2) the Company has delivered to the Trustee an Opinion of Counsel of recognized international standing to the effect that the creation of the defeasance trust does not violate the U.S. Investment Company Act of 1940, as amended, and after the passage of 123 days following the deposit, the trust fund will not be subject to the effect of Section 547 of the United States Bankruptcy Code or Section 15 of the New York Debtor and Creditor Law; and
- (3) immediately after giving effect to such deposit on a pro forma basis, no Event of Default, or event that after the giving of notice or lapse of time or both would become an Event of Default, shall have occurred and be continuing on the date of such deposit or during the period ending on the 183rd day after the date of such deposit, and such

defeasance shall not result in a breach or violation of, or constitute a default under, any other agreement or instrument to which the Company or any of its Restricted Subsidiaries is a party or by which the Company or any of its Restricted Subsidiaries is bound.

In the case of either discharge or defeasance of the Notes, the Subsidiary Guarantees and JV Subsidiary Guarantees will terminate.

Defeasance of Certain Covenants

The Indenture further will provide that the provisions of the Indenture applicable to the Notes will no longer be in effect with respect to clauses (3), (4), (5)(x) and (7) under the first paragraph, and clauses (3), (4), (5)(x) and (6) under the second paragraph under “— Consolidation, Merger and Sale of Assets” and all the covenants described herein under “— Certain Covenants,” other than as described under “— Certain Covenants-Government Approvals and Licenses; Compliance with Law” and “— Certain Covenants-Anti-Layering,” clause (3) under “Events of Default” with respect to clauses (3), (4), (5)(x) and (7) under the first paragraph, and clauses (3), (4), (5)(x) and (6) under the second paragraph under “Consolidation, Merger and Sale of Assets” and with respect to the other events set forth in such clause, clause (4) under “Events of Default” with respect to such other covenants and clauses (5) and (6) under “Events of Default” shall be deemed not to be Events of Default upon, among other things, the deposit with the Trustee (or its agent), in trust, of money, U.S. Government Obligations or a combination thereof that through the payment of interest and principal in respect thereof in accordance with their terms will provide money in an amount sufficient to pay the principal of, premium, if any, and accrued interest on the Notes on the Stated Maturity of such payments in accordance with the terms of the Indenture and the Notes, and the satisfaction of the provisions described in clause (2) of the preceding paragraph.

Defeasance and Certain Other Events of Default

In the event that the Company exercises its option to omit compliance with certain covenants and provisions of the Indenture as described in the immediately preceding paragraph and the Notes are declared due and payable because of the occurrence of an Event of Default that remains applicable, the amount of money and/or U.S. Government Obligations on deposit with the Trustee will be sufficient to pay amounts due on the Notes at the time of their Stated Maturity but may not be sufficient to pay amounts due on the Notes at the time of the acceleration resulting from such Event of Default. However, the Company will remain liable for such payments.

Amendments and Waiver

Amendments Without Consent of Holders

The Indenture may be amended, without the consent of any Holder, to:

- (1) cure any ambiguity, defect, omission or inconsistency in the Indenture and the Notes;
- (2) comply with the provisions described under “— Consolidation, Merger and Sale of Assets”;
- (3) evidence and provide for the acceptance of appointment by a successor Trustee;
- (4) add any Subsidiary Guarantor or JV Subsidiary Guarantor, or any Subsidiary Guarantee or JV Subsidiary Guarantee, or release any Subsidiary Guarantor or JV Subsidiary Guarantor from any Subsidiary Guarantee or JV Subsidiary Guarantee, as the case may be, as provided or permitted by the terms of the Indenture;

- (5) provide for the issuance of Additional Notes in accordance with the limitations set forth in the Indenture;
- (6) add additional collateral to secure the Notes, any Subsidiary Guarantee or any JV Subsidiary Guarantee;
- (7) in any other case where a supplemental indenture to the Indenture is required or permitted to be entered into pursuant to the provisions of the Indenture without the consent of any Holder;
- (8) effect any changes to the Indenture in a manner necessary to comply with the procedures of Euroclear or Clearstream or any applicable securities depository;
- (9) make any other change that does not materially and adversely affect the rights of any Holder; or
- (10) conform the text of the Indenture, the Notes, the Subsidiary Guarantees or the JV Subsidiary Guarantees to any provision of this “Description of the Notes” to the extent that such provision in this “Description of the Notes” was intended to be a verbatim recitation of a provision in the Indenture, the Notes, the Subsidiary Guarantees or the JV Subsidiary Guarantees.

Amendments With Consent of Holders

The Indenture may be amended with the consent of the Holders of not less than a majority in aggregate principal amount of the outstanding Notes, and the Holders of a majority in aggregate principal amount of the outstanding Notes may waive future compliance by the Company with any provision thereof; *provided, however*, that no such modification, amendment or waiver may, without the consent of each Holder affected thereby:

- (1) change the Stated Maturity of the principal of, or any installment of interest on, any Note;
- (2) reduce the principal amount of, or premium, if any, or interest on, any Note;
- (3) change the currency of payment of principal of, or premium, if any, or interest on, any Note;
- (4) impair the right to institute suit for the enforcement of any payment on or after the Stated Maturity (or, in the case of a redemption, on or after the redemption date) of any Note;
- (5) reduce the above-stated percentage of outstanding Notes the consent of whose Holders is necessary to modify or amend the Indenture;
- (6) waive a default in the payment of principal of, premium, if any, or interest on the Notes;
- (7) release any Subsidiary Guarantor or JV Subsidiary Guarantor from its Subsidiary Guarantee or JV Subsidiary Guarantee, as the case may be, except as provided in the Indenture;
- (8) reduce the percentage or aggregate principal amount of outstanding Notes the consent of whose Holders is necessary for waiver of compliance with certain provisions of the Indenture or for waiver of certain defaults;

- (9) amend, change or modify any Subsidiary Guarantee or JV Subsidiary Guarantee in a manner that adversely affects the Holders;
- (10) reduce the amount payable upon a Change of Control Offer or an Offer to Purchase with the Excess Proceeds from any Asset Sale or, change the time or manner by which a Change of Control Offer or an Offer to Purchase with the Excess Proceeds or other proceeds from any Asset Sale may be made or by which the Notes must be repurchased pursuant to a Change of Control Offer or an Offer to Purchase with the Excess Proceeds or other proceeds from any Asset Sale;
- (11) change the redemption date or the redemption price of the Notes from that stated under the captions “— Optional Redemption” or “— Redemption for Taxation Reasons”;
- (12) amend, change or modify the obligation of the Company or any Subsidiary Guarantor or any JV Subsidiary Guarantor to pay Additional Amounts; or
- (13) amend, change or modify any provision of the Indenture or the related definition affecting the ranking of the Notes, any Subsidiary Guarantee or any JV Subsidiary Guarantee in a manner which adversely affects the Holders.

Unclaimed Money

Claims against the Company for the payment of principal of, premium, if any, or interest, on the Notes will become void unless presentation for payment is made as required in the Indenture within a period of six years.

No Personal Liability of Incorporators, Stockholders, Officers, Directors or Employees

No recourse for the payment of the principal of, premium, if any, or interest on any of the Notes or for any claim based thereon or otherwise in respect thereof, and no recourse under or upon any obligation, covenant or agreement of the Company, any of the Subsidiary Guarantors or any of the JV Subsidiary Guarantors in the Indenture, or in any of the Notes, the Subsidiary Guarantees or the JV Subsidiary Guarantees, or because of the creation of any Indebtedness represented thereby, shall be had against any incorporator, stockholder, officer, director, employee or controlling person of the Company, any of the Subsidiary Guarantors or JV Subsidiary Guarantors, or of any successor Person thereof. Each Holder, by accepting the Notes, waives and releases all such liability. The waiver and release are part of the consideration for the issuance of the Notes, the Subsidiary Guarantees and the JV Subsidiary Guarantees. Such waiver may not be effective to waive liabilities under the federal securities laws.

Concerning the Agents

The Hongkong and Shanghai Banking Corporation Limited, has been appointed as Trustee under the Indenture, and The Hongkong and Shanghai Banking Corporation Limited has been appointed as the note registrar (the “Note Registrar”) and the paying and transfer agent (the “Paying Agent” and together with the Trustee and Note Registrar, the “Agents”) with regard to the Notes. Except during the continuance of a Default, the Trustee will not be liable, except for the performance of such duties as are specifically set forth in the Indenture, and no implied covenant or obligation shall be read into the Indenture against the Trustee. If an Event of Default has occurred and is continuing, the Trustee will use the same degree of care and skill in its exercise of the rights and powers vested in it under the Indenture as a prudent person would exercise under the circumstances in the conduct of such person’s own affairs.

The Indenture contains limitations on the rights of the Trustee, should it become a creditor of the Company or any of the Subsidiary Guarantors, to obtain payment of claims in certain cases or

to realize on certain property received by it in respect of any such claims, as security or otherwise. The Trustee is permitted to engage in other transactions, including normal banking and trustee relationships, with the Company and its Affiliates; *provided, however*, that if it acquires any conflicting interest, it must eliminate such conflict or resign.

If the Company maintains a paying agent with respect to the Notes in a member state of the European Union, the Company will maintain at least one paying agent in a member state of the European Union that is not obligated to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any other directive implementing the conclusions of ECOFIN Council meeting of November 26-27, 2000 on the taxation of savings income, or any law implementing or complying with, or introduced in order to conform to, such Directive or such other directive.

Book-Entry; Delivery and Form

The Notes will be represented by a global note in registered form without interest coupons attached (the “Initial Global Note”). On the Original Issue Date, the Initial Global Note will be deposited with a common depository and registered in the name of the common depository or its nominee for the accounts of Euroclear and Clearstream. Any additional Notes will be represented by additional global notes in registered form without interest coupons attached (the “Additional Global Notes”, together with the Initial Global Note, the “Global Notes”).

Global Notes

Ownership of beneficial interests in the Global Notes (the “book-entry interests”) will be limited to persons that have accounts with Euroclear and/or Clearstream or persons that may hold interests through such participants. Book-entry interests will be shown on, and transfers thereof will be effected only through, records maintained in book-entry form by Euroclear and Clearstream and their participants.

Except as set forth below under “— Certificated Notes,” the book-entry interests will not be held in definitive form. Instead, Euroclear and/or Clearstream will credit on their respective book-entry registration and transfer systems a participant’s account with the interest beneficially owned by such participant. The laws of some jurisdictions may require that certain purchasers of securities take physical delivery of such securities in definitive form. The foregoing limitations may impair the ability to own, transfer or pledge book-entry interests.

So long as the Notes are held in global form, the common depository for Euroclear and/or Clearstream (or its nominee) will be considered the sole holder of the Global Notes for all purposes under the Indenture and “holders” of book-entry interests will not be considered the owners or “Holders” of Notes for any purpose. As such, participants must rely on the procedures of Euroclear and Clearstream and indirect participants must rely on the procedures of the participants through which they own book-entry interests in order to transfer their interests in the Notes or to exercise any rights of Holders under the Indenture.

None of the Company, the Subsidiary Guarantors, the JV Subsidiary Guarantors (if any), the Trustee or any of their respective agents will have any responsibility or be liable for any aspect of the records relating to the book-entry interests. The Notes are not issuable in bearer form.

Payments on the Global Notes

Payments of any amounts owing in respect of the Global Notes (including principal, premium, interest and Additional Amounts) will be made to the Paying Agent. The Paying Agent will, in turn, make such payments to Euroclear and/or Clearstream, which will distribute such payments to participants in accordance with their procedures. Each of the Company, the Subsidiary

Guarantors and the JV Subsidiary Guarantors will make payments of all such amounts without deduction or withholding for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature, except as may be required by law and as described under “— Additional Amounts.”

Under the terms of the Indenture, the Company, any Subsidiary Guarantor, any JV Subsidiary Guarantor and the Trustee will treat the registered holder of the Global Notes (i.e., the common depositary or its nominee) as the owner thereof for the purpose of receiving payments and for all other purposes. Consequently, none of the Company, the Subsidiary Guarantors, the JV Subsidiary Guarantors, the Trustee, the Agents or any of their respective agents has or will have any responsibility or liability for:

- any aspect of the records of Euroclear, Clearstream or any participant or indirect participant relating to or payments made on account of a book-entry interest, for any such payments made by Euroclear, Clearstream or any participant or indirect participants, or for maintaining, supervising or reviewing any of the records of Euroclear, Clearstream or any participant or indirect participant relating to or payments made on account of a book-entry interest; or
- any action or failure to take action by Euroclear, Clearstream or any participant or indirect participant in connection with distributing the payments made by the Company, the Subsidiary Guarantors or the JV Subsidiary Guarantors on the Global Notes.

Payments by participants to owners of book-entry interests held through participants are the responsibility of such participants.

Redemption of Global Notes

In the event any Global Note, or any portion thereof, is redeemed, the Paying and Transfer Agent will distribute the amount received by it in respect of the Global Note so redeemed to Euroclear and/or Clearstream, as applicable, who will distribute such amount to the holders of the book-entry interests in such Global Note. The redemption price payable in connection with the redemption of such book-entry interests will be equal to the amount received by Euroclear or Clearstream, as applicable, in connection with the redemption of such Global Note (or any portion thereof). The Company understands that under existing practices of Euroclear and Clearstream, if fewer than all of the Notes are to be redeemed at any time, Euroclear and Clearstream will credit their respective participants' accounts on a proportionate basis (with adjustments to prevent fractions) or by lot or on such other basis as they deem fair and appropriate; provided, however, that no book-entry interest of US\$200,000 principal amount, or less, as the case may be, will be redeemed in part.

Action by Owners of Book-Entry Interests

Euroclear and Clearstream have advised that they will take any action permitted to be taken by a Holder of Notes only at the direction of one or more participants to whose account the book-entry interests in a Global Note are credited and only in respect of such portion of the aggregate principal amount of Notes as to which such participant or participants has or have given such direction. Euroclear and Clearstream will not exercise any discretion in the granting of consents, waivers or the taking of any other action in respect of any Global Note. If there is an Event of Default under the Notes, however, each of Euroclear and Clearstream reserves the right to exchange the Global Notes for certificated notes in certificated form, and to distribute such certificated notes to their participants.

Transfers

Transfers between participants in Euroclear and Clearstream will be effected in accordance with Euroclear and Clearstream's rules and will be settled in immediately available funds. If a Holder requires physical delivery of individual definitive notes for any reason, including to sell the Notes to persons in jurisdictions which require physical delivery of such securities or to pledge such securities, such Holder must transfer its interest in the Global Note in accordance with the normal procedures of Euroclear and Clearstream and in accordance with the provisions of the Indenture.

Book-entry interests in the Global Notes will be subject to the restrictions on transfer discussed under "Transfer Restrictions."

Any book-entry interest in a Global Note that is transferred to a person who takes delivery in the form of a book-entry interest in another Global Note will, upon transfer, cease to be a book-entry interest in the first-mentioned Global Note and become a book-entry interest in the other Global Note and, accordingly, will thereafter be subject to all transfer restrictions, if any, and other procedures applicable to book-entry interests in such other Global Note for as long as it retains such a book-entry interest.

Global Clearance and Settlement Under the Book-Entry System

Book-entry interests owned through Euroclear or Clearstream accounts will follow the applicable settlement procedures applicable. Book-entry interests will be credited to the securities custody accounts of Euroclear and Clearstream participants on the business day following the settlement date against payment for value on the settlement date.

The book-entry interests will trade through participants of Euroclear or Clearstream, and will settle in same-day funds. Since the purchaser determines the place of delivery, it is important to establish at the time of trading of any book-entry interests where both the purchaser's and seller's accounts are located to ensure that settlement can be made on the desired value date.

Information Concerning Euroclear and Clearstream

We understand as follows with respect to Euroclear and Clearstream:

Euroclear and Clearstream hold securities for participating organizations and facilitate the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in accounts of such participants. Euroclear and Clearstream provide to their participants, among other things, services for safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream interface with domestic securities markets. Euroclear and Clearstream participants are financial institutions, such as underwriters, securities brokers and dealers, banks and trust companies, and certain other organizations. Indirect access to Euroclear or Clearstream is also available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodian relationship with a Euroclear or Clearstream participant, either directly or indirectly.

Although the foregoing sets out the procedures of Euroclear and Clearstream in order to facilitate the original issue and subsequent transfers of interests in the Notes among participants of Euroclear and Clearstream, neither Euroclear nor Clearstream is under any obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time.

None of the Company, the Subsidiary Guarantors, the JV Subsidiary Guarantors, the Trustee, the Agents or any of their respective agents will have responsibility for the performance by Euroclear or Clearstream or their respective participants of their respective obligations under the rules and procedures governing their operations, including, without limitation, rules and procedures relating to book-entry interests.

Certificated Notes

If (1) the common depositary or any successor to the common depositary is at any time unwilling or unable to continue as a depositary for the reasons described in the Indenture and a successor depositary is not appointed by the Company within 90 days, (2) either Euroclear or Clearstream, or a successor clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention to permanently cease business or does in fact do so, or (3) any of the Notes has become immediately due and payable in accordance with “— Events of Default” and the Company has received a written request from a Holder, the Company will issue certificated notes in registered form in exchange for the Global Notes. Upon receipt of such notice from the common depositary, Euroclear, Clearstream or the Trustee, as the case may be, the Company will use its best efforts to make arrangements with the common depositary for the exchange of interests in the Global Notes for certificated notes and cause the requested certificated notes to be executed and delivered to the registrar in sufficient quantities and authenticated by the Trustee or an authenticating agent for delivery to Holders. Persons exchanging interests in a Global Note for certificated notes will be required to provide the registrar, through the relevant clearing system, with written instruction and other information required by the Company and the registrar to complete, execute and deliver such certificated notes. In all cases, certificated notes delivered in exchange for any Global Note or beneficial interests therein will be registered in the names, and issued in any approved denominations, requested by the relevant clearing system.

Certificated notes will not be eligible for clearing and settlement through Euroclear or Clearstream.

Notices

All notices or demands required or permitted by the terms of the Notes or the Indenture to be given to or by the Holders are required to be in writing and may be given or served by being sent by prepaid courier or by being deposited, first-class postage prepaid, in the mails of the relevant jurisdiction (if intended for the Company or any Subsidiary Guarantor or the Trustee) addressed to the Company, such Subsidiary Guarantor, the Note Registrar, the Paying Agent or the Trustee, as the case may be, at the corporate trust office of the Trustee; and (if intended for any Holder) addressed to such Holder at such Holder’s last address as it appears in the Note register.

Any such notice or demand will be deemed to have been sufficiently given or served when so sent or deposited and, if to the Holders, when delivered in accordance with the applicable rules and procedures of Euroclear or Clearstream, as the case maybe. Any such notice shall be deemed to have been delivered on the day such notice is delivered to Euroclear or Clearstream, as the case maybe, or if by mail, when so sent or deposited.

Consent to Jurisdiction; Service of Process

The Company and each of the Subsidiary Guarantors will irrevocably (1) submit to the non exclusive jurisdiction of any U.S. federal or New York state court located in the Borough of Manhattan, The City of New York in connection with any suit, action or proceeding arising out of, or relating to, the Notes, any Subsidiary Guarantee, any JV Subsidiary Guarantee, the Indenture or any transaction contemplated thereby; and (2) designate and appoint National Corporate Research, Ltd. located at 10E. 40th Street, 10th Floor, New York, New York 10016 for receipt of service of process in any such suit, action or proceeding.

Governing Law

Each of the Notes, the Subsidiary Guarantees, the JV Subsidiary Guarantees and the Indenture provides that such instrument will be governed by, and construed in accordance with, the laws of the State of New York without giving effect to applicable principles of conflicts of law to the extent that the application of the law of another jurisdiction would be required thereby.

Definitions

Set forth below are defined terms used in the covenants and other provisions of the Indenture. Reference is made to the Indenture for other capitalized terms used in this “Description of the Notes” for which no definition is provided.

“2010 Dividend” means the declaration and payment of dividends by the Company with respect to the fiscal year ended December 31, 2010 in an aggregate amount of RMB515.5 million. “Acquired Indebtedness” means Indebtedness of a Person existing at the time such Person becomes a Restricted Subsidiary or Indebtedness of a Restricted Subsidiary assumed in connection with an Asset Acquisition by such Restricted Subsidiary whether or not Incurred in connection with, or in contemplation of, the Person merging with or into or becoming a Restricted Subsidiary.

“Adjusted Treasury Rate” means, with respect to any redemption date, the rate per annum equal to the semi-annual equivalent yield in maturity of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date.

“Affiliate” means, with respect to any Person, any other Person (1) directly or indirectly controlling, controlled by, or under direct or indirect common control with, such Person; (2) who is a director or officer of such Person or any Subsidiary of such Person or of any Person referred to in clause (1) of this definition; or (3) who is a spouse or any person cohabiting as a spouse, child or step-child, parent or step-parent, brother, sister, step-brother or step-sister, parent-in-law, grandchild, grandparent, uncle, aunt, nephew and niece of a Person described in clause (1) or (2). For purposes of this definition, “control” (including, with correlative meanings, the terms “controlling,” “controlled by” and “under common control with”), as applied to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise.

“Applicable Premium” means with respect to any Note at any redemption date, the greater of (1) 1.00% of the principal amount of such Note and (2) the excess of (A) the present value at such redemption date of (i) the redemption price of such Note on October 18, 2016 (such redemption price being set forth in the table appearing above under the caption “— Optional Redemption”), plus (y) all required remaining scheduled interest payments due on such Note through October 18, 2016 (but excluding accrued and unpaid interest to the redemption date), computed using a discount rate equal to the Adjusted Treasury Rate plus 100 basis points, over (B) the principal amount of such Note on such redemption date.

“Asset Acquisition” means (1) an investment by the Company or any of its Restricted Subsidiaries in any other Person pursuant to which such Person shall become a Restricted Subsidiary or shall be merged into or consolidated with the Company or any of its Restricted Subsidiaries; or (2) an acquisition by the Company or any of its Restricted Subsidiaries of the property and assets of any Person other than the Company or any of its Restricted Subsidiaries that constitute substantially all of a division or line of business of such Person.

“Asset Disposition” means the sale or other disposition by the Company or any of its Restricted Subsidiaries (other than to the Company or another Restricted Subsidiary) of (1) all or substantially all of the Capital Stock of any Restricted Subsidiary; or (2) all or substantially all of the assets that constitute a division or line of business of the Company or any of its Restricted Subsidiaries.

“Asset Sale” means any sale, transfer or other disposition (including by way of merger, consolidation or Sale and Leaseback Transaction) of any of its property or assets (including any sale or issuance of Capital Stock of a Restricted Subsidiary or sale of Capital Stock of any other Subsidiary) in one transaction or a series of related transactions by the Company or any of its Restricted Subsidiaries to any Person; *provided* that “Asset Sale” shall not include:

- (1) sales or other dispositions of inventory, receivables and other current assets (including properties under development for sale and completed properties for sale) in the ordinary course of business;
- (2) sales, transfers or other dispositions of assets constituting a Permitted Investment or Restricted Payment permitted to be made under the “— Limitation on Restricted Payments” covenant;
- (3) sales, transfers or other dispositions of assets with a Fair Market Value not in excess of US\$1 million (or the Dollar Equivalent thereof) in any transaction or series of related transactions;
- (4) any sale, transfer, assignment or other disposition of any property, or equipment that has become damaged, worn out, obsolete or otherwise unsuitable for use in connection with the business of the Company or its Restricted Subsidiaries;
- (5) any transfer, assignment or other disposition deemed to occur in connection with creating or granting any Permitted Lien;
- (6) a transaction covered by the covenant under the caption “— Consolidation, Merger and Sale of Assets”;
- (7) sales or other dispositions of cash or Temporary Cash Investments; and
- (8) any sale, transfer or other disposition by the Company or any of its Restricted Subsidiaries, including the sale or issuance by the Company or any Restricted Subsidiary of any Capital Stock of any Restricted Subsidiary, to the Company or any Restricted Subsidiary.

“Attributable Indebtedness” means, in respect of a Sale and Leaseback Transaction, the present value, discounted at the interest rate implicit in the Sale and Leaseback Transaction, of the total obligations of the lessee for rental payments during the remaining term of the lease in the Sale and Leaseback Transaction.

“Average Life” means, at any date of determination with respect to any Indebtedness, the quotient obtained by dividing (1) the sum of the products of (a) the number of years from such date of determination to the dates of each successive scheduled principal payment of such Indebtedness and (b) the amount of such principal payment by (2) the sum of all such principal payments.

“Bank Deposit Secured Indebtedness” means Indebtedness of the Company or any Restricted Subsidiary that is secured by a pledge of one or more bank accounts of the Company or a Restricted Subsidiary and is used by the Company and its Restricted Subsidiaries to in effect exchange U.S. dollars or Hong Kong dollars into Renminbi or vice versa.

“Board of Directors” means the board of directors elected or appointed by the stockholders of the Company to manage the business of the Company or any committee of such board duly authorized to take the action purported to be taken by such committee.

“Board Resolution” means any resolution of the Board of Directors taking an action which it is authorized to take and adopted at a meeting duly called and held at which a quorum of disinterested members (if so required) was present and acting throughout or adopted by written resolution executed by every member of the Board of Directors.

“Business Day” means any day which is not a Saturday, Sunday, legal holiday or other day on which banking institutions in The City of New York, London or Hong Kong (or in any other place in which payments on the Notes are to be made) are authorized by law or governmental regulation to close.

“Capitalized Lease” means, with respect to any Person, any lease of any property (whether real, personal or mixed) which, in conformity with GAAP, is required to be capitalized on the balance sheet of such Person.

“Capitalized Lease Obligations” means the discounted present value of the rental obligations under a Capitalized Lease.

“Capital Stock” means, with respect to any Person, any and all shares, interests, participations or other equivalents (however designated, whether voting or non-voting) in equity of such Person, whether outstanding on the Original Issue Date or issued thereafter, including, without limitation, all Common Stock and Preferred Stock.

“Change of Control” means the occurrence of one or more of the following events:

- (1) the merger, amalgamation or consolidation of the Company with or into another Person or the merger, amalgamation or consolidation of another Person with or into the Company, or the sale of all or substantially all the assets of the Company to another Person;
- (2) the Permitted Holders are the beneficial owners of less than 50.1% of the total voting power of the Voting Stock of the Company;
- (3) any “person” or “group” (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act) is or becomes the “beneficial owner” (as such term is used in Rule 13d-3 of the Exchange Act), directly or indirectly, of total voting power of the Voting Stock of the Company greater than such total voting power held beneficially by the Permitted Holders;
- (4) individuals who on the Original Issue Date constituted the board of directors of the Company, together with any new directors whose nomination to the board of directors was approved by a vote of at least majority of the directors then still in office who were either directors on the Original Issue Date or whose nomination was previously so approved, cease for any reason to constitute a majority of the board of directors of the Company then in office; or
- (5) the adoption of a plan relating to the liquidation or dissolution of the Company.

“Change of Control Triggering Event” means the occurrence of both a Change of Control and a Rating Decline.

“Clearstream” means Clearstream Banking, société anonyme, Luxembourg.

“Commodity Hedging Agreement” means any spot, forward or option commodity price protection agreements or other similar agreement or arrangement designed to protect against fluctuations in commodity prices.

“Common Stock” means, with respect to any Person, any and all shares, interests or other participations in, and other equivalents (however designated and whether voting or non-voting) of such Person’s common stock or ordinary shares, whether or not outstanding at the date of the Indenture, and include, without limitation, all series and classes of such common stock or ordinary shares.

“Consolidated Assets” means, with respect to any Restricted Subsidiary at any date of determination, the Company and its Restricted Subsidiaries’ proportionate interest in the total consolidated assets of that Restricted Subsidiary and its Restricted Subsidiaries measured in accordance with GAAP as of the last day of the most recent semi-annual period for which consolidated financial statements of the Company and its Restricted Subsidiaries (which the Company shall use its best efforts to compile on a timely manner) are available (which may be internal consolidated financial statements).

“Comparable Treasury Issue” means the U.S. Treasury security having a maturity comparable to October 18, 2016 that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to October 18, 2016.

“Comparable Treasury Price” means, with respect to any redemption date:

- (1) the average of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) on the third Business Day preceding such redemption date, as set forth in the daily statistical release (of any successor release) published by the Federal Reserve Bank of New York and designated “Composite 3:30 p.m. Quotations for U.S. Government Securities”; or
- (2) if such release (or any successor release) is not published or does not contain such prices on such Business Day, (a) the average of the Reference Treasury Dealer Quotations for such redemption date, after excluding the highest and lowest of such Reference Treasury Dealer Quotations, or (b) if fewer than three such Reference Treasury Dealer Quotations are available, the average of all such quotations.

“Consolidated EBITDA” means, for any period, Consolidated Net Income for such period plus, to the extent such amount was deducted in calculating such Consolidated Net Income:

- (1) Consolidated Interest Expense,
- (2) income taxes (other than income taxes attributable to extraordinary and non-recurring gains (or losses) or sales of assets), and
- (3) depreciation expense, amortization expense and all other non-cash items reducing Consolidated Net Income (other than non-cash items in a period which reflect cash expenses paid or to be paid in another period), less all non-cash items increasing Consolidated Net Income,

all as determined on a consolidated basis for the Company and its Restricted Subsidiaries in conformity with GAAP; *provided* that (1) if any Restricted Subsidiary is not a Wholly Owned Restricted Subsidiary, Consolidated EBITDA shall be reduced (to the extent not otherwise reduced in accordance with GAAP) by an amount equal to (A) the amount of the Consolidated Net Income attributable to such Restricted Subsidiary multiplied by (B) the percentage ownership interest in the income of such Restricted Subsidiary not owned on the last day of such period by the Company or any of its Restricted Subsidiaries and (2) in the case of any future PRC CJV

(consolidated in accordance with GAAP), Consolidated EBITDA shall be reduced (to the extent not already reduced in accordance with GAAP) by any payments, distributions or amounts (including the Fair Market Value of any non-cash payments, distributions or amounts) required to be made or paid by such PRC CJV to the PRC CJV Partner, or to which the PRC CJV Partner otherwise has a right or is entitled, pursuant to the joint venture agreement governing such PRC CJV.

“Consolidated Fixed Charges” means, for any period, the sum (without duplication) of (1) Consolidated Interest Expense for such period and (2) all cash and non-cash dividends paid, declared, accrued or accumulated during such period on any Disqualified Stock or Preferred Stock of the Company or any Restricted Subsidiary held by Persons other than the Company or any Wholly Owned Restricted Subsidiary, except for dividends payable in the Company’s Capital Stock (other than Disqualified Stock) or paid to the Company or to a Wholly Owned Restricted Subsidiary.

“Consolidated Interest Expense” means, for any period, the amount that would be included in gross interest expense on a consolidated income statement prepared in accordance with GAAP for such period of the Company and its Restricted Subsidiaries, plus, to the extent not included in such gross interest expense, and to the extent incurred, accrued or payable during such period by the Company and its Restricted Subsidiaries, without duplication, (1) interest expense attributable to Capitalized Lease Obligations, (2) amortization of debt issuance costs and original issue discount expense and non-cash interest payments in respect of any Indebtedness, (3) the interest portion of any deferred payment obligation, (4) all commissions, discounts and other fees and charges with respect to letters of credit or similar instruments issued for financing purposes or in respect of any Indebtedness, (5) the net costs associated with Hedging Obligations (including the amortization of fees), (6) interest accruing on Indebtedness of any other Person that is Guaranteed by the Company or any Restricted Subsidiary (other than Pre-Registration Mortgage Guarantees) and (7) any capitalized interest, *provided* that interest expense attributable to interest on any Indebtedness bearing a floating interest rate will be computed on a pro forma basis as if the rate in effect on the date of determination had been the applicable rate for the entire relevant period.

“Consolidated Net Income” means, with respect to any specified Person for any period, the aggregate of the net income (or loss) of such Person and its Restricted Subsidiaries for such period, on a consolidated basis, determined in conformity with GAAP; *provided* that the following items shall be excluded in computing Consolidated Net Income (without duplication):

- (1) the net income (or loss) of any Person that is not a Restricted Subsidiary or that is accounted for by the equity method of accounting except that:
 - (a) subject to the exclusion contained in clause (5) below, the Company’s equity in the net income of any such Person for such period shall be included in such Consolidated Net Income up to the aggregate amount of cash actually distributed by such Person during such period to the Company or a Restricted Subsidiary as a dividend or other distribution (subject, in the case of a dividend or other distribution paid to a Restricted Subsidiary, to the limitations contained in clause (3) below); and
 - (b) the Company’s equity in a net loss of any such Person for such period shall be included in determining such Consolidated Net Income to the extent funded with cash or other assets of the Company or Restricted Subsidiaries;
- (2) the net income (or loss) of any Person accrued prior to the date it becomes a Restricted Subsidiary or is merged into or consolidated with the Company or any of its Restricted Subsidiaries or all or substantially all of the property and assets of such Person are acquired by the Company or any of its Restricted Subsidiaries;

- (3) the net income (but not loss) of any Restricted Subsidiary to the extent that the declaration or payment of dividends or similar distributions by such Restricted Subsidiary of such net income is not at the time permitted by the operation of the terms of its charter, articles of association or other similar constitutive documents, or any agreement, instrument, judgment, decree, order, statute, rule or governmental regulation applicable to such Restricted Subsidiary;
- (4) the cumulative effect of a change in accounting principles;
- (5) any net after tax gains realized on the sale or other disposition of (a) any property or assets of the Company or any Restricted Subsidiary which is not sold in the ordinary course of its business or (b) any Capital Stock of any Person (including any gains by the Company realized on sales of Capital Stock of the Company or other Restricted Subsidiaries);
- (6) any translation gains and losses due solely to fluctuations in currency values and related tax effects; and
- (7) any net after-tax extraordinary or non-recurring gains.

“Consolidated Net Worth” means, at any date of determination, stockholders’ equity as set forth on the most recently available semi-annual or annual consolidated balance sheet (which may be an internal consolidated balance sheet) of the Company and its Restricted Subsidiaries, plus, to the extent not included, any Preferred Stock of the Company, less any amounts attributable to Disqualified Stock or any equity security convertible into or exchangeable for Indebtedness, the cost of treasury stock and the principal amount of any promissory notes receivable from the sale of the Capital Stock of the Company or any of its Restricted Subsidiaries, each item to be determined in conformity with GAAP.

“Contractor Guarantees” means any Guarantee by the Company or any Restricted Subsidiary of Indebtedness of any contractor, builder or other similar Person engaged by the Company or such Restricted Subsidiary in connection with the development, construction or improvement of real or personal property or equipment to be used in a Permitted Business by the Company or any Restricted Subsidiary in the ordinary course of business, which Indebtedness was Incurred by such contractor, builder or other similar Person to finance the cost of such development, construction or improvement.

“Currency Agreement” means any foreign exchange forward contract, currency swap agreement or other similar agreement or arrangement designed to protect against fluctuations in foreign exchange rates.

“Default” means any event that is, or after notice or passage of time or both would be, an Event of Default.

“Disqualified Stock” means any class or series of Capital Stock of any Person that by its terms or otherwise is (1) required to be redeemed prior to the Stated Maturity of the Notes, (2) redeemable at the option of the holder of such class or series of Capital Stock at any time prior to the Stated Maturity of the Notes or (3) convertible into or exchangeable for Capital Stock referred to in clause (1) or (2) above or Indebtedness having a scheduled maturity prior to the Stated Maturity of the Notes; *provided* that any Capital Stock that would not constitute Disqualified Stock but for provisions thereof giving holders thereof the right to require such Person to repurchase or redeem such Capital Stock upon the occurrence of an “asset sale” or “change of control” occurring prior to the Stated Maturity of the Notes shall not constitute Disqualified Stock if the “asset sale” or “change of control” provisions applicable to such Capital Stock are no more favorable to the holders of such Capital Stock than the provisions contained in the “— Limitation on Asset Sales” and “— Repurchase of Notes upon a Change of Control Triggering Event”

covenants and such Capital Stock specifically provides that such Person will not repurchase or redeem any such stock pursuant to such provision prior to the Company's repurchase of such Notes as are required to be repurchased pursuant to the "— Limitation on Asset Sales" and "— Repurchase of Notes upon a Change of Control Triggering Event" covenants.

"Dollar Equivalent" means, with respect to any monetary amount in a currency other than U.S. dollars, at any time for the determination thereof, the amount of U.S. dollars obtained by converting such foreign currency involved in such computation into U.S. dollars at the base rate for the purchase of U.S. dollars with the applicable foreign currency as quoted by the Federal Reserve Bank of New York on the date of determination.

"Entrusted Loans" means borrowings by a PRC Restricted Subsidiary from a bank that are secured by a pledge of deposits made by another PRC Restricted Subsidiary to the lending bank as security for such borrowings, *provided* that, such borrowings are not reflected on the consolidated balance sheet of the Company.

"Equity Offering" means (i) any underwritten primary public offering or private placement of Common Stock of the Company after the Original Issue Date or (ii) any underwritten secondary public offering or secondary private placement of Common Stock of the Company beneficially owned by a Permitted Holder, after the Original Issue Date, to the extent that a Permitted Holder or a company controlled by a Permitted Holder concurrently with such public offering or private placement purchases in cash an equal amount of Common Stock from the Company at the same price as the public offering or private placing price; *provided* that any offering or placing referred to in (A) clause (i), (B) clause (ii), or (C) a combination of clauses (i) and (ii) results in the aggregate gross cash proceeds received by the Company being no less than US\$20.0 million (or the Dollar Equivalent thereof).

"Euroclear" means Euroclear Bank S.A./N.V., as operator of the Euroclear System.

"Fair Market Value" means the price that would be paid in an arm's-length transaction between an informed and willing seller under no compulsion to sell and an informed and willing buyer under no compulsion to buy, as determined in good faith by the Board of Directors, whose determination shall be conclusive if evidenced by a Board Resolution, except in the case of a determination of the Fair Market Value of total assets for the purposes of determining a JV Entitlement Amount, in which case such price shall be determined by an accounting, appraisal or investment banking firm of recognized international standing appointed by the Company.

"Fixed Charge Coverage Ratio" means, on any Transaction Date, the ratio of (1) the aggregate amount of Consolidated EBITDA for the then most recent two fiscal semiannual periods prior to such Transaction Date for which consolidated financial statements of the Company (which the Company shall use its reasonable best efforts to compile in a timely manner) are available (which may be internal consolidated financial statements) (the "Two Semiannual Period") to (2) the aggregate Consolidated Fixed Charges during such Two Semiannual Period. In making the foregoing calculation:

- (a) pro forma effect shall be given to any Indebtedness, Disqualified Stock or Preferred Stock Incurred, repaid or redeemed during the period (the "Reference Period") commencing on and including the first day of the Two Semiannual Period and ending on and including the Transaction Date (other than Indebtedness Incurred or repaid under a revolving credit or similar arrangement (or under any predecessor revolving credit or similar arrangement) in effect on the last day of such Two Semiannual Period), in each case as if such Indebtedness, Disqualified Stock or Preferred Stock had been Incurred, repaid or redeemed on the first day of such Reference Period; provided that, in the

event of any such repayment or redemption, Consolidated EBITDA for such period shall be calculated as if the Company or such Restricted Subsidiary had not earned any interest income actually earned during such period in respect of the funds used to repay such Indebtedness;

- (b) Consolidated Interest Expense attributable to interest on any Indebtedness (whether existing or being Incurred) computed on a pro forma basis and bearing a floating interest rate shall be computed as if the rate in effect on the Transaction Date (taking into account any Interest Rate Agreement applicable to such Indebtedness if such Interest Rate Agreement has a remaining term in excess of 12 months or, if shorter, at least equal to the remaining term of such Indebtedness) had been the applicable rate for the entire period;
- (c) pro forma effect shall be given to the creation, designation or redesignation of Restricted and Unrestricted Subsidiaries as if such creation, designation or redesignation had occurred on the first day of such Reference Period;
- (d) pro forma effect shall be given to Asset Dispositions and Asset Acquisitions (including giving pro forma effect to the application of proceeds of any Asset Disposition) that occur during such Reference Period as if they had occurred and such proceeds had been applied on the first day of such Reference Period; and
- (e) pro forma effect shall be given to asset dispositions and asset acquisitions (including giving pro forma effect to the application of proceeds of any asset disposition) that have been made by any Person that has become a Restricted Subsidiary or has been merged with or into the Company or any Restricted Subsidiary during such Reference Period and that would have constituted Asset Dispositions or Asset Acquisitions had such transactions occurred when such Person was a Restricted Subsidiary as if such asset dispositions or asset acquisitions were Asset Dispositions or Asset Acquisitions that occurred on the first day of such Reference Period;

provided that to the extent that clause (d) or (e) of this sentence requires that pro forma effect be given to an Asset Acquisition or Asset Disposition (or asset acquisition or asset disposition), such pro forma calculation shall be based upon the two full fiscal semi-annual periods immediately preceding the Transaction Date of the Person, or division or line of business of the Person, that is acquired or disposed for which financial information is available.

“GAAP” means International Financial Reporting Standards issued by the International Accounting Standards Board as in effect from time to time.

“Guarantee” means any obligation, contingent or otherwise, of any Person directly or indirectly guaranteeing any Indebtedness or other obligation of any other Person and, without limiting the generality of the foregoing, any obligation, direct or indirect, contingent or otherwise, of such Person (1) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or other obligation of such other Person (whether arising by virtue of partnership arrangements, or by agreements to keep-well, to purchase assets, goods, securities or services, to take-or-pay, or to maintain financial statement conditions or otherwise) or (2) entered into for purposes of assuring in any other manner the obligee of such Indebtedness or other obligation of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part), *provided* that the term “Guarantee” shall not include endorsements for collection or deposit in the ordinary course of business. The term “Guarantee” used as a verb has a corresponding meaning.

“Hedging Obligation” of any Person means the obligations of such Person pursuant to any Commodity Hedging Agreement, Currency Agreement or Interest Rate Agreement.

“Holder” means the Person in whose name a Note is registered in the Note register.

“Incur” means, with respect to any Indebtedness or Capital Stock, to incur, create, issue, assume, Guarantee or otherwise become liable for or with respect to, or become responsible for, the payment of, contingently or otherwise, such Indebtedness or Capital Stock; *provided* that (1) any Indebtedness and Capital Stock of a Person existing at the time such Person becomes a Restricted Subsidiary (or fails to meet the qualifications necessary to remain an Unrestricted Subsidiary) will be deemed to be Incurred by such Restricted Subsidiary at the time it becomes a Restricted Subsidiary and (2) the accretion of original issue discount, the accrual of interest, the accrual of dividends, the payment of interest in the form of additional Indebtedness and the payment of dividends in the form of additional shares of Preferred Stock or Disqualified Stock shall not be considered an Incurrence of Indebtedness. The terms “Incurrence,” “Incurred” and “Incurring” have meanings correlative with the foregoing.

“Indebtedness” means, with respect to any Person at any date of determination (without duplication):

- (1) all indebtedness of such Person for borrowed money;
- (2) all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments;
- (3) all obligations of such Person in respect of letters of credit, bankers’ acceptances or other similar instruments;
- (4) all obligations of such Person to pay the deferred and unpaid purchase price of property or services, except Trade Payables;
- (5) all Capitalized Lease Obligations and Attributable Indebtedness;
- (6) all Indebtedness of other Persons secured by a Lien on any asset of such Person, whether or not such Indebtedness is assumed by such Person; *provided* that the amount of such Indebtedness shall be the lesser of (a) the Fair Market Value of such asset at such date of determination and (b) the amount of such Indebtedness;
- (7) all Indebtedness of other Persons Guaranteed by such Person to the extent such Indebtedness is Guaranteed by such Person;
- (8) to the extent not otherwise included in this definition, Hedging Obligations; and
- (9) all Disqualified Stock issued by such Person valued at the greater of its voluntary or involuntary liquidation preference and its maximum fixed repurchase price plus accrued dividends.

Notwithstanding the foregoing, Indebtedness shall not include any capital commitments, deferred payment obligation, pre-sale receipts in advance from customers or similar obligations Incurred in the ordinary course of business in connection with the acquisition, development, construction or improvement of real or personal property (including land use rights) to be used in a Permitted Business, or Entrusted Loans; *provided* that such items is not reflected on the consolidated balance sheet of the Company as borrowings or indebtedness (contingent obligations and commitments referred to in a footnote to financial statements and not otherwise reflected as borrowings or indebtedness on the balance sheet will not be deemed to be reflected on such balance sheet).

The amount of Indebtedness of any Person at any date shall be the outstanding balance at such date of all unconditional obligations as described above and, with respect to contingent obligations, the maximum liability upon the occurrence of the contingency giving rise to the obligation; provided

- (1) that the amount outstanding at any time of any Indebtedness issued with original issue discount is the face amount of such Indebtedness less the remaining unamortized portion of the original issue discount of such Indebtedness at such time as determined in conformity with GAAP,
- (2) that money borrowed and set aside at the time of the Incurrence of any Indebtedness in order to prefund the payment of the interest on such Indebtedness shall not be deemed to be “Indebtedness” so long as such money is held to secure the payment of such interest, and
- (3) that the amount of Indebtedness with respect to any Hedging Obligation shall be: (i) zero if Incurred pursuant to paragraph (2)(f) under the “Limitation on Indebtedness and Preferred Stock” covenant, and (ii) equal to the net amount payable by such Person if such Hedging Obligation terminated at that time if not Incurred pursuant to such paragraph.

“Independent Third Party” means any Person that is not an Affiliate of the Company.

“Interest Rate Agreement” means any interest rate protection agreement, interest rate future agreement, interest rate option agreement, interest rate swap agreement, interest rate cap agreement, interest rate collar agreement, interest rate hedge agreement, option or future contract or other similar agreement or arrangement designed to protect against fluctuations in interest rates, convert a fixed rate interest into a floating rate interest, convert a floating rate interest into a different floating rate interest or lower interest currently paid on Indebtedness of any Person.

“Investment” means:

- (1) any direct or indirect advance, loan or other extension of credit to another Person;
- (2) any capital contribution to another Person (by means of any transfer of cash or other property to others or any payment for property or services for the account or use of others);
- (3) any purchase or acquisition of Capital Stock, Indebtedness, bonds, notes, debentures or other similar instruments or securities issued by another Person; or
- (4) any Guarantee of any obligation of another Person to the extent such obligation is outstanding and to the extent guaranteed by such Person.

An acquisition of assets, Capital Stock or other securities by the Company or a Subsidiary for consideration to the extent such consideration consists of Common Stock of the Company will not be deemed an Investment.

For the purposes of the provisions of the “Designation of Restricted and Unrestricted Subsidiaries” and “Limitation on Restricted Payments” covenants: (1) the Company will be deemed to have made an Investment in an Unrestricted Subsidiary in an amount equal to the Company’s proportional interest in the Fair Market Value of the assets (net of the liabilities owed to any Person other than the Company or a Restricted Subsidiary and that are not Guaranteed by the Company or a Restricted Subsidiary) of a Restricted Subsidiary that is designated an Unrestricted Subsidiary at the time of such designation, and (2) any property transferred to or from any Person shall be valued at its Fair Market Value at the time of such transfer, as determined in good faith by the Board of Directors.

“Investment Grade” means a rating of “AAA,” “AA,” “A” or “BBB,” as modified by a “+” or “-” indication, or an equivalent rating representing one of the four highest rating categories, by S&P or any of its successors or assigns or a rating of “Aaa,” or “Aa,” “A” or “Baa,” as modified by a “1,” “2” or “3” indication, or an equivalent rating representing one of the four highest rating categories, by Moody’s, or any of its successors or assigns or the equivalent ratings of any internationally recognized rating agency or agencies, as the case may be, which shall have been designated by the Company as having been substituted for S&P or Moody’s or both, as the case may be.

“Investment Property” means any property that is owned and held by any Restricted Subsidiary incorporated under the laws of the PRC primarily for rental yields or for capital appreciation or both, or any hotel owned by the Company or any Restricted Subsidiary from which the Company or any Restricted Subsidiary derives or expects to derive operating income.

“JV Entitlement Amount” means, with respect to any JV Subsidiary Guarantor and its Subsidiaries, an amount that is equal to the product of (i) the Fair Market Value of the total assets of such JV Subsidiary Guarantor and its Subsidiaries, on a consolidated basis (without deducting any Indebtedness or other liabilities of such JV Subsidiary Guarantor and its subsidiaries) as of the date of the last fiscal year end of the Company; and (ii) a percentage equal to the direct equity ownership percentage of the Company and/or its Restricted Subsidiaries in the Capital Stock of such JV Subsidiary Guarantor and its Subsidiaries.

“JV Subsidiary Guarantee” has the meaning set forth under the caption “— The Subsidiary Guarantees.”

“JV Subsidiary Guarantor” means a Restricted Subsidiary that executes a JV Subsidiary Guarantee.

“Lien” means any mortgage, pledge, security interest, encumbrance, lien or charge of any kind (including, without limitation, any conditional sale or other title retention agreement or lease in the nature thereof or any agreement to create any mortgage, pledge, security interest, lien, charge, easement or encumbrance of any kind).

“Measurement Date” means April 7, 2011.

“Minority Interest Staged Acquisition Agreement” means an agreement between the Company or a Restricted Subsidiary and an Independent Third Party (x) pursuant to which the Company or such Restricted Subsidiary agrees to acquire less than a majority of the Capital Stock of a Person for a consideration that is not more than the Fair Market Value of such Capital Stock of such Person at the time the Company or such Restricted Subsidiary enters into such agreement and (y) which provides that the payment of the purchase price for such Capital Stock is made in more than one installment over a period of time.

“Moody’s” means Moody’s Investors Service, Inc. and its successors. “Net Cash Proceeds” means:

- (1) with respect to any Asset Sale, the proceeds of such Asset Sale in the form of cash or cash equivalents, including payments in respect of deferred payment obligations (to the extent corresponding to the principal, but not interest, component thereof) when received in the form of cash or cash equivalents and proceeds from the conversion of other property received when converted to cash or cash equivalents, net of:
 - (a) brokerage commissions and other fees and expenses (including fees and expenses of counsel and investment bankers) related to such Asset Sale;

- (b) provisions for all taxes (whether or not such taxes will actually be paid or are payable) as a result of such Asset Sale without regard to the consolidated results of operations of the Company and its Restricted Subsidiaries, taken as a whole;
 - (c) payments made to repay Indebtedness or any other obligation outstanding at the time of such Asset Sale that either (x) is secured by a Lien on the property or assets sold or (y) is required to be paid as a result of such sale;
 - (d) appropriate amounts to be provided by the Company or any Restricted Subsidiary as a reserve against any liabilities associated with such Asset Sale, including, without limitation, pension and other post-employment benefit liabilities, liabilities related to environmental matters and liabilities under any indemnification obligations associated with such Asset Sale, all as determined in conformity with GAAP; and
- (2) with respect to any issuance or sale of Capital Stock, the proceeds of such issuance or sale in the form of cash or cash equivalents, including payments in respect of deferred payment obligations (to the extent corresponding to the principal, but not interest, component thereof) when received in the form of cash or cash equivalents and proceeds from the conversion of other property received when converted to cash or cash equivalents, net of attorneys' fees, accountants' fees, underwriters' or placement agents' fees, discounts or commissions and brokerage, consultant and other fees incurred in connection with such issuance or sale and net of taxes paid or payable as a result thereof.

“Offer to Purchase” means an offer to purchase Notes by the Company from the Holders commenced by the Company mailing a notice by first class mail, postage prepaid, to the Trustee, the Paying and Transfer Agent and each Holder at its last address appearing in the Note register stating:

- (1) the covenant pursuant to which the offer is being made and that all Notes validly tendered will be accepted for payment on a pro rata basis;
- (2) the purchase price and the date of purchase (which shall be a Business Day no earlier than 30 days nor later than 60 days from the date such notice is mailed) (the “Offer to Purchase Payment Date”);
- (3) that any Note not tendered will continue to accrue interest pursuant to its terms;
- (4) that, unless the Company defaults in the payment of the purchase price, any Note accepted for payment pursuant to the Offer to Purchase shall cease to accrue interest on and after the Offer to Purchase Payment Date;
- (5) that Holders electing to have a Note purchased pursuant to the Offer to Purchase will be required to surrender the Note, together with the form entitled “Option of the Holder to Elect Purchase” on the reverse side of the Note completed, to the Paying Agent at the address specified in the notice prior to the close of business on the Business Day immediately preceding the Offer to Purchase Payment Date;
- (6) that Holders will be entitled to withdraw their election if the Paying Agent receives, not later than the close of business on the third Business Day immediately preceding the Offer to Purchase Payment Date, a facsimile transmission or letter setting forth the name of such Holder, the principal amount of Notes delivered for purchase and a statement that such Holder is withdrawing his election to have such Notes purchased; and

- (7) that Holders whose Notes are being purchased only in part will be issued new Notes equal in principal amount to the unpurchased portion of the Notes surrendered; provided that each Note purchased and each new Note issued shall be in a principal amount of US\$200,000 or integral multiples of US\$1,000 in excess thereof.

On one Business Day prior to the Offer to Purchase Payment Date, the Company shall (a) accept for payment on a pro rata basis Notes or portions thereof tendered pursuant to an Offer to Purchase; (b) deposit with the Paying Agent money sufficient to pay the purchase price of all Notes or portions thereof so accepted; and (c) deliver, or cause to be delivered, to the Trustee all Notes or portions thereof so accepted together with an Officers' Certificate specifying the Notes or portions thereof accepted for payment by the Company. The Paying Agent shall promptly mail to the Holders of Notes so accepted payment in an amount equal to the purchase price, and upon receipt of written order of the Company signed by an Officer, the Trustee or an authenticating agent shall promptly authenticate and mail to such Holders a new Note equal in principal amount to any unpurchased portion of the Note surrendered; *provided* that each Note purchased and each new Note issued shall be in a principal amount of US\$200,000 or integral multiples of US\$1,000 in excess thereof. The Company will publicly announce the results of an Offer to Purchase as soon as practicable after the Offer to Purchase Payment Date. The Company will comply with Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent such laws and regulations are applicable, in the event that the Company is required to repurchase Notes pursuant to an Offer to Purchase.

To the extent that the provisions of any securities laws or regulations of any jurisdiction conflict with the provisions of the Indenture governing any Offer to Purchase, the Company will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under the Indenture by virtue of such compliance. The Company will not be required to make an Offer to Purchase if a third party makes the Offer to Purchase in compliance with the requirements set forth in the Indenture applicable to an Offer to Purchase made by the Company and purchases all Notes properly tendered and not withdrawn under the Offer to Purchase.

The offer is required to contain or incorporate by reference information concerning the business of the Company and its Subsidiaries which the Company in good faith believes will assist such Holders to make an informed decision with respect to the Offer to Purchase, including a brief description of the events requiring the Company to make the Offer to Purchase, and any other information required by applicable law to be included therein. The offer is required to contain all instructions and materials necessary to enable such Holders to tender Notes pursuant to the Offer to Purchase.

“Officer” means one of the executive officers of the Company or, in the case of a Subsidiary Guarantor or JV Subsidiary Guarantor, one of the directors or officers of such Subsidiary Guarantor or JV Subsidiary Guarantor, as the case may be.

“Officers' Certificate” means a certificate signed by two Officers; *provided, however*, with respect to the Officers' Certificate required to be delivered by any Subsidiary Guarantor under the Indenture, Officers' Certificate means a certificate signed by one Officer if there is only one Officer in such Subsidiary Guarantor at the time such certificate is required to be delivered.

“Opinion of Counsel” means a written opinion from external legal counsel selected by the Company, *provided* that such counsel shall be reasonably acceptable to the Trustee.

“Original Issue Date” means the date on which the Notes are originally issued under the Indenture.

“Pari Passu Subsidiary Guarantee” means a guarantee by any Subsidiary Guarantor or any JV Subsidiary Guarantor of Indebtedness of the Company (including Additional Notes); *provided* that (1) the Company was permitted to Incur such Indebtedness under the covenant under the caption “— Limitation on Indebtedness and Preferred Stock” and (2) such guarantee ranks *pari passu* with any outstanding Subsidiary Guarantee of such Subsidiary Guarantor, or with any outstanding JV Subsidiary Guarantee of such JV Subsidiary Guarantor, as the case may be.

“Payment Default” means (1) any default in the payment of interest on any Note when the same becomes due and payable, (2) any default in the payment of principal of (or premium, if any, on) the Notes when the same becomes due and payable at maturity, upon acceleration, redemption or otherwise, (3) the failure by the Company to make or consummate a Change of Control Offer in the manner described under the caption “— Repurchase of Notes upon a Change of Control Triggering Event,” or an Offer to Purchase in the manner described under the caption “— Limitation on Asset Sales” or (4) any Event of Default specified in clause (4) of the definition of Events of Default.

“Permitted Businesses” means any business which is the same as or related, ancillary or complementary to any of the businesses of the Company and its Restricted Subsidiaries on the Original Issue Date, including, without limitation, real estate acquisition, development, leasing and management, hotel acquisition, development, operation and management, and the acquisition, development, management and operation of leisure and other ancillary facilities, in each case associated with real estate projects acquired, developed or managed by the Company or any Restricted Subsidiary.

“Permitted Holders” means any or all of the following:

- (1) Yanjun Wu, the Wu Family Trust, the Cai Family Trust or other legal representative or estate of Yanjun Wu;
- (2) any Affiliate (other than an Affiliate as defined in clause (2) or (3) of the definition of Affiliate) of the Persons specified in clause (1); and
- (3) any Person both the Capital Stock and the Voting Stock of which (or in the case of a trust, the beneficial interests in which) are owned 80% or more by one or more Persons specified in clauses (1) and (2).

“Permitted Investment” means:

- (1) any Investment in the Company or a Restricted Subsidiary, directly or indirectly through one or more other Restricted Subsidiaries, that is primarily engaged in a Permitted Business or a Person which will, upon the making of such Investment, become a Restricted Subsidiary that is primarily engaged, directly or indirectly through one or more other Restricted Subsidiaries, in a Permitted Business or be merged or consolidated with or into or transfer or convey all or substantially all its assets to, the Company or a Restricted Subsidiary that is primarily engaged, directly or indirectly through one or more other Restricted Subsidiaries, in a Permitted Business;
- (2) any Investment in cash or Temporary Cash Investments;
- (3) payroll, travel and similar advances to cover matters that are expected at the time of such advances ultimately to be treated as expenses in accordance with GAAP;
- (4) stock, obligations or securities received in satisfaction of judgments;
- (5) an Investment in an Unrestricted Subsidiary consisting solely of an Investment in another Unrestricted Subsidiary;

- (6) any Investment pursuant to a Hedging Obligation designed solely to protect the Company or any Restricted Subsidiary against fluctuations in commodity prices, interest rates or foreign currency exchange rates;
- (7) receivables owing to the Company or any Restricted Subsidiary, if created or acquired in the ordinary course of business and payable or dischargeable in accordance with customary trade terms;
- (8) Investments made by the Company or any Restricted Subsidiary consisting of consideration received in connection with an Asset Sale made in compliance with the covenant under the caption “— Limitation on Asset Sales.”
- (9) pledges or deposits (x) with respect to leases or utilities provided to third parties in the ordinary course of business or (y) otherwise described in the definition of “Permitted Liens” or made in connection with Liens permitted under the covenant described under “— Limitation on Liens”;
- (10) any Investment pursuant to Pre-Registration Mortgage Guarantees or Contractor Guarantees by the Company or any Restricted Subsidiary otherwise permitted to be Incurred under the Indenture;
- (11) Investments in securities of trade creditors, trade debtors or customers received pursuant to any plan of reorganization or similar arrangement upon the bankruptcy or insolvency of such trade creditor, trade debtor or customer;
- (12) advances to contractors and suppliers for the acquisition of assets or consumables or services in the ordinary course of business that are recorded as deposits or prepaid expenses on the Company’s consolidated balance sheet;
- (13) deposits of pre-sale proceeds made in order to secure the completion and delivery of pre-sold properties and issuance of the related land use title in the ordinary course of business;
- (14) deposits made in order to comply with statutory or regulatory obligations to maintain deposits for workers compensation claims and other purposes specified by statute or regulation from time to time in the ordinary course of business;
- (15) deposits made in order to secure the performance of the Company or any of its Restricted Subsidiaries and prepayments made in connection with the acquisition of real property or land use rights by the Company or any of its Restricted Subsidiaries, in each case in the ordinary course of business;
- (16) advances to government authorities or government-affiliated entities in the PRC in connection with the financing of primary land development in the ordinary course of business that are recorded as assets in the Company’s balance sheet;
- (17) Guarantees permitted under clause 2(r) of the covenant under “— Limitation on Indebtedness and Preferred Stock”;

- (18) any Investment by the Company or any Restricted Subsidiary in any Person (other than a Restricted Subsidiary); provided that:
- (i) the aggregate of all Investments made under this clause (18) since the Measurement Date shall not exceed in aggregate an amount equal to 20% of Total Assets. Such aggregate amount of Investments shall be calculated after deducting an amount equal to the net reduction in all Investment made under this clause (18) since the Measurement Date resulting from:
 - (A) payments of interest on Indebtedness, dividends or repayments of loans or advances made under this clause, in each case to the Company or any Restricted Subsidiary (except, in each case, to the extent any such payment or proceeds are included in the calculation of Consolidated Net Income),
 - (B) the unconditional release of a Guarantee provided by the Company or a Restricted Subsidiary after the Measurement Date under this clause of an obligation of any such Person, or
 - (C) to the extent that an Investment made after the Measurement Date under this clause (18) is sold or otherwise liquidated or repaid for cash, the lesser of (x) cash return of capital with respect to such Investment (less the cost of disposition, if any) and (y) the initial amount of such Investment, not to exceed, in each case, the amount of Investments made by the Company or a Restricted Subsidiary after the Measurement Date in any such Person pursuant to this clause (18),
 - (ii) the Person into which such Investment is made is primarily engaged in the Permitted Businesses;
 - (iii) none of the other shareholders or partners in such Person in which such Investment was made pursuant to this clause (18) is a Person described in clauses (x) or (y) of the first paragraph of the covenant under the caption “— Limitation on Transactions with Shareholders and Affiliates” (other than by reason of such shareholder or partner being an officer or director of the Company or a Restricted Subsidiary or by reason of being a Restricted Subsidiary);
 - (iv) no Default has occurred and is continuing or would occur as a result of such Investment; and
 - (v) in the case of any Investment by the Company or any Restricted Subsidiary in a Person of which less than 50% of the voting power of the outstanding Voting Stock is owned, directly or indirectly, by the Company or its Restricted Subsidiaries, at the time of such Investment, the Company could Incur at least US\$1.00 of Indebtedness under the proviso in the first paragraph of part (1) of the covenant under the caption “— Limitation of Indebtedness and Preferred Stock.”

For the avoidance of doubt, the value of each Investment made pursuant to this clause shall be valued at the time such Investment is made; and

(19) repurchase of the Notes.

“Permitted Liens” means:

- (1) Liens for taxes, assessments, governmental charges or claims that are being contested in good faith by appropriate legal or administrative proceedings promptly instituted and diligently conducted and for which a reserve or other appropriate provision, if any, as shall be required in conformity with GAAP shall have been made;

- (2) statutory and common law Liens of landlords and carriers, warehousemen, mechanics, suppliers, repairmen or other similar Liens arising in the ordinary course of business and with respect to amounts not yet delinquent or being contested in good faith by appropriate legal or administrative proceedings promptly instituted and diligently conducted and for which a reserve or other appropriate provision, if any, as shall be required in conformity with GAAP shall have been made;
- (3) Liens incurred or deposits made to secure the performance of tenders, bids, leases, statutory or regulatory obligations, bankers' acceptances, surety and appeal bonds, government contracts, performance and return-of-money bonds and other obligations of a similar nature incurred in the ordinary course of business (exclusive of obligations for the payment of borrowed money);
- (4) leases or subleases granted to others that do not materially interfere with the ordinary course of business of the Company and its Restricted Subsidiaries, taken as a whole;
- (5) Liens encumbering property or assets under construction arising from progress or partial payments by a customer of the Company or its Restricted Subsidiaries relating to such property or assets;
- (6) Liens on property of, or on shares of Capital Stock or Indebtedness of, any Person existing at the time such Person becomes, or becomes a part of, any Restricted Subsidiary; provided that such Liens do not extend to or cover any property or assets of the Company or any Restricted Subsidiary other than the property or assets acquired; provided further that such Liens were not created in contemplation of or in connection with the transactions or series of transactions pursuant to which such Person became a Restricted Subsidiary;
- (7) Liens in favor of the Company or any Restricted Subsidiary;
- (8) Liens arising from the rendering of a final judgment or order against the Company or any Restricted Subsidiary that does not give rise to an Event of Default;
- (9) Liens securing reimbursement obligations with respect to letters of credit that encumber documents and other property relating to such letters of credit and the products and proceeds thereof;
- (10) Liens encumbering customary initial deposits and margin deposits, and other Liens that are within the general parameters customary in the industry and incurred in the ordinary course of business, in each case, securing Indebtedness under Hedging Obligations of the type described by clause (f) of the second paragraph of the covenant under the caption "— Certain Covenants — Limitation on Indebtedness and Preferred Stock";
- (11) Liens existing on the Original Issue Date;
- (12) Liens securing Indebtedness which is Incurred to refinance secured Indebtedness which is permitted to be Incurred under clause (e) of the second paragraph of the covenant described under the caption entitled "— Certain Covenants — Limitation on Indebtedness and Preferred Stock"; provided that such Liens do not extend to or cover any property or assets of the Company or any Restricted Subsidiary other than the property or assets securing the Indebtedness being refinanced;
- (13) any interest or title of a lessor in the property subject to any operating lease;
- (14) Liens securing Indebtedness of the Company or any Restricted Subsidiary under any Pre-Registration Mortgage Guarantee which is permitted to be Incurred under clause (g) of the second paragraph of the covenant under the caption "— Certain Covenants — Limitation on Indebtedness and Preferred Stock";

- (15) easements, rights-of-way, municipal and zoning ordinances or other restrictions as to the use of properties in favor of governmental agencies or utility companies that do not materially adversely affect the value of such properties or materially impair the use for the purposes of which such properties are held by the Company or any Restricted Subsidiary;
- (16) Liens (including extensions and renewals thereof) upon real or personal property; provided that, (a) such Lien is created solely for the purpose of securing Indebtedness of the type described under clause (2)(h) of the covenant under the caption entitled “— Certain Covenants — Limitation on Indebtedness and Preferred Stock” and such Lien is created prior to, at the time of or within 180 days after the later of the acquisition or the completion of development, construction or improvement of such property, (b) the principal amount of the Indebtedness secured by such Lien does not exceed 100% of the cost of such property, development, construction or improvement and (c) such Lien shall not extend to or cover any property or assets other than such item of property and any improvements on such item; provided that, in the case of clauses (b) and (c), such Lien may cover other property or assets (instead of or in addition to such item of property or improvements) and the principal amount of Indebtedness secured by such Lien may exceed 100% of such cost if (x) such Lien is incurred in the ordinary course of business and (y) the aggregate book value of property or assets (as reflected in the most recent available consolidated financial statements of the Company (which may be internal consolidated statements) or, if any such property or assets have been acquired since the date of such financial statements, the cost of such property or assets) subject to Liens incurred pursuant to this clause (16) does not exceed 130% of the aggregate principal amount of Indebtedness secured by such Liens;
- (17) Liens on deposits of pre-sale proceeds made in order to secure the completion and delivery of pre-sold properties and issuance of the related land use title made in the ordinary course of business and not securing Indebtedness of the Company or any Restricted Subsidiary;
- (18) Liens on deposits made in order to comply with statutory obligations to maintain deposits for workers compensation claims and other purposes specified by statute made in the ordinary course of business and not securing Indebtedness of the Company or any Restricted Subsidiary;
- (19) Liens on deposits made in order to secure the performance of the Company or any of its Restricted Subsidiaries in connection with the acquisition of real property or land use rights by the Company or any of its Restricted Subsidiaries in the ordinary course of business and not securing Indebtedness of the Company or any Restricted Subsidiary;
- (20) Liens on the Capital Stock of a PRC Restricted Subsidiary granted by the Company or any PRC Restricted Subsidiary in favor of any Trust Company Investor in respect of, and to secure, the Indebtedness of the type described under paragraph (q) of the second paragraph of the “— Certain Covenants — Limitation on Indebtedness and Preferred Stock” covenant;
- (21) Liens Incurred on deposits made to secure Bank Deposit Secured Indebtedness of the type described under paragraph (s) of the second paragraph of the “— Certain Covenants — Limitation on Indebtedness and Preferred Stock” covenant;
- (22) Liens Incurred on deposits made to secure Entrusted Loans;
- (23) Liens securing Indebtedness of the type described under clause (2)(n) of the covenant described under “— Certain Covenants — Limitation on Indebtedness and Preferred Stock”;

- (24) Liens securing Indebtedness Incurred under clause 2(r) of the covenant described under “— Certain Covenants — Limitation on Indebtedness and Preferred Stock”;
- (25) Liens on Investment Properties securing Indebtedness of the Company or Restricted Subsidiary incorporated under the laws of the PRC of the type described under clause (2)(t) of the covenant described under the caption entitled “— Certain Covenants — Limitation on Indebtedness and Preferred Stock”;
- (26) Liens on the Capital Stock of the Person that is to be acquired under the relevant Staged Acquisition Agreement securing Indebtedness permitted to be Incurred under clause (2)(p) of the covenant described under “— Certain Covenants — Limitation on Indebtedness and Preferred Stock”;
- (27) Liens on the Capital Stock of the Person that is to be acquired under the relevant Minority Interest Staged Acquisition Agreement securing Indebtedness permitted to be Incurred under clause (2)(v) of the covenant described under “— Certain Covenants — Limitation on Indebtedness and Preferred Stock”; and
- (28) Liens securing Indebtedness permitted to be Incurred by any PRC Restricted Subsidiary under clause (2)(o) of the covenant described under the caption entitled “— Certain Covenants — Limitation on Indebtedness and Preferred Stock.”

“Permitted Subsidiary Indebtedness” means Indebtedness of, and all Preferred Stock issued by, the Restricted Subsidiaries, taken as a whole; *provided* that, on the date of the Incurrence of such Indebtedness and after giving effect thereto and the application of the proceeds thereof, the aggregate principal amount outstanding of all such Indebtedness (excluding Public Indebtedness and any Indebtedness of any Restricted Subsidiary permitted under clauses 2(a), (b), (d), (f), (g), (m) and (p) of the covenant described under “— Certain Covenants — Limitation on Indebtedness and Preferred Stock”) does not exceed an amount equal to 15% of the Total Assets.

“Person” means any individual, corporation, partnership, limited liability company, joint venture, trust, unincorporated organization or government or any agency or political subdivision thereof.

“PRC” means the People’s Republic of China, excluding, solely for the purpose of this definition, the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan.

“PRC CJV” means any Subsidiary that is a Sino-foreign cooperative joint venture enterprise with limited liability, established in the PRC pursuant to the Law of the People’s Republic of China on Sino-foreign Cooperative Joint Ventures adopted on April 13, 1988 (as most recently amended on October 13, 2000) and the Detailed Rules for the Implementation of the Law of the People’s Republic of China on Sino-foreign Cooperative Joint Ventures promulgated on September 4, 1995, as such laws may be amended.

“PRC CJV Partner” means with respect to a PRC CJV, the other party to the joint venture agreement relating to such PRC CJV with the Company or any Restricted Subsidiary.

“PRC Restricted Subsidiary” means a Restricted Subsidiary organized under the laws of the PRC.

“Pre-Registration Mortgage Guarantee” means any Indebtedness of the Company or any Restricted Subsidiary consisting of a guarantee in favor of any bank or other similar financial institutions in the ordinary course of business of secured loans of purchasers of individual units of properties from the Company or any Restricted Subsidiary; *provided* that, any such guarantee shall be released in full on or before the perfection of a security interest in such properties under applicable law in favor of the relevant lender.

“Preferred Stock” as applied to the Capital Stock of any Person means Capital Stock of any class or classes that by its term is preferred as to the payment of dividends, or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such Person, over shares of Capital Stock of any other class of such Person.

“Public Indebtedness” means any bonds, debentures, notes or similar debt securities issued in a public offering or a private placement (other than the Notes) to institutional investors.

“Rating Agencies” means (1) S&P and (2) Moody’s and (3) if S&P or Moody’s or both shall not make a rating of the Notes publicly available, a nationally recognized securities rating agency or agencies, as the case may be, selected by the Company, which shall be substituted for S&P or Moody’s or both, as the case may be.

“Rating Category” means (1) with respect to S&P, any of the following categories: “BB,” “B,” “CCC,” “CC,” “C” and “D” (or equivalent successor categories); (2) with respect to Moody’s, any of the following categories: “Ba,” “B,” “Caa,” “Ca,” “C” and “D” (or equivalent successor categories); and (3) the equivalent of any such category of S&P or Moody’s used by another Rating Agency. In determining whether the rating of the Notes has decreased by one or more gradations, gradations within Rating Categories (“+” and “-” for S&P; “1,” “2” and “3” for Moody’s; or the equivalent gradations for another Rating Agency) shall be taken into account (e.g., with respect to S&P, a decline in a rating from “BB+” to “BB,” as well as from “BB-” to “B+,” will constitute a decrease of one gradation).

“Rating Date” means (1) in connection with a Change of Control Triggering Event, that date which is 90 days prior to the earlier of (x) a Change of Control and (y) a public notice of the occurrence of a Change of Control or of the intention by the Company or any other Person or Persons to effect a Change of Control or (2) in connection with actions contemplated under the caption “— Consolidation, Merger and Sale of Assets,” that date which is 90 days prior to the earlier of (x) the occurrence of any such actions as set forth therein and (y) a public notice of the occurrence of any such actions.

“Rating Decline” means (1) in connection with a Change of Control Triggering Event, the occurrence on, or within six months after, the date, or public notice of the occurrence of, a Change of Control or the intention by the Company or any other Person or Persons to effect a Change of Control (which period shall be extended so long as the rating of the Notes is under publicly announced consideration for possible downgrade by any of the Rating Agencies) of any of the events listed below, or (2) in connection with actions contemplated under the caption “— Consolidation, Merger and Sale of Assets,” the notification by any of the Rating Agencies that such proposed actions will result in any of the events listed below:

- (a) in the event the Notes are rated by both Moody’s and S&P on the Rating Date as Investment Grade, the rating of the Notes by either Rating Agency shall be below Investment Grade;
- (b) in the event the Notes are rated by either, but not both, of the Rating Agencies on the Rating Date as Investment Grade, the rating of the Notes by such Rating Agency shall be below Investment Grade; or
- (c) in the event the Notes are rated below Investment Grade by both Rating Agencies on the Rating Date, the rating of the Notes by either Rating Agency shall be decreased by one or more gradations (including gradations within Rating Categories as well as between Rating Categories).

“Reference Treasury Dealer” means each of any three investment banks of recognized standing that is a primary U.S. Government securities dealer in The City of New York, selected by the Company in good faith.

“Reference Treasury Dealer Quotations” means, with respect to each Reference Treasury Dealer and any redemption date, the average as determined by the Trustee, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to such Trustee by such Reference Treasury Dealer at 5:00 p.m., New York City time, on the third Business Day preceding such redemption date.

“Replacement Assets” means, on any date, property or assets (other than current assets) of a nature or type or that are used in a Permitted Business, including the Capital Stock of any Person holding such property or assets that is primarily engaged in a Permitted Business and is or will become, upon the acquisition by the Company or any of its Restricted Subsidiaries of such Capital Stock, a Restricted Subsidiary.

“Restricted Subsidiary” means any Subsidiary of the Company other than an Unrestricted Subsidiary.

“Significant Subsidiary” means the Restricted Subsidiary that would be “significant subsidiary” using the conditions specified in the definition of significant subsidiary in Article 1, Rule 1-02(w) of Regulation S-X, promulgated pursuant to the Securities Act, as such Registration is in effect on the date of this Indenture, if any of the conditions exceeds 5 percent.

“S&P” means Standard & Poor’s Ratings Services and its successors.

“Sale and Leaseback Transaction” means any direct or indirect arrangement relating to property (whether real, personal or mixed), now owned or hereafter acquired whereby the Company or any Restricted Subsidiary transfers such property to another Person and the Company or any Restricted Subsidiary leases it from such Person.

“Securities Act” means the U.S. Securities Act of 1933, as amended.

“Senior Indebtedness” of the Company or a Restricted Subsidiary, as the case may be, means all Indebtedness of the Company or the Restricted Subsidiary, as relevant, whether outstanding on the Original Issue Date or thereafter created, except for Indebtedness which, in the instrument creating or evidencing the same, is expressly stated to be subordinated in right of payment to (a) in respect of the Company, the Notes, (b) in respect of any Restricted Subsidiary that is a Subsidiary Guarantor, its Subsidiary Guarantee, or (c) in respect of any Restricted Subsidiary that is a JV Subsidiary Guarantor, its JV Subsidiary Guarantee; *provided* that Senior Indebtedness does not include (1) any obligation to the Company or any Restricted Subsidiary, (2) trade payables or (3) Indebtedness Incurred in violation of the Indenture.

“Staged Acquisition Agreement” means an agreement between the Company or a Restricted Subsidiary and an Independent Third Party (x) pursuant to which the Company or such Restricted Subsidiary agrees to acquire not less than a majority of the Capital Stock of a Person for a consideration that is not more than the Fair Market Value of such Capital Stock of such Person at the time the Company or such Restricted Subsidiary enters into such agreement and (y) which provides that the payment of the purchase price for such Capital Stock is made in more than one installment over a period of time.

“Stated Maturity” means, (1) with respect to any Indebtedness, the date specified in such debt security as the fixed date on which the final installment of principal of such Indebtedness is due and payable as set forth in the documentation governing such Indebtedness and (2) with respect to any scheduled installment of principal of or interest on any Indebtedness, the date specified as the fixed date on which such installment is due and payable as set forth in the documentation governing such Indebtedness.

“Subordinated Indebtedness” means any Indebtedness of the Company, any Subsidiary Guarantor or any JV Subsidiary Guarantor which is contractually subordinated or junior in right of payment to the Notes, any Subsidiary Guarantee or any JV Subsidiary Guarantee, as applicable, pursuant to a written agreement to such effect.

“Subordinated Shareholder Loan” means any loan to the Company or any Restricted Subsidiary from Permitted Holders which (i) is subordinated in right of payment to the Notes, (ii) by its terms (and by the terms of any security into which it is convertible or for which it is exchangeable) does not mature and is not required to be repaid, pursuant to a sinking fund obligation event of default or otherwise, in whole or in part, on or prior to the date that is one year after the Stated Maturity of the Notes and (iii) does not provide any cash payment of interest.

“Subsidiary” means, with respect to any Person, any corporation, association or other business entity (i) of which more than 50% of the voting power of the outstanding Voting Stock is owned, directly or indirectly, by such Person and one or more other Subsidiaries of such Person or (ii) of which 50% of the voting power of the outstanding Voting Stock is owned, directly or indirectly, by such Person and one or more other Subsidiaries of such Person and in each case which is “controlled” and consolidated by such Person in accordance with GAAP; *provided, however*, that with respect to clause (ii), the occurrence of any event (other than the issuance or sale of Capital Stock) as a result of which such corporation, association or other business entity ceases to be “controlled” by such Person under the GAAP and to constitute a Subsidiary of such Person shall be deemed to be a designation of such corporation, association or other business entity as an Unrestricted Subsidiary by such Person and be subject to the requirements under the first paragraph of “Designation of Restricted and Unrestricted Subsidiaries” covenant.

“Subsidiary Guarantee” means any Guarantee of the obligations of the Company under the Indenture and the Notes by any Subsidiary Guarantor.

“Subsidiary Guarantor” means any initial Subsidiary Guarantor named herein and any other Restricted Subsidiary which guarantees the payment of the Notes pursuant to the Indenture and the Notes; *provided* that Subsidiary Guarantor will not include (a) any Person whose Subsidiary Guarantee has been released in accordance with the Indenture and the Notes or (b) any JV Subsidiary Guarantor.

“Temporary Cash Investment” means any of the following:

- (1) direct obligations of the United States of America, any state of the European Economic Area, the People’s Republic of China and Hong Kong or any agency of any of the foregoing or obligations fully and unconditionally Guaranteed by the United States of America, any state of the European Economic Area, the People’s Republic of China and Hong Kong or any agency of any of the foregoing, in each case maturing within one year;
- (2) demand or time deposit accounts, certificates of deposit and money market deposits maturing within 180 days of the date of acquisition thereof issued by a bank or trust company which is organized under the laws of the United States of America, any state thereof, any state of the European Economic Area or Hong Kong, and which bank or trust company has capital, surplus and undivided profits aggregating in excess of US\$100 million (or the Dollar Equivalent thereof) and has outstanding debt which is rated “A” (or such similar equivalent rating) or higher by at least one nationally recognized statistical rating organization (as defined in Rule 436 under the Securities Act) or any money market fund sponsored by a registered broker dealer or mutual fund distributor;

- (3) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in clause (1) above entered into with a bank or trust company meeting the qualifications described in clause (2) above;
- (4) commercial paper, maturing not more than 180 days after the date of acquisition thereof, issued by a corporation (other than an Affiliate of the Company) organized and in existence under the laws of the United States of America, any state thereof or any foreign country recognized by the United States of America with a rating at the time as of which any investment therein is made of “P-1” (or higher) according to Moody’s or “A-1” (or higher) according to S&P;
- (5) securities, maturing within one year of the date of acquisition thereof, issued or fully and unconditionally Guaranteed by any state, commonwealth or territory of the United States of America, or by any political subdivision or taxing authority thereof, and rated at least “A” by S&P or Moody’s;
- (6) any money market fund that has at least 95% of its assets continuously invested in investments of the types described in clauses (1) through (5) above; and
- (7) demand or time deposit accounts, certificates of deposit, overnight or call deposits and money market deposits with any banks or financial institutions organized under the laws of the PRC.

“Total Assets” means, as of any date, the total consolidated assets of the Company and its Restricted Subsidiaries measured in accordance with GAAP as of the last day of the most recent semi-annual period for which consolidated financial statements of the Company (which the Company shall use its best efforts to compile on a timely manner) are available (which may be internal consolidated financial statements); *provided* that only with respect to clause (2)(h) of “— Certain Covenants — Limitation on Indebtedness and Preferred Stock” covenant and the definition of “Permitted Subsidiary Indebtedness,” Total Assets shall be calculated after giving pro forma effect to include the cumulative value of all of the real or personal property or equipment the acquisition, development, construction or improvement of which requires or required the Incurrence of Indebtedness and calculation of Total Assets thereunder, as measured by the purchase price or cost therefor or budgeted cost provided in good faith by the Company or any of its Restricted Subsidiaries to the bank or other similar financial institutional lender providing such Indebtedness.

“Trade Payables” means, with respect to any Person, any accounts payable or any other indebtedness or monetary obligation to trade creditors created, assumed or Guaranteed by such Person or any of its Subsidiaries arising in the ordinary course of business in connection with the acquisition of goods or services.

“Transaction Date” means, with respect to the Incurrence of any Indebtedness, the date such Indebtedness is to be Incurred and, with respect to any Restricted Payment, the date such Restricted Payment is to be made.

“Trust Company Investor” means an Independent Third Party that is a financial institution or an insurance company organized under the laws of the PRC, or an Affiliate thereof, that Invests in any Capital Stock of a PRC Restricted Subsidiary.

“Unrestricted Subsidiary” means (1) any Subsidiary of the Company that at the time of determination shall be designated an Unrestricted Subsidiary by the Board of Directors in the manner provided in the Indenture; and (2) any Subsidiary of an Unrestricted Subsidiary.

“U.S. Government Obligations” means securities that are (1) direct obligations of the United States of America for the payment of which its full faith and credit is pledged or (2) obligations of a Person controlled or supervised by and acting as an agency or instrumentality of the United

States of America the payment of which is unconditionally Guaranteed as a full faith and credit obligation by the United States of America, which, in either case, are not callable or redeemable at the option of the holder thereof at any time prior to the Stated Maturity of the Notes, and shall also include a depository receipt issued by a bank or trust company as custodian with respect to any such U.S. Government Obligation or a specific payment of interest on or principal of any such U.S. Government Obligation held by such custodian for the account of the holder of a depository receipt; *provided* that (except as required by law) such custodian is not authorized to make any deduction from the amount payable to the holder of such depository receipt from any amount received by the custodian in respect of the U.S. Government Obligation or the specific payment of interest on or principal of the U.S. Government Obligation evidenced by such depository receipt.

“Voting Stock” means, with respect to any Person, Capital Stock of any class or kind ordinarily having the power to vote for the election of directors, managers or other voting members of the governing body of such Person.

“Wholly Owned” means, with respect to any Subsidiary of any Person, the ownership of all of the outstanding Capital Stock of such Subsidiary (other than any director’s qualifying shares or Investments by foreign nationals mandated by applicable law) by such Person or one or more Wholly Owned Subsidiaries of such Person; *provided* that Subsidiaries that are PRC CJVs shall not be considered Wholly Owned Subsidiaries unless such Person or one or more Wholly Owned Subsidiaries of such Person is entitled to 95% or more of the economic benefits distributable by such Subsidiary.

TAXATION

The following summary of certain Cayman Islands, British Virgin Islands, Barbados and PRC tax consequences of the purchase, ownership and disposition of Notes is based upon applicable laws, regulations, rulings and decisions as of the date of this offering memorandum, all of which are subject to change (possibly with retroactive effect). This discussion does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of the Notes and does not purport to deal with consequences applicable to all categories of investors, some of which may be subject to special rules. Persons considering the purchase of Notes should consult their own tax advisors concerning the tax consequences of the purchase, ownership and disposition of Notes, including such possible consequences under the laws of their country of citizenship, residence or domicile.

Cayman Islands Taxation

The following is a discussion on certain Cayman Islands income tax consequences of an investment in the Notes. The discussion is a general summary of present law, which is subject to prospective and retroactive change. It is not intended as tax advice, does not consider any investor's particular circumstances, and does not consider tax consequences other than those arising under Cayman Islands law.

Under the laws of the Cayman Islands, payments of interest and principal on the Notes will not be subject to taxation and no withholding will be required on the payment of interest and principal or premium to any holder of the Notes, as the case may be, nor will gains derived from the disposal of the Notes be subject to Cayman Islands income or corporation tax. The Cayman Islands currently have no income, corporation or capital gains tax and no estate duty, inheritance tax or gift tax. The Cayman Islands are not party to any double taxation treaties.

No stamp duty is payable in respect of the Notes provided that they are issued, executed and remain outside the Cayman Islands.

We have been incorporated under the laws of the Cayman Islands as an exempted company with limited liability and, as such, has obtained an undertaking from the Governor in Cabinet of the Cayman Islands as to tax concessions under the Tax Concessions Law (1999 Revision). In accordance with the provision of section 6 of The Tax Concessions Law (1999 Revision), the Governor in Cabinet undertakes with our Company that (i) no law which is hereafter enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciations shall apply to us or our operations; and (ii) no tax to be levied on profits, income, gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable, on or in respect of the shares, debentures or other obligations of our Company, or by way of the withholding, in whole or part, of any relevant payment as defined in Section 6(3) of the Tax Concessions Law (1999 Revision). These concessions shall be for a period of 20 years from January 8, 2008.

British Virgin Islands Taxation

There is no income or other tax of the British Virgin Islands imposed by withholding or otherwise on any payment to be made to or by the Subsidiary Guarantors or the JV Subsidiary Guarantors (if any) pursuant to the Subsidiary Guarantees or JV Subsidiary Guarantees (if any).

PRC Taxation

The following summary of certain PRC tax consequences of the purchase, ownership and disposition of Notes is based upon applicable laws, rules and regulations in effect as of the date of this offering memorandum, all of which are subject to change (possibly with retroactive effect). This discussion does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of the Notes and does not purport to deal with consequences applicable to all categories of investors, some of which may be subject to special rules. Persons considering the purchase of Notes should consult their own tax advisors concerning the tax consequences of the purchase, ownership and disposition of Notes, including such possible consequences under the laws of their country of citizenship, residence or domicile.

Taxation on Interest and Capital Gains

Under the EIT Law and the related regulations, if we are treated as a PRC “resident enterprise,” PRC income tax at a rate of 10% (or a lower treaty rate, if any) may be required to be withheld from interest payments to investors that are “non-PRC resident enterprises” and that do not have an establishment or place of business in the PRC, or that have such establishment or place of business but the relevant interest income is not effectively connected with the establishment or place of business, to the extent such interest is derived from sources within the PRC. In addition, any gain realized on the transfer of the Notes by such investors would be subject to PRC income tax at the rate of 10% (or a lower treaty rate, if any) if such gain is regarded as income derived from sources within the PRC. We have been advised by Commerce & Finance Law Officers, our PRC legal counsel, that there is uncertainty as to whether we will be treated as a PRC “resident enterprise” for the purpose of the EIT Law. If we are treated as a PRC “resident enterprise,” the interest we pay in respect of the Notes, and the gain any investor may realize from the transfer of the Notes, may be treated as income derived from sources within the PRC and be subject to PRC tax, which may materially and adversely affect the value of investment in the Notes. See “Risk Factors — Risk Relating to Our Business — We may be deemed a PRC resident enterprise under the EIT Law, in which case we would be subject to PRC taxation on our worldwide income and may be obligated to withhold PRC income tax on payment of interest on the Notes, and gain from the transfer of Notes may be subject to PRC tax.”

Stamp Duty

No PRC stamp tax will be chargeable upon the issue or transfer (for so long as the register of holders of the Notes is maintained outside the PRC) of a Note.

Barbados Taxation

Under the laws of Barbados, there is no withholding or other tax to be deducted from the payment of interest or other income paid or deemed to be paid by the Barbados Subsidiary Guarantor to any non-resident holder of the Notes, nor will gains derived from the disposal of the Notes be subject to Barbados income or corporation tax.

Except for the stamp duty in the amount adjudicated in accordance with the Stamp Duty Act payable in respect of the Notes, to ensure their enforceability and admissibility in evidence, no further stamp duty, registration fees or documentary taxes or similar taxes, duties or charges are payable in Barbados in respect of the execution and delivery of the Notes.

PLAN OF DISTRIBUTION

Under the terms and subject to the conditions contained in a purchase agreement dated October 11, 2012 (the “Purchase Agreement”), The Hongkong and Shanghai Banking Corporation Limited, Standard Chartered Bank, Barclays Bank PLC, Deutsche Bank AG, Singapore Branch and Morgan Stanley & Co. International plc (together the “Initial Purchasers”), have agreed to purchase from us, and we have agreed to sell to the Initial Purchasers, the following aggregate principal amount of the Notes.

Name	Principal Amount
The Hongkong and Shanghai Banking Corporation Limited	US\$137,931,035
Standard Chartered Bank	US\$137,931,035
Barclays Bank PLC	US\$ 41,379,310
Deutsche Bank AG, Singapore Branch	US\$ 41,379,310
Morgan Stanley & Co. International plc	US\$ 41,379,310
TOTAL	US\$400,000,000

The Purchase Agreement provides that the obligation of the Initial Purchasers to pay for and accept delivery of the Notes is several and is subject to the approval of certain legal matters by their counsel and certain other conditions. The Initial Purchasers are committed to take and pay for all of the Notes if any are taken. After the initial offering, the offering price and other selling terms may be varied from time to time by the Initial Purchasers.

We and the Subsidiary Guarantors have agreed to indemnify the Initial Purchasers against certain liabilities, including liabilities under the Securities Act, and to contribute to payments which the Initial Purchasers may be required to make in respect thereof.

The Notes are a new issue of securities with no established trading market. Approval in-principle has been received for the listing of the Notes on the SGX-ST.

We have been advised by the Initial Purchasers that, in connection with the offering of the Notes, The Hongkong and Shanghai Banking Corporation Limited, as stabilization agent may, on behalf of the Initial Purchasers, engage in transactions that stabilize, maintain or otherwise affect the price of the Notes. Specifically, the Initial Purchasers may over-allot the offering, creating a syndicate short position. In addition, the Initial Purchasers may bid for, and purchase, the Notes in the open market to cover syndicate shorts or to stabilize the price of the Notes. Any of these activities may stabilize or maintain the market price of the Notes above independent market levels. The Initial Purchasers are not required to engage in these activities, and may end any of these activities at any time. No assurance can be given as to the liquidity of, or the trading market for, the Notes. These transactions may be effected in the over-the-counter market or otherwise.

The Notes, the Subsidiary Guarantees and the JV Subsidiary Guarantees (if any) have not been and will not be registered under the Securities Act and may not be offered, sold or delivered within the United States. The Notes will be offered and sold outside the United States in offshore transactions in reliance on Regulation S under the Securities Act.

Until 40 days after the commencement of this offering, an offer or sales of the Notes within the United States by a dealer (whether or not participating in this offering) may violate the registration requirement of the U.S. Securities Act if such offer or sale is made otherwise than in accordance with an exemption from registration under the U.S. Securities Act.

We expect that delivery of the Notes will be made against payment therefor on or about the closing date specified on the cover page of this offering memorandum, which will be on or about the fifth business day following the pricing date of the Notes (this settlement cycle being referred to as “T+5”). Under Rule 15c6-1 of the Exchange Act, trades in the secondary market generally

are required to settle in three business days, unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade Notes on the date of pricing will be required, by virtue of the fact that the Notes initially will settle in T+5, to specify an alternate settlement cycle at the time of any such trade to prevent a failed settlement. Purchasers of the Notes who wish to trade the Notes on the date of pricing or succeeding business days should consult their own legal advisor.

United Kingdom

Each of the Initial Purchasers has represented and agreed that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of the Notes in circumstances in which Section 21(1) of the Financial Services and Market Act 2000 (the “FSMA”) does not apply to the Company; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the EU Prospectus Directive (each, a “Relevant Member State”), the Notes with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the “Relevant Implementation Date”) have not been made and will not be offered to the public in that Relevant Member State other than:

- (a) to any legal entity which is a qualified investor as defined in the EU Prospectus Directive;
- (b) to few than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the EU Prospectus Directive), as permitted under the EU Prospectus Directive, subject to obtaining the prior consent of the Initial Purchasers to publish a prospectus pursuant to Article 3 of the EU Prospectus Directive.

For the purpose of this provision, the expression an “offer of Notes to the public” in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes. as the same may be varied in that Relevant Member State by any measure implementing the EU Prospectus Directive in that Relevant Member State, the expression “EU Prospectus Directive” means Directive 2003/71/EC and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression “2010 PD Amending Directive” means Directive 2010/73/EU.

Singapore

The Initial Purchasers have acknowledged that this offering memorandum has not been and will not be registered as a prospectus with the Monetary Authority of Singapore under the Securities and Futures Act (Chapter 289 of Singapore) (the “SFA”). Accordingly, each of the Initial Purchasers represented that this offering memorandum or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes may not be circulated or distributed, nor may the Notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to any person in Singapore

other than (i) to an institutional investor pursuant to Section 274 of the SFA; (ii) to a relevant person pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA; or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased in reliance of an exemption under Sections 274 or 275 of the SFA, the Notes shall not be sold within the period of six months from the date of the initial acquisition of the Notes, except to any of the following persons:

- (a) an institutional investor (as defined in Section 4A of the SFA);
- (b) a relevant person (as defined in Section 275(2) of the SFA); or
- (c) any person pursuant to an offer referred to in Section 275(1A) of the SFA,

unless expressly specified otherwise in Section 276(7) of the SFA or Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore (the “SFR”).

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries’ rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

- (i) to an institutional investor (under Section 274 of the SFA), or to a relevant person (as defined in Section 275(2) of the SFA) and in accordance with the conditions specified in Section 275 of the SFA;
- (ii) (in the case of such corporation) where the transfer arises from an offer referred to in Section 276(3)(i)(B) of the SFA or (in the case of such trust) where the transfer arises from an offer referred to in Section 276(4)(i)(B) of the SFA;
- (iii) where no consideration is or will be given for the transfer;
- (iv) where the transfer is by operation of law;
- (v) as specified in Section 276(7) of the SFA; or
- (iv) as specified in Regulation 32 of the SFR.

Hong Kong

Each of the Initial Purchasers has represented and agreed that (1) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes other than (i) to “professional investors” as defined in the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “SFO”) and any rules made thereunder; or (ii) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies Ordinance

(Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and (2) it has not issued or had in its possession for the purposes of issue and will not issue or have in its possession for the purposes of issue any advertisement, invitation or document relating to the Notes, whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the SFO and any rules made thereunder.

Japan

Each of the Initial Purchasers has represented, warranted and undertaken that the Notes have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (the “Financial Instruments and Exchange Law”) and that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Law and other applicable laws and regulations of Japan.

Italy

Each of the Initial Purchasers has represented and agreed that: (i) it shall not make any solicitation in connection with any offering of Notes in Italy; (ii) no copies of this offering memorandum or any other documents relating to the Notes will be distributed in Italy; and (iii) no Notes may be offered, sold or delivered in Italy.

Cayman Islands

Each of the Initial Purchasers has represented and agreed that it has not offered or sold, and will not offer or sell, any Notes in the Cayman Islands.

General

No action is being taken or is contemplated by us that would permit a public offering of the Notes or possession or distribution of any preliminary offering memorandum or offering memorandum or any amendment thereof, any supplement thereto or any other offering material relating to the Notes in any jurisdiction where, or in any other circumstance in which, action for those purposes is required.

We have been advised that the Initial Purchasers presently intend to make a market in the Notes, as permitted by applicable laws and regulations. The Initial Purchasers are not obligated, however, to make a market in the Notes, and any such market making may be discontinued at any time without prior notice at the sole discretion of the Initial Purchasers. Accordingly, no assurance can be given as to the liquidity of, or trading markets for, the Notes.

The Initial Purchasers and its affiliates have in the past engaged, and may in the future engage, in transactions with and perform services, including financial advisory and investment banking services, for us and our affiliates in the ordinary course of business. We may enter into hedging or other derivative transactions as part of our risk management strategy with one or more of the Initial Purchasers, which may include transactions relating to our obligations under the Notes. Our obligations under these transactions may be secured by cash or other collateral.

TRANSFER RESTRICTIONS

Because of the following restrictions, we encourage you to consult legal counsel prior to making any offer, resale, pledge or other transfer of Notes.

The Notes are subject to restrictions on transfer as summarized below. By purchasing Notes (including the Subsidiary Guarantees), you will be deemed to have made the following acknowledgements, representations to, and agreements with, us and the Initial Purchasers:

1. You understand and acknowledge that:
 - the Notes (including the Subsidiary Guarantees) have not been registered under the Securities Act or any other applicable securities laws;
 - the Notes (including the Subsidiary Guarantees) are being offered for resale in transactions that do not require registration under the Securities Act or any other securities laws;
 - the Notes (including the Subsidiary Guarantees) are being offered and sold only outside of the United States, to certain persons, other than U.S. persons, in offshore transactions in reliance on Rule 903 of Regulation S under the Securities Act; and
 - unless so registered, the Notes (including the Subsidiary Guarantees) may not be sold or otherwise transferred except under an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act or any other applicable securities laws, and in each case in compliance with the conditions for transfer set forth in paragraph 4 below.
2. You represent that you are not an affiliate (as defined in Rule 144 under the Securities Act) of ours, that you are not acting on our behalf and that you are not a U.S. person (as defined in Regulation S under the Securities Act) or purchasing for the account or benefit of a U.S. person, other than a distributor, and you are purchasing Notes (including the Subsidiary Guarantees) in an offshore transaction in accordance with Regulation S.
3. You acknowledge that neither we nor the Initial Purchasers nor any person representing us or the Initial Purchasers have made any representation to you with respect to us or the offering of the Notes (including the Subsidiary Guarantees), other than the information contained in this offering memorandum. You represent that you are relying only on this offering memorandum in making your investment decision with respect to the Notes. You agree that you have had access to such financial and other information concerning us and the Notes as you have deemed necessary in connection with your decision to purchase the Notes (including the Subsidiary Guarantees) including an opportunity to ask questions of and request information from us.
4. You represent that you are purchasing the Notes (including the Subsidiary Guarantees) for your own account, or for one or more investor accounts for which you are acting as a fiduciary or agent, in each case not with a view to, or for offer or sale in connection with, any distribution of the Notes (including the Subsidiary Guarantees) in violation of the Securities Act. You agree on your own behalf and on behalf of any investor account for which you are purchasing the Notes, and each subsequent holder of the Notes (including the Subsidiary Guarantees) by its acceptance of the Notes will agree, that until the end of the Resale Restriction Period (as defined below), the Notes (including the Subsidiary Guarantees) may be offered, sold or otherwise transferred only:
 - (a) to us;

- (b) under a registration statement that has been declared effective under the Securities Act;
- (c) outside the United States in compliance with Rule 903 or 904 under the Securities Act; or
- (d) under any other available exemption from the registration requirements of the Securities Act,

subject in each of the above cases to any requirement of law that the disposition of the seller's property or the property of an investor account or accounts be at all times within the seller or account's control and in compliance with applicable state and other securities laws.

5. You also acknowledge that:

- the above restrictions on resale will apply from the closing date until the date that is 40 days after the later of the closing date and the last date that we or any of our affiliates was the owner of the Notes or any predecessor of the Notes (the "Resale Restriction Period"), and will not apply after the applicable Resale Restriction Period ends;
- we and the trustee reserve the right to require in connection with any offer, sale or other transfer of Notes under clause (d) above the delivery of an opinion of counsel, certifications and/or other information satisfactory to us and the trustee; and
- each Note will contain a legend substantially to the following effect:

"THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE REOFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, SUCH REGISTRATION.

THE HOLDER OF THIS SECURITY, BY ITS ACCEPTANCE HEREOF, AGREES ON ITS OWN BEHALF AND ON BEHALF OF ANY INVESTOR ACCOUNT FOR WHICH IT HAS PURCHASED SECURITIES, TO OFFER, SELL OR OTHERWISE TRANSFER SUCH SECURITY, PRIOR TO THE DATE (THE "RESALE RESTRICTION TERMINATION DATE") THAT IS 40 DAYS AFTER THE LATER OF THE ORIGINAL ISSUE DATE HEREOF AND THE LAST DATE ON WHICH LONGFOR PROPERTIES CO. LTD. (THE "COMPANY") OR ANY AFFILIATE OF THE COMPANY WAS THE OWNER OF THIS SECURITY (OR ANY PREDECESSOR OF SUCH SECURITY), ONLY (A) TO THE COMPANY, (B) PURSUANT TO A REGISTRATION STATEMENT THAT HAS BEEN DECLARED EFFECTIVE UNDER THE SECURITIES ACT, (C) PURSUANT TO OFFERS AND SALES THAT OCCUR OUTSIDE THE UNITED STATES WITHIN THE MEANING OF REGULATION S UNDER THE SECURITIES ACT, OR (D) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, SUBJECT TO THE COMPANY'S AND THE TRUSTEE'S RIGHT PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER PURSUANT TO CLAUSE (D) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM. THIS LEGEND WILL BE REMOVED UPON

THE REQUEST OF THE HOLDER AFTER THE RESALE RESTRICTION TERMINATION DATE. BY ITS ACQUISITION HEREOF, THE HOLDER HEREOF REPRESENTS THAT IT IS NOT A U.S. PERSON NOR IS IT PURCHASING FOR THE ACCOUNT OF A U.S. PERSON AND IS ACQUIRING THIS SECURITY IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH REGULATION S UNDER THE SECURITIES ACT.”

6. You acknowledge that we, the Initial Purchasers and others will rely upon the truth and accuracy of the above acknowledgments, representations and agreements. You agree that if any of the acknowledgments, representations or agreements you are deemed to have made by your purchase of Notes is no longer accurate, you will promptly notify us and the Initial Purchasers. If you are purchasing any Notes (including the Subsidiary Guarantees) as a fiduciary or agent for one or more investor accounts, you represent that you have sole investment discretion with respect to each of those accounts and that you have full power to make the above acknowledgments, representations and agreements on behalf of each account.

RATINGS

The Notes have been provisionally rated “BB” by Standard & Poor’s Ratings Services and “Ba3” by Moody’s Investors Service. The ratings reflect the rating agencies’ assessment of the likelihood of timely payment of the principal of and interest on the Notes. The ratings do not address the payment of any Additional Amounts and do not constitute recommendations to purchase, hold or sell the Notes inasmuch as such ratings do not comment as to market price or suitability for a particular investor. Each such rating should be evaluated independently of any other rating on the Notes, on other securities of ours, or on us. Additionally, we have been assigned a long-term corporate credit rating of BB+ with a stable outlook by Standard & Poor’s Ratings Services and a corporate family rating of Ba2 with a stable outlook by Moody’s Investors Service. We cannot assure you that the ratings will remain in effect for any given period or that the ratings will not be revised by such rating agencies in the future if in their judgment circumstances so warrant.

LEGAL MATTERS

Certain legal matters with respect to the Notes will be passed upon for us by Davis Polk & Wardwell as to matters of United States federal, New York law and Hong Kong law, Commerce & Finance Law Offices as to matters of PRC law, Conyers Dill & Pearman (Cayman) Limited as to matters of Cayman Islands law, Conyers Dill & Pearman as to British Virgin Islands law, and Chancery Chambers as to Barbados law. Certain legal matters will be passed upon for the Initial Purchasers by Sidley Austin as to matters of United States federal and New York law and Zhong Lun Law Firm as to matters of PRC law.

INDEPENDENT ACCOUNTANTS

Our consolidated financial statements as of and for each of the years ended December 31, 2009, 2010 and 2011 included in this offering memorandum (or incorporated by reference) have been audited by Deloitte Touche Tohmatsu, Certified Public Accountants. The unaudited our interim financial statements for and as of the six months ended June 30, 2011 and 2012 have been reviewed, by Deloitte Touche Tohmatsu, certified public accountants, in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants.

GENERAL INFORMATION

Consents

We have obtained all necessary consents, approvals and authorizations in the Cayman Islands, the British Virgin Islands, Barbados and Hong Kong in connection with the issue and performance of the Notes and the Subsidiary Guarantees. The entering into of the Indenture and the issue of the Notes have been authorized by a resolution of our board of directors dated October 9, 2012.

Documents Available

For so long as any of the Notes are outstanding, copies of the Indenture may be inspected free of charge during normal business hours on any weekday (except public holidays) at the specified offices of the Paying Agent.

For so long as any of the Notes are outstanding, copies of our audited financial statements for the past two fiscal years, if any, may be obtained during normal business hours on any weekday (except public holidays) at the specified offices of the Paying Agent.

Clearing Systems and Settlement

The Notes have been accepted for clearance through the facilities of Euroclear and Clearstream. Certain trading information with respect to the Notes is set forth below:

	ISIN	Common Code
Global Notes	XS0844323930	084432393

Only Notes evidenced by a Global Note have been accepted for clearance through Euroclear and Clearstream.

LISTING OF THE NOTES

Approval in-principle has been received for the listing and quotation of the Notes on the Official List of the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained in this offering memorandum. Admission to the Official List of the SGX-ST and quotation of any Notes on the SGX-ST is not to be taken as an indication of the merits of the Company, the Subsidiary Guarantors, the JV Subsidiary Guarantors (if any), the Notes, the Subsidiary Guarantees or the JV Subsidiary Guarantees (if any). The Notes will be traded on the SGX-ST in a minimum board lot size of S\$200,000 for so long as the Notes are listed on the Official List of the SGX-ST and the rules of the SGX-ST so require.

For so long as the Notes are listed on the SGX-ST and the rules of the SGX-ST so require, we will appoint and maintain a paying agent in Singapore, where the Notes may be presented or surrendered for payment or redemption, in the event that a Global Note is exchanged for definitive Notes. In addition, in the event that a Global Note is exchanged for definitive Notes, an announcement of such exchange will be made by or on behalf of us through the SGX-ST and such announcement will include all material information with respect to the delivery of the definitive Notes, including details of the paying agent in Singapore.

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中期財務資料審閱報告

Report on Review of Interim Financial Information

Deloitte.

德勤

致龍湖地產有限公司董事會

(於開曼群島註冊成立的有限公司)

緒言

吾等已審閱第53至92頁所載龍湖地產有限公司(「貴公司」)及其附屬公司(統稱「貴集團」)的簡明綜合財務報表,包括二零一二年六月三十日的簡明綜合財務狀況報表以及截至該日止六個月期間的相關簡明綜合全面收益表、權益變動表及現金流量表以及若干說明附註。香港聯合交易所有限公司主板證券上市規則規定,編製有關中期財務資料的報告必須符合上市規則的有關條文以及國際會計準則理事會所頒佈國際會計準則第34號「中期財務報告」(「國際會計準則第34號」)。貴公司董事須負責根據國際會計準則第34號編製及呈報該等簡明綜合財務報表。吾等的責任是按照協定的委聘條款,根據吾等的審閱對該等簡明綜合財務報表發表意見,並僅向閣下(作為一個整體)報告,除此之外本報告別無其他目的。吾等不會就本報告的內容向任何其他人士負上或承擔任何責任。

審閱範圍

吾等已根據香港會計師公會頒佈的香港審閱委聘準則第2410號「由實體的獨立核數師執行中期財務資料審閱」進行審閱。審閱該等簡明綜合財務報表的工作包括主要向負責財務與會計事務的人員作出查詢,進行分析以及其他審閱程序。審閱的範圍遠小於根據香港審計準則進行審核的範圍,因此無法確保吾等可知悉在審核中可能發現的所有重大事項,故吾等並無發表審核意見。

TO THE BOARD OF DIRECTORS OF LONGFOR PROPERTIES CO. LTD.
龍湖地產有限公司

(incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the condensed consolidated financial statements of Longfor Properties Co. Ltd. (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 53 to 92, which comprises the condensed consolidated statement of financial position as of 30 June 2012 and the related condensed consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34") issued by the International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with IAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

中期財務資料審閱報告

Report on Review of Interim Financial Information

結論

基於吾等的審閱，吾等並無發現令吾等相信簡明綜合財務報表在任何重大方面未有根據國際會計準則第34號編製的任何事項。

德勤 • 關黃陳方會計師行
執業會計師
香港
二零一二年八月十七日

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
August 17, 2012

簡明綜合全面收益表

Condensed Consolidated Statement of Comprehensive Income

截至二零一二年六月三十日止六個月
For the six months ended June 30, 2012

		截至六月三十日止六個月 Six months ended June 30,	
		二零一二年 人民幣千元 (未經審核) 2012 RMB'000 (unaudited)	二零一一年 人民幣千元 (未經審核) 2011 RMB'000 (unaudited)
	附註 NOTES		
收入	Revenue	3	14,551,699
銷售成本	Cost of sales		(7,842,850)
毛利	Gross profit		6,708,849
其他收入	Other income	4	80,711
其他收益及虧損	Other gains and losses	5	(65,662)
轉撥為投資物業的公平值收益	Fair value gain upon transfer to investment properties		167,573
投資物業公平值變動	Change in fair value of investment properties		501,607
銷售及營銷開支	Selling and marketing expenses		(219,277)
行政開支	Administrative expenses		(293,557)
融資成本	Finance costs	6	(40,897)
分佔共同控制實體業績	Share of results of jointly controlled entities		72,003
除稅前溢利	Profit before taxation		6,911,350
所得稅開支	Income tax expense	7	(2,789,685)
期內溢利及全面收入總額	Profit for the period and total comprehensive income for the period	8	4,121,665
以下應佔：	Attributable to:		
本公司擁有人	Owners of the Company		3,810,157
非控制權益	Non-controlling interests		311,508
			4,121,665
每股盈利(人民幣分)	Earnings per share, in RMB cents		
基本	Basic	10	73.9
攤薄	Diluted	10	73.5

簡明綜合財務狀況報表

Condensed Consolidated Statement of Financial Position

二零一二年六月三十日

At June 30, 2012

			於二零一二年 六月三十日 人民幣千元 (未經審核)	於二零一一年 十二月 三十一日 人民幣千元 (經審核)
		附註 NOTES	At June 30, 2012 RMB'000 (unaudited)	At December 31, 2011 RMB'000 (audited)
非流動資產		NON-CURRENT ASSETS		
投資物業	Investment properties	11	16,436,500	13,198,200
物業、廠房及設備	Property, plant and equipment	12	173,654	175,083
預付租賃款項	Prepaid lease payments	13	4,632,863	6,721,986
於聯營公司的權益	Interests in associates		1	1
於共同控制實體的權益	Interests in jointly controlled entities		1,945,218	1,873,215
可供出售投資	Available-for-sale investments		8,600	8,600
購入土地使用權已付的按金	Deposits paid for acquisition of land use rights		6,487,514	5,837,699
遞延稅項資產	Deferred taxation assets		973,482	669,202
			30,657,832	28,483,986
流動資產		CURRENT ASSETS		
存貨	Inventories		794,383	594,065
發展中待售物業	Properties under development for sale		50,163,594	46,197,041
持作出售物業	Properties held for sale		3,122,617	3,019,488
應收賬款及其他應收款項、 按金及預付款項	Accounts and other receivables, deposits and prepayments	14	3,567,940	3,344,296
應收共同控制實體款項	Amounts due from jointly controlled entities	23	33,552	13,084
可收回稅項	Taxation recoverable		1,747,745	1,081,031
已抵押銀行存款	Pledged bank deposits		420,990	406,125
銀行結餘及現金	Bank balances and cash		17,047,393	14,120,925
			76,898,214	68,776,055
流動負債		CURRENT LIABILITIES		
應付賬款、已收按金及應計費用	Accounts payable, deposits received and accrued charges	15	41,146,946	41,410,676
應付共同控制實體款項	Amounts due to jointly controlled entities	23	389,294	803,170
應付稅項	Taxation payable		6,588,316	4,788,074
銀行及其他借款—一年內到期	Bank and other borrowings - due within one year	16	4,531,168	3,580,372
			52,655,724	50,582,292

簡明綜合財務狀況報表

Condensed Consolidated Statement of Financial Position

二零一二年六月三十日
At June 30, 2012

			於二零一二年 六月三十日 人民幣千元 (未經審核)	於二零一一年 十二月 三十一日 人民幣千元 (經審核)
		附註 NOTES	At June 30, 2012 RMB'000 (unaudited)	At December 31, 2011 RMB'000 (audited)
流動資產淨額	NET CURRENT ASSETS		24,242,490	18,193,763
總資產減流動負債	TOTAL ASSETS LESS CURRENT LIABILITIES		54,900,322	46,677,749
資本及儲備	CAPITAL AND RESERVES			
股本	Share capital	18	453,948	453,415
儲備	Reserves		24,483,152	21,487,126
本公司擁有人應佔權益	Equity attributable to owners of the Company		24,937,100	21,940,541
非控制權益	Non-controlling interests		2,465,637	2,154,129
權益總額	TOTAL EQUITY		27,402,737	24,094,670
非流動負債	NON-CURRENT LIABILITIES			
銀行及其他借款—一年後到期	Bank and other borrowings - due after one year	16	20,350,079	15,645,880
優先票據	Senior notes	17	4,767,662	4,740,473
遞延稅項負債	Deferred taxation liabilities		2,379,844	2,196,726
			27,497,585	22,583,079
			54,900,322	46,677,749

簡明綜合權益變動表

Condensed Consolidated Statement of Changes in Equity

截至二零一二年六月三十日止六個月

For the six months ended June 30, 2012

	本公司擁有人應佔 Attributable to owners of the Company										非控制權益 Non-controlling interests	總計 Total
	股本 Share capital	股份溢價 Share premium	資本儲備 Capital reserve	特別儲備 Special reserve	其他儲備 Other reserve	法定盈餘儲備 Statutory surplus reserve	匯兌儲備 Exchange reserve	購股權儲備 Share option reserve	注資儲備 Capital contribution reserve	保留溢利 Retained profits		
	人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000
於二零一一年一月一日(經審核)	453,410	6,452,904	(437,448)	620,672	(71,717)	333,108	(1,654)	55,019	153,687	8,442,275	1,383,564	17,365,820
期內溢利及全面收入總額	—	—	—	—	—	—	—	—	—	2,523,942	241,284	2,765,226
確認按股本結算以股份為基礎的付款	—	—	—	—	—	—	—	51,110	11,719	—	—	68,829
向非控制權益支付的股息	—	—	—	—	—	—	—	—	—	—	(90,667)	(90,667)
確認為分派的股息	—	—	—	—	—	—	—	—	—	—	—	—
因行使購股權而發行股份	—	(515,505)	—	—	—	—	—	—	—	—	—	(515,505)
收購附屬公司的額外權益(附註)	5	562	—	—	—	—	—	(186)	—	—	—	381
	—	—	—	—	(17,932)	—	—	—	—	—	(158,873)	(176,807)
於二零一二年六月三十日(未經審核)	453,415	5,917,961	(437,448)	620,672	(89,649)	333,108	(1,654)	111,945	165,406	10,966,217	1,277,306	19,317,277

簡明綜合權益變動表

Condensed Consolidated Statement of Changes in Equity

截至二零一二年六月三十日止六個月
For the six months ended June 30, 2012

	本公司擁有人應佔 Attributable to owners of the Company										非控制權益 Non-controlling interests	總計 Total
	股本 Share capital	股份溢價 Share premium	資本儲備 Capital reserve	特別儲備 Special reserve	其他儲備 Other reserve	法定盈餘儲備 Statutory surplus reserve	匯兌儲備 Exchange reserve	購取儲備 Share option	注資儲備 Capital contribution	保留溢利 Retained profits		
於二零一二年一月一日(經審核)	453,415	5,917,961	(437,448)	620,672	(89,699)	491,554	(1,654)	197,177	177,124	14,611,389	2,194,054	24,094,670
期內溢利及全面收入總額	—	—	—	—	—	—	—	—	—	3,810,157	3,810,157	311,508
確認為股本溢利以股份為基礎的付款	—	—	—	—	—	—	—	(6,788)	3,917	—	73,705	73,705
確認為分派的股息	—	—	—	—	—	—	—	—	—	—	(902,980)	(902,980)
因行使購取權而發行股份	533	22,510	—	—	—	—	(7,366)	—	—	—	15,677	15,677
於二零一二年六月三十日(未經審核)	453,948	5,937,491	(437,448)	620,672	(89,699)	491,554	(1,654)	293,599	181,041	18,421,546	24,937,100	27,402,737

附註：

During the six months ended June 30, 2011, the Group acquired additional interest in a subsidiary and the difference of RMB17,932,000 between the consideration paid and the decrease in carrying amount of the non-controlling interests had been recognised directly in other reserve.

截至二零一一年六月三十日止六個月，本集團已收購一間附屬公司的額外權益，已付代價與非控制權益賬面值的減少的差額人民幣17,932,000元已於其他儲備直接確認。

簡明綜合現金流量表

Condensed Consolidated Statement of Cash Flows

截至二零一二年六月三十日止六個月

For the six months ended June 30, 2012

		截至六月三十日止六個月 Six months ended June 30,	
		二零一二年 2012	二零一一年 2011
		人民幣千元 RMB'000	人民幣千元 RMB'000
		(未經審核) (unaudited)	(未經審核) (unaudited)
經營活動	OPERATING ACTIVITIES		
除稅前溢利	Profit before taxation	6,911,350	4,767,372
經以下調整：	Adjustments for:		
融資成本	Finance costs	40,897	73,954
物業、廠房及設備折舊	Depreciation of property, plant and equipment	14,371	11,024
投資物業公平值增加	Increase in fair value of investment properties	(669,180)	(818,304)
匯兌虧損(收益)淨額	Net exchange loss (gain)	34,156	(65,438)
利息收入	Interest income	(56,822)	(40,594)
以股份為基礎的付款開支	Share-based payments expenses	73,705	68,829
其他調整項目	Other adjusting items	(73,390)	(12,585)
營運資金變動前的 經營現金流量	Operating cash flows before movements in working capital	6,275,087	3,984,258
存貨增加	Increase in inventories	(200,318)	(188,748)
發展中待售物業及 持作出售物業增加	Increase in properties under development for sale and properties held for sale	(2,219,391)	(4,091,842)
應收賬款及其他應收款項、 按金及預付款項增加	Increase in accounts and other receivables, deposits and prepayments	(223,644)	(575,155)
應收共同控制實體款項增加	Increase in amounts due from jointly controlled entities	(20,468)	(6,127)
應付賬款、已收按金 及應計費用(減少)增加	(Decrease)increase in accounts payable, deposits received and accrued charges	(764,867)	7,807,547
經營產生的現金	Cash from operations	2,846,399	6,929,933
已付中國所得稅	PRC income tax paid	(1,777,319)	(1,979,799)
經營活動所得的現金淨額	NET CASH FROM OPERATING ACTIVITIES	1,069,080	4,950,134

簡明綜合現金流量表

Condensed Consolidated Statement of Cash Flows

截至二零一二年六月三十日止六個月
For the six months ended June 30, 2012

		截至六月三十日止六個月 Six months ended June 30,	
		二零一二年 2012	二零一一年 2011
		人民幣千元 RMB'000	人民幣千元 RMB'000
		(未經審核) (unaudited)	(未經審核) (unaudited)
投資活動	INVESTING ACTIVITIES		
投資物業增加	Additions to investment properties	(699,485)	(615,018)
預付租賃款項增加	Additions to prepaid lease payments	(123,749)	(5,855,754)
收購土地使用權所支付的按金	Deposits paid for acquisition of land use rights	(772,336)	(884,821)
存入已抵押銀行存款	Placement of pledged bank deposits	(487,566)	(584,382)
提取已抵押銀行存款	Withdrawal of pledged bank deposits	472,701	634,882
購入物業、廠房及設備	Purchase of property, plant and equipment	(13,620)	(12,351)
已收利息	Interest received	56,822	40,594
其他投資現金流量	Other investing cash flows	2,065	1,242
投資活動所用現金淨額	NET CASH USED IN INVESTING ACTIVITIES	(1,565,168)	(7,275,608)
融資活動	FINANCING ACTIVITIES		
收購附屬公司	Payment for acquisition of		
額外權益的付款	additional interests in subsidiaries	—	(177,407)
償還銀行及其他貸款	Repayment of bank and other loans	(2,631,845)	(2,595,100)
已付利息	Interest paid	(903,288)	(517,368)
新增銀行及其他貸款	New bank and other loans raised	8,254,150	3,292,360
發行優先票據所得款項淨額 (償還共同控制實體款項)	Net proceeds from issuance of senior notes (Repayment to) advances from	—	4,804,504
共同控制實體墊款	jointly controlled entities	(413,876)	588,329
向非控制權益支付的股息	Dividend paid to non-controlling interests	—	(190,667)
已付股息	Dividend paid	(902,980)	(515,505)
其他融資現金流量	Other financing cash flows	15,677	381

簡明綜合現金流量表

Condensed Consolidated Statement of Cash Flows

截至二零一二年六月三十日止六個月
For the six months ended June 30, 2012

		截至六月三十日止六個月 Six months ended June 30,	
		二零一二年 2012	二零一一年 2011
		人民幣千元 RMB'000	人民幣千元 RMB'000
		(未經審核) (unaudited)	(未經審核) (unaudited)
融資活動所得現金淨額	NET CASH FROM FINANCING ACTIVITIES	3,417,838	4,689,527
現金及現金等價物增加淨額	NET INCREASE IN CASH AND CASH EQUIVALENTS	2,921,750	2,364,053
期初的現金及現金等價物	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	14,120,925	9,863,132
外匯匯率變動的影響	Effect of foreign exchange rate changes	4,718	(50,059)
期末的現金及現金等價物	CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	17,047,393	12,177,126
現金及現金等價物結餘分析	ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS		
銀行結餘及現金	Bank balances and cash	17,047,393	12,177,126

簡明綜合財務報表附註

Notes to the Condensed Consolidated Financial Statements

截至二零一二年六月三十日止六個月
For the Six Months ended June 30, 2012

1. 編製基準

簡明綜合財務報表按照國際會計準則理事會頒佈的國際會計準則第34號中期財務報告及香港聯合交易所有限公司證券上市規則(「上市規則」)附錄十六的適用披露規定編製。

2. 主要會計政策

除投資物業按公平值計量外，簡明綜合財務報表乃根據歷史成本法編製。

除下文所述者外，截至二零一二年六月三十日止六個月之簡明綜合財務報表所採用會計政策及計算方法與本集團編製截至二零一一年十二月三十一日止年度之年度綜合財務報表所採用者一致。

採納國際財務報告準則之修訂

本集團於本中期首次採納由國際會計準則理事會頒佈的國際財務報告準則之下列修訂。

國際財務報告準則第7號之修訂 金融工具：披露—轉讓金融資產

國際會計準則第12號之修訂 遞延稅項：收回相關資產

於本期間採用國際財務報告準則第7號之修訂對本集團本期間及過往期間的財務業績及狀況及／或該等簡明綜合財務報表所披露資料並無重大影響。

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 (IAS 34) *Interim Financial Reporting* issued by the International Accounting Standards Board as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for investment properties, which are measured at fair values.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended June 30, 2012 are the same as those followed in the preparation of the Group's annual consolidated financial statements for the year ended December 31, 2011.

Application of amendments to International Financial Reporting Standards

In the current interim period, the Group has applied, for the first time, the following amendments to International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board.

Amendments to IFRS 7 Financial Instruments: Disclosures - Transfers of Financial Assets

Amendments to IAS 12 Deferred Tax: Recovery of Underlying Assets

The application of the amendments to IFRS 7 in the current period has had no material impact on the Group's financial performance and positions for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

簡明綜合財務報表附註

Notes to the Condensed Consolidated Financial Statements

截至二零一二年六月三十日止六個月
For the Six Months ended June 30, 2012

2. 主要會計政策(續)

國際會計準則第12號之修訂遞延稅項：收回相關資產

本集團已採用國際會計準則第12號之修訂遞延稅項：收回相關資產(於二零一二年一月一日或之後開始的年度期間生效)。根據該修訂，為計量遞延稅項，按照國際會計準則第40號投資物業採用公平值模式計量的投資物業乃假設透過出售予以收回，除非此項假設於若干情況下被推翻。

二零一二年六月三十日，本集團的投資物業為人民幣16,436,500,000元(二零一一年十二月三十一日：人民幣13,198,200,000元)。本集團採用公平值模式計量投資物業。由於採用國際會計準則第12號之修訂，管理層檢討本集團的投資物業組合(均位於中國並已根據經營租賃租出)，結論為投資物業乃以目的為於一段時間內(而非通過出售)收取投資物業所含絕大部分經濟利益的業務模式持有。由於投資物業為可折舊資產，且該業務模式的目的為於一段時間內收取投資物業所含絕大部分經濟利益，故國際會計準則第12號之修訂所載假設被推翻。有關投資物業之遞延稅項過往並將繼續基於透過使用投資物業所收回之稅項影響計量。因此，採用國際會計準則第12號之修訂對本集團本期間及過往期間的財務業績及財務狀況並無影響。

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Amendments to IAS 12 Deferred Tax: Recovery of Underlying Assets

The Group has applied the amendments to IAS 12 titled *Deferred Tax: Recovery of Underlying Assets* effective for annual periods beginning on or after January 1, 2012. Under the amendments, investment properties that are measured using the fair value model in accordance with IAS 40 *Investment Property* are presumed to be recovered through sale for the purposes of measuring deferred tax, unless the presumption is rebutted in certain circumstances.

As at June 30, 2012, the Group had investment properties amounting to RMB16,436,500,000 (December 31, 2011: RMB13,198,200,000). The Group measures its investment properties using the fair value model. As a result of the application of the amendments to IAS 12, the management reviewed the Group's investment properties portfolio, which are all located in the PRC and rented out under operating leases, and concluded that the investment properties are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time rather through sale. As the investment properties are depreciable assets and the business model's objective is to consume substantially all of the economic benefits embodied in the investment properties over time, the presumption set out in the amendments to IAS 12 is rebutted. Deferred taxation in relation to the investment properties was and is continued to be measured based on the tax consequences of recovering through use. Hence, the application of the amendments to IAS 12 has no effect on the Group's financial performance and financial position in the current and prior periods.

簡明綜合財務報表附註

Notes to the Condensed Consolidated Financial Statements

截至二零一二年六月三十日止六個月
For the Six Months ended June 30, 2012

3. 分部資料

本集團根據主要經營決策人(即本公司執行董事)為向分部配置資源及評估分部表現而定期檢討有關本集團組成部分的內部報告釐定其經營分部。

本集團按活動類別組成業務單元，為配置資源及評估業績目的而按此編製及向本集團主要經營決策人呈報資料。本集團根據國際財務報告準則第8號經營分部劃分的經營分部可分為以下三項主要業務：

- 物業發展：該分部發展及銷售辦公樓、商業及住宅物業。本集團在中華人民共和國(「中國」)經營所有此方面的業務。
- 物業投資：該分部租賃本集團開發的投資物業，以賺取租金收入並長期從物業增值中獲取收益。本集團目前的投資物業組合主要包括零售物業，且全部位於中國。
- 物業管理及相關服務：該分部主要指透過物業管理產生的收入。本集團目前在中國經營此方面的業務。

3. SEGMENT INFORMATION

The Group determines its operating segments based on internal reports about components of the Group that are regularly reviewed by the chief operating decision maker (i.e., the executive directors of the Company) in order to allocate resources to the segment and to assess its performance.

The Group is organised into business units based on their types of activities, based on which information is prepared and reported to the Group's chief operating decision maker for the purposes of resource allocation and assessment of performance. The Group's operating segments under IFRS 8 *Operating Segments* are identified as the following three main operations:

- Property development: this segment develops and sells office premises, commercial and residential properties. All the Group's activities in this regard are carried out in the People's Republic of China (the "PRC").
- Property investment: this segment leases investment properties, which are developed by the Group to generate rental income and to gain from the appreciation in the properties' values in the long term. Currently the Group's investment property portfolio is mainly comprised of retail properties and are all located entirely in the PRC.
- Property management and related services: this segment mainly represents the income generated from property management. Currently the Group's activities in this regard are carried out in the PRC.

簡明綜合財務報表附註

Notes to the Condensed Consolidated Financial Statements

截至二零一二年六月三十日止六個月
For the Six Months ended June 30, 2012

3. 分部資料 (續)

(a) 分部業績

為評估分部表現及在各分部之間配置資源，本公司執行董事按以下基準監督各經營分部應佔的收入及業績：

收入及支出根據經營分部的銷售收入及所產生的相關支出而分配至經營分部。分部溢利不包括本集團應佔本集團共同控制實體業務活動產生的業績。

呈報分部溢利所採用的指標為未計利息、稅項、折舊、分佔共同控制實體業績、投資物業公平值變動及融資成本的經調整盈利(「經調整盈利」)，此處所指的「利息」包括投資收入，而「折舊」則視為包括非流動資產的減值虧損。為確定經調整盈利，本集團的盈利會就未具體劃撥至個別分部的項目(例如董事及核數師薪酬以及其他總部或公司行政開支)作進一步調整。

除有關分部溢利的分部資料外，管理層亦獲取有關收入的分部資料(包括分部間銷售)。分部間銷售乃參照同類服務對外收費而定價。

3. SEGMENT INFORMATION (Continued)

(a) Segment results

For the purposes of assessing segment performance and allocating resources between segments, the Company's executive directors monitors the revenue and results attributable to each operating segment on the following bases:

Revenue and expenses are allocated to the operating segments with reference to sales generated by those segments and the expenses incurred by those segments. Segment profit does not include the Group's share of results arising from the activities of the Group's jointly controlled entities.

The measure used for reporting segment profit is adjusted earnings before interest, taxes, depreciation, share of results of jointly controlled entities, change in fair value of investment properties and finance costs ("Adjusted Earnings"), where "interest" is regarded as including investment income and "depreciation" is regarded as including impairment losses on non-current assets. To arrive at Adjusted Earnings, the Group's earnings are further adjusted for items not specifically attributed to individual segments, such as directors' and auditor's remuneration and other head office or corporate administration costs.

In addition to receiving segment information concerning segment profits, management is provided with segment information concerning revenue (including inter-segment sales). Inter-segment sales are priced with reference to prices charged to external parties for similar service.

簡明綜合財務報表附註

Notes to the Condensed Consolidated Financial Statements

截至二零一二年六月三十日止六個月
For the Six Months ended June 30, 2012

3. 分部資料 (續)

(a) 分部業績 (續)

有關本集團經營分部的資料列示如下。

3. SEGMENT INFORMATION (Continued)

(a) Segment results (Continued)

Information regarding the Group's operating segments is set out below.

		截至二零一二年六月三十日止六個月(未經審核) Six months ended June 30, 2012 (unaudited)			
		物業發展 Property development	物業投資 Property investment	物業管理及 相關服務 Property management and related services	總計 Total
		人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000
來自外部客戶的收入	Revenue from external customers	14,132,651	226,709	192,339	14,551,699
分部間收入	Inter-segment revenue	—	—	29,787	29,787
分部收入	Segment revenue	14,132,651	226,709	222,126	14,581,486
分部溢利(經調整盈利)	Segment profit (Adjusted Earnings)	6,260,299	184,366	44,907	6,489,572

簡明綜合財務報表附註

Notes to the Condensed Consolidated Financial Statements

截至二零一二年六月三十日止六個月
For the Six Months ended June 30, 2012

3. 分部資料 (續)

(a) 分部業績 (續)

有關本集團經營分部的資料列示如下。(續)

3. SEGMENT INFORMATION (Continued)

(a) Segment results (Continued)

Information regarding the Group's operating segments is set out below. (Continued)

截至二零一二年六月三十日止六個月(未經審核)

Six months ended June 30, 2012 (unaudited)

		物業發展 Property development	物業投資 Property investment	物業管理及 相關服務 Property management and related services	總計 Total
		人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000
來自外部客戶的收入	Revenue from external customers	7,549,779	168,239	134,208	7,852,226
分部間收入	Inter-segment revenue	—	—	24,340	24,340
分部收入	Segment revenue	7,549,779	168,239	158,548	7,876,566
分部溢利(經調整盈利)	Segment profit (Adjusted Earnings)	3,926,230	126,482	40,449	4,093,161

簡明綜合財務報表附註

Notes to the Condensed Consolidated Financial Statements

截至二零一二年六月三十日止六個月
For the Six Months ended June 30, 2012

3. 分部資料 (續)

(b) 分部收入與損益對賬

3. SEGMENT INFORMATION (Continued)

(b) Reconciliations of segment revenues and profit or loss

		截至六月三十日止六個月 Six months ended June 30,	
		二零一二年 2012	二零一一年 2011
		人民幣千元 RMB'000	人民幣千元 RMB'000
		(未經審核) (unaudited)	(未經審核) (unaudited)
收入	Revenue		
分部收入	Segment revenue	14,581,486	7,876,566
分部間收入對銷	Elimination of inter-segment revenue	(29,787)	(24,340)
綜合收入	Consolidated revenue	14,551,699	7,852,226
溢利	Profit		
分部溢利	Segment profit	6,489,572	4,093,161
其他收入	Other income	80,711	52,470
其他收益及虧損	Other gains and losses	(65,662)	65,410
轉撥為投資物業 的公平值收益	Fair value gain upon transfer to investment properties	167,573	63,521
投資物業的公平值變動	Change in fair value of investment properties	501,607	754,783
融資成本	Finance costs	(40,897)	(73,954)
分佔共同控制實體業績	Share of results of jointly controlled entities	72,003	11,515
折舊	Depreciation	(14,371)	(11,024)
未分配開支	Unallocated expenses	(279,186)	(188,510)
綜合除稅前溢利	Consolidated profit before taxation	6,911,350	4,767,372

簡明綜合財務報表附註

Notes to the Condensed Consolidated Financial Statements

截至二零一二年六月三十日止六個月
For the Six Months ended June 30, 2012

3. 分部資料 (續)

(c) 分部資產

本集團按經營分部劃分的資產分析如下：

出售物業	Sales of properties
租賃物業(附註)	Leasing of properties (Note)
提供物業管理服務	Provision of property management services
分部資產總值	Total segment assets

附註：

上述有關租賃物業之分部資產金額指投資物業之成本。

3. SEGMENT INFORMATION (Continued)

(c) Segment Assets

The following is an analysis of the Group's assets by operating segment:

於 二零一二年 六月三十日 At June 30, 2012 人民幣千元 RMB'000 (未經審核) (unaudited)	於 二零一一年 十二月 三十一日 At December 31, 2011 人民幣千元 RMB'000 (經審核) (audited)
57,767,629	52,787,549
8,178,805	5,597,628
20,990	17,524
65,967,424	58,402,701

Note:

The above amount of segment asset relating to leasing of properties represents the cost of investment properties.

簡明綜合財務報表附註

Notes to the Condensed Consolidated Financial Statements

截至二零一二年六月三十日止六個月
For the Six Months ended June 30, 2012

4. 其他收入

4. OTHER INCOME

		截至六月三十日止六個月 Six months ended June 30,	
		二零一二年 2012	二零一一年 2011
		人民幣千元 RMB'000	人民幣千元 RMB'000
		(未經審核) (unaudited)	(未經審核) (unaudited)
利息收入	Interest income	56,822	40,594
諮詢費收入	Consultancy fee income	—	581
非上市可供出售投資 股息收入	Dividend income from unlisted available-for-sale investments	1,312	1,028
政府補貼	Government subsidies	14,961	—
雜項收入	Sundry income	7,616	10,267
總計	Total	80,711	52,470

簡明綜合財務報表附註

Notes to the Condensed Consolidated Financial Statements

截至二零一二年六月三十日止六個月
For the Six Months ended June 30, 2012

5. 其他收益及虧損

5. OTHER GAINS AND LOSSES

		截至六月三十日止六個月 Six months ended June 30,	
		二零一二年 2012	二零一一年 2011
		人民幣千元 RMB'000	人民幣千元 RMB'000
		(未經審核) (unaudited)	(未經審核) (unaudited)
	Gain (loss) on disposal of property, plant and equipment	75	(28)
出售物業、廠房及設備的收益(虧損)			
匯兌(虧損)收益淨額(附註)	Net exchange (loss) gain (Note)	(65,737)	65,438
		(65,662)	65,410

附註：

指原貨幣分別為港元及美元的銀行借貸及優先票據產生的匯兌差額。

Note:

It represents exchange difference arising from bank borrowings and senior notes, original currencies of which are Hong Kong Dollar and United States Dollar respectively.

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6. 融資成本

6. FINANCE COSTS

		截至六月三十日止六個月 Six months ended June 30,	
		二零一二年 2012	二零一一年 2011
		人民幣千元 RMB'000	人民幣千元 RMB'000
		(未經審核) (unaudited)	(未經審核) (unaudited)
銀行及其他借款利息	Interest on bank and other borrowings		
須於五年內悉數償還	Wholly repayable within five years	(699,688)	(520,174)
毋須於五年內悉數償還	Not wholly repayable within five years	(12,776)	(16,388)
優先票據利息開支	Interest expense on senior notes	(233,824)	(110,810)
減：發展中待售物業的資本化金額	Less: Amount capitalised to properties under development for sale	905,391	573,418
		(40,897)	(73,954)

資本化的借貸成本均源自本集團的一般借款額，截至二零一二年六月三十日止六個月按每年6.9%（截至二零一一年六月三十日止六個月：6.2%）的資本化比率計算，計入未完成資產開支。

Borrowing costs capitalised arose on the general borrowing pool of the Group and were calculated by applying a capitalisation rate of 6.9% (six months ended June 30, 2011: 6.2%) per annum for the six months ended June 30, 2012 to expenditure on the qualifying assets.

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Notes to the Condensed Consolidated Financial Statements

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7. 所得稅開支

7. INCOME TAX EXPENSE

		截至六月三十日止六個月 Six months ended June 30,	
		二零一二年 2012	二零一一年 2011
		人民幣千元 RMB'000	人民幣千元 RMB'000
		(未經審核) (unaudited)	(未經審核) (unaudited)
即期稅項	Current tax		
中國企業所得稅(「企業所得稅」)	PRC Enterprise Income Tax ("EIT")	(1,559,835)	(967,147)
土地增值稅(「土地增值稅」)	Land appreciation tax ("LAT")	(1,382,166)	(1,020,972)
		(2,942,001)	(1,988,119)
過往期間超額撥備	Overprovision in prior periods		
土地增值稅*	LAT*	31,154	—
		(2,910,847)	(1,988,119)
遞延稅項	Deferred taxation		
本期間**	Current period**	121,162	(14,027)
		(2,789,685)	(2,002,146)

* 截至二零一二年六月三十日止中期的一個物業項目實際增值金額已確認，與管理層過往期間所估計的增值不同，導致過往期間的土地增值稅有超額撥備。

** 遞延稅項負債包括過往期間就所有中國附屬公司所產生及香港公司所持的未分派溢利20%作出的預扣稅撥備。

* The actual appreciation value of a property project had been finalised in the interim period ended June 30, 2012, which differed from the management's estimated appreciation value made in prior periods, resulting in an overprovision of LAT in respect of prior periods.

** Deferred taxation liabilities include provision for withholding tax which has been provided for at 20% of the undistributed profits arising from all subsidiaries situated in the PRC and held by Hong Kong companies during the prior period.

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7. 所得稅開支 (續)

由於本集團的收入既不產自或來自香港，故並無就香港利得稅作出撥備。

根據中國企業所得稅法（「企業所得稅法」）及企業所得稅法實施條例，自二零零八年一月一日起，中國附屬公司的稅率為25%。

本公司於中國經營的若干附屬公司合資格享有若干免稅期及稅務優惠，並豁免繳納本期間及上一期間的中國企業所得稅。

根據相關中國企業所得稅規則及規例，本集團若干於西部地區成立且從事受鼓勵業務的中國附屬公司獲授優惠企業所得稅稅率。倘該等公司受鼓勵業務所得年收入佔其年度總收入的70%以上，則二零一二年可按15%的優惠稅率繳納企業所得稅，惟須待稅務機構批准。

7. INCOME TAX EXPENSE (Continued)

No provision for Hong Kong Profits Tax has been made as the Group does not have income which arises in, or is derived from, Hong Kong.

Under the Law of the PRC on EIT (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from January 1, 2008 onwards.

Certain of the Company’s subsidiaries operating in the PRC are eligible for certain tax holidays and concessions and were exempted from PRC EIT for both periods.

Pursuant to the relevant PRC corporate income tax rules and regulations, preferential corporate income tax rates have been granted to certain of the Company’s PRC subsidiaries which were established in western regions and engaged in the encouraged business. These companies are subject to a preferential rate of 15% in 2012, subject to approval of the tax authority, if the annual income derived from the encouraged business is more than 70% of the annual total income.

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Notes to the Condensed Consolidated Financial Statements

截至二零一二年六月三十日止六個月
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8. 期內溢利

8. PROFIT FOR THE PERIOD

		截至六月三十日止六個月 Six months ended June 30,	
		二零一二年 2012	二零一一年 2011
		人民幣千元 RMB'000	人民幣千元 RMB'000
		(未經審核) (unaudited)	(未經審核) (unaudited)
經扣除(計入)下列各項後 的期內溢利：	Profit for the period has been arrived at after charging (crediting):		
物業、廠房及設備折舊	Depreciation of property, plant and equipment	14,371	11,024
出售物業、廠房及設備 的(收益)虧損	(Gain) loss on disposal of property, plant and equipment	(75)	28
經營租賃的租金	Operating lease rentals	9,945	6,724

9. 股息

9. DIVIDEND

		截至六月三十日止六個月 Six months ended June 30,	
		二零一二年 2012	二零一一年 2011
		人民幣千元 RMB'000	人民幣千元 RMB'000
		(未經審核) (unaudited)	(未經審核) (unaudited)
期內確認為分派的股息：	Dividend recognised as distribution during the period:		
二零一一年派付的末期股息 每股人民幣0.175元(截至 二零一一年六月三十日 止六個月：二零一零年 每股人民幣0.1元)	Final dividend paid in respect of 2011 of RMB0.175 (Six months ended June 30 2011: in respect of 2010 of RMB0.1) per share	902,980	515,505

附註：截至二零一二年及二零一一年六月三十日
止六個月，本公司並無宣派及建議派付股
息。

Note: No dividends were declared and proposed by the company during the six months
ended June 30, 2012 and 2011.

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10. 每股盈利

本公司擁有人應佔每股基本及攤薄盈利的計算乃基於以下數據計算：

10. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

		截至六月三十日止六個月 Six months ended June 30,	
		二零一二年 2012 人民幣千元 RMB'000 (未經審核) (unaudited)	二零一一年 2011 人民幣千元 RMB'000 (未經審核) (unaudited)
用於計算每股基本及攤薄盈利的本公司擁有人應佔盈利	Earnings attributable to the owners of the Company for the purposes of calculation of basic and diluted earnings per share	3,810,157	2,523,942
		二零一二年 2012 千股 (未經審核) '000 (unaudited)	二零一一年 2011 千股 (未經審核) '000 (unaudited)
股份數目	Number of shares		
用於計算每股基本盈利的普通股加權平均數	Weighted average number of ordinary shares for the purpose of calculation of basic earnings per share	5,156,395	5,155,047
購股權相關之普通股的潛在攤薄影響	Effect of dilutive potential ordinary shares in respect of – Share options	29,181	23,631
用於計算每股攤薄盈利的普通股加權平均數	Weighted average number of ordinary shares for the purpose of calculation of diluted earnings per share	5,185,576	5,178,678

截至二零一二年及二零一一年六月三十日止六個月，由於按二零零九年十二月二十三日所採納首次公開發售後購股權計劃於二零一一年一月十七日授出的尚未行使購股權在二零一二年及二零一一年未行使期間的經調整行使價高於本公司股份的平均市價，故計算每股攤薄盈利時並無考慮該等購股權。

For the six months ended June 30, 2012 and 2011, the outstanding share options issued on January 17, 2011 under the Post-IPO share option scheme adopted on December 23, 2009 are not included in the calculation of diluted earnings per share as the adjusted exercise price was greater than the average market price of the Company's shares during the outstanding period in 2012 and 2011.

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11. 投資物業

11. INVESTMENT PROPERTIES

		已落成 投資物業 Completed investment properties 人民幣千元 RMB'000	在建 投資物業 Investment properties under construction 人民幣千元 RMB'000	總計 Total 人民幣千元 RMB'000
二零一二年一月一日 (經審核)	At January 1, 2012 (audited)	8,298,200	4,900,000	13,198,200
添置	Additions	45,065	654,420	699,485
轉撥	Transfer	159,000	(159,000)	—
轉撥自預付租賃款項	Transfer from prepaid lease payments	—	1,869,635	1,869,635
預付租賃款項轉撥為投資物業之公平值收益	Fair value gain upon transfer of prepaid lease payments to investment properties	—	167,573	167,573
於損益確認的公平值增加淨額	Net increase in fair value recognised in profit or loss	134,835	366,772	501,607
二零一二年六月三十日 (未經審核)	At June 30, 2012 (unaudited)	8,637,100	7,799,400	16,436,500

投資物業均位於中國，屬中期租賃。

The investment properties are all situated in the PRC under medium-term leases.

本集團投資物業於轉撥當日及二零一二年與二零一一年六月三十日的公平值根據與本集團並無關連的一家獨立合資格專業估值師行第一太平戴維斯估值及專業顧問有限公司(具備相關資格，且近期有對相關地點類似物業估值的經驗)於該等日期進行的估值計算。

The fair values of the Group's investment properties at dates of transfer and June 30, 2012 and 2011 have been arrived at on the basis of valuations carried out on those dates by Savills Valuation and Professional Services Limited, a firm of independent qualified professional valuers not connected with the Group, who have appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations.

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11. 投資物業 (續)

估值師採用以下基準釐定投資物業的公平值：

已落成物業 — 將現有租約所得租金收入淨額資本化計算，且已適當考慮有關物業日後重訂租約可能獲得的租金收入。

在建物業 — 基於有關物業將根據最新發展方案開發及建成而估算，並計及有關物業落成將耗費的建築成本以及開發商的利潤率以反映落成的發展項目的質量。

本集團為賺取租金或尋求資本增值而所持租賃土地及樓宇的物業權益均按公平值計量，歸類為投資物業，按投資物業入賬。

12. 物業、廠房及設備

截至二零一二年六月三十日止六個月，添置的物業、廠房及設備為人民幣13,620,000元(截至二零一一年六月三十日止六個月：人民幣12,351,000元)，當中包括樓宇、汽車以及設備及傢俱。

11. INVESTMENT PROPERTIES (Continued)

The fair values of the investment properties were determined by the valuers on the following basis:

Completed properties — arrived at by capitalising the net rental income derived from the existing tenancies with due allowance for reversionary incoming potential of the respective properties.

Properties under construction — valued on the basis that they will be developed and completed in accordance with the latest development proposals and taken into account the constructions costs that will be expended to complete the development as well as developer's profit margin to reflect the quality of the completed development.

All of the Group's property interests in leasehold land and buildings to earn rentals or for capital appreciation purposes are measured using the fair value model and classified and accounted for as investment properties.

12. PROPERTY, PLANT AND EQUIPMENT

During the six months ended June 30, 2012, additions to property, plant and equipment amounted to RMB13,620,000 (six months ended June 30, 2011: RMB12,351,000), consisting of buildings, motor vehicles and equipment and furniture.

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13. 預付租賃款項

預付租賃款項的賬面值即在中國持有的土地使用權，分析如下：

中期	Medium-term
長期	Long-term
非即期	Non-current

本集團預付租賃款項指為在中國收購介乎40年至70年租期作物業開發的土地使用權所支付的款項。於二零一二年六月三十日，本集團尚未自相關當局取得賬面值為人民幣1,185,019,000元(於二零一一年十二月三十一日：人民幣1,373,125,000元)的預付租賃的土地使用權證。

13. PREPAID LEASE PAYMENTS

The carrying amount of prepaid lease payments represents land use rights held in the PRC and is analysed as follows:

	於 二零一二年 六月三十日 At June 30, 2012 人民幣千元 RMB'000 (未經審核) (<i>unaudited</i>)	於 二零一一年 十二月 三十一日 At December 31, 2011 人民幣千元 RMB'000 (經審核) (<i>audited</i>)
中期	3,095,452	3,073,158
長期	1,537,411	3,648,828
非即期	4,632,863	6,721,986

The Group's prepaid lease payments represent payments for acquisition of land use rights in the PRC with lease terms ranging from 40 to 70 years for the purpose of property development. The Group had not yet obtained the certificates of land use rights of prepaid leases with a carrying value of RMB1,185,019,000 (At December 31, 2011: RMB1,373,125,000) from the relevant authorities at June 30, 2012.

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14. 應收賬款及其他應收款項、 按金及預付款項

貿易應收款項主要產生自物業銷售及物業投資。有關銷售物業的代價由買方根據相關買賣協議條款支付，投資物業的租金收入則由租戶按租約條款於兩個月內支付。

14. ACCOUNTS AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

Trade receivables are mainly arisen from sales of properties and properties investment. Considerations in respect of sales of properties are paid by purchasers in accordance with the terms of the related sales and purchase agreements. For properties investment, rental income are paid by tenants within two months in accordance with the terms in the tenant agreement.

		於 二零一二年 六月三十日 At June 30, 2012 人民幣千元 RMB'000 (未經審核) (<i>unaudited</i>)	於 二零一一年 十二月 三十一日 At December 31, 2011 人民幣千元 RMB'000 (經審核) (<i>audited</i>)
貿易應收款項	Trade receivables	37,930	128,367
應收票據	Bills receivable	83,141	—
其他應收款項， 減呆賬撥備(附註)	Other receivables, net of allowance for doubtful debts (Note)	1,159,819	923,169
向供應商墊款	Advances to suppliers	340,143	308,859
預付稅項	Prepaid tax	1,924,255	1,965,625
預付款項及設施按金	Prepayments and utilities deposits	22,652	18,276
		3,567,940	3,344,296

附註：其他應收款項包括租賃按金、應收土地拍賣按金撥回額及建築工程按金。

Note: Included in other receivables are rental deposits, receivable of refund of the deposit for land auction and deposits for construction work.

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14. 應收賬款及其他應收款項、 按金及預付款項 (續)

以下為報告期末根據發票日期計算的貿易應收款項及應收票據的賬齡分析：

14. ACCOUNTS AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (Continued)

The following is an aged analysis of trade receivables and bills receivable at the end of the reporting period based on invoice date:

		於 二零一二年 六月三十日 At June 30, 2012 人民幣千元 RMB'000 (未經審核) (unaudited)	於 二零一一年 十二月 三十一日 At December 31, 2011 人民幣千元 RMB'000 (經審核) (audited)
60日內	Within 60 days	9,551	65,269
61至180日	61 - 180 days	96,088	11,681
181至365日	181 - 365 days	15,046	51,417
1至2年	1 - 2 years	386	—
		121,071	128,367

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15. 應付賬款、已收按金及應計費用

15. ACCOUNTS PAYABLE, DEPOSITS RECEIVED AND ACCRUED CHARGES

	於 二零一二年 六月三十日 At June 30, 2012 人民幣千元 RMB'000 (未經審核) (<i>unaudited</i>)	於 二零一一年 十二月 三十一日 At December 31, 2011 人民幣千元 RMB'000 (經審核) (<i>audited</i>)
貿易應付款項及應計建築開支	3,958,745	3,665,035
應付票據	482	1,852
已收按金及物業銷售預收款項	34,258,369	34,569,718
其他應付款項及應計費用(附註)	2,929,350	3,174,071
	41,146,946	41,410,676

附註：其他應付款項及應計費用主要包括已收客戶並代表客戶應付政府的稅項、應計薪金及應計員工福利。

貿易應付款項及應計建築開支包括建築費用及其他項目相關開支，乃根據本集團計量的項目進度支付。

Note: Other payables and accrued charges comprise mainly tax received and payable to the government on behalf of customers, accrued salaries and accrued staff welfare.

Trade payables and accrued expenditure on construction comprise construction costs and other project-related expenses which are payable based on project progress measured by the Group.

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15. 應付賬款、已收按金及應計費用 (續)

以下為於報告期末，貿易應付款項、應計建築開支及應付票據的賬齡分析：

15. ACCOUNTS PAYABLE, DEPOSITS RECEIVED AND ACCRUED CHARGES (Continued)

The following is an aged analysis of trade payables and accrued expenditure on construction and bills payable at the end of the reporting period:

		於 二零一二年 六月三十日 At June 30, 2012 人民幣千元 RMB'000 (未經審核) (unaudited)	於 二零一一年 十二月 三十一日 At December 31, 2011 人民幣千元 RMB'000 (經審核) (audited)
60日內	Within 60 days	2,771,051	2,520,267
61至180日	61 - 180 days	485,594	734,431
181至365日	181 - 365 days	269,802	178,561
1至2年	1 - 2 years	380,979	214,283
2至3年	2 - 3 years	40,116	7,449
超過3年	Over 3 years	11,685	11,896
		3,959,227	3,666,887

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16. 銀行及其他借款

16. BANK AND OTHER BORROWINGS

		於 二零一二年 六月三十日 At June 30, 2012 人民幣千元 RMB'000 (未經審核) (<i>unaudited</i>)	於 二零一一年 十二月 三十一日 At December 31, 2011 人民幣千元 RMB'000 (經審核) (<i>audited</i>)
銀行貸款，有抵押	Bank loans, secured	14,456,778	9,199,252
銀行貸款，無抵押	Bank loans, unsecured	9,033,531	8,637,076
債券，有抵押	Bond, secured	1,390,938	1,389,924
		24,881,247	19,226,252
減：於流動負債列賬之一年內 到期款項	Less: Amount due within one year shown under current liabilities	(4,531,168)	(3,580,372)
一年後到期款項	Amount due after one year	20,350,079	15,645,880

本期內，本集團新增人民幣8,254,150,000元(截至二零一一年六月三十日止六個月：人民幣3,292,360,000元)的銀行貸款以及償還人民幣2,631,845,000元(截至二零一一年六月三十日止六個月：人民幣2,595,100,000元)的銀行貸款。於二零一二年六月三十日，賬面值為人民幣3,190,789,000元(二零一一年十二月三十一日：人民幣2,375,829,000元)的定息銀行借貸的年利率介乎3.08%至7.87%(二零一一年十二月三十一日：3.08%至6.19%)。於二零一二年六月三十日，賬面值為人民幣20,299,520,000元(二零一一年十二月三十一日：人民幣15,460,499,000元)的餘下銀行借貸按基於中國人民銀行所報利率的浮動利率計息，實際年利率介乎3%至8.11%(於二零一一年十二月三十一日：5.4%至8.11%)，因此本集團面對現金流量利率風險。

During the current period, the Group obtained new bank loans amounting to RMB8,254,150,000 (six months ended June 30 2011: RMB3,292,360,000) and repaid bank loans of RMB2,631,845,000 (six months ended June 30, 2011: RMB2,595,100,000). The fixed rate bank borrowings at June 30, 2012 with carrying amount of RMB3,190,789,000 (at December 31, 2011: RMB2,375,829,000) carry interest ranging from 3.08% to 7.87% (at December 31, 2011: 3.08% to 6.19%) per annum. The remaining bank borrowings with carrying amount of RMB20,299,520,000 (at December 31, 2011: RMB15,460,499,000) carry interest at variable rates based on the interest rates quoted by the People's Bank of China, the effective interest rate is ranging from 3% to 8.11% (at December 31, 2011: 5.4% to 8.11%) per annum at June 30, 2012, and exposing the Group to cash flow interest rate risk.

簡明綜合財務報表附註

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截至二零一二年六月三十日止六個月
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17. 優先票據

二零一一年四月七日，本公司按面值向公眾發行總面值750,000,000美元(約人民幣4,909,200,000元)的有擔保優先定息票據(「票據」)，固定年利率為9.5%，須每半年支付，至二零一六年四月七日須悉數償還。

票據於新加坡證券交易所有限公司上市，無抵押，屬本公司優先債券，由本公司現有若干附屬公司(根據中國及巴貝多法律成立的公司除外)擔保。倘以資產價值作為抵押，則有關擔保的履行次序實際上不及各擔保人的其他有抵押責任優先。

於二零一四年四月七日之後，本公司可隨時及不時選擇贖回全部或部分票據，贖回價相等於下文載列的本金額百分比另加至贖回日期的應計及未付利息(倘於下文所示各年四月七日開始的十二個月期間贖回)。

年份	贖回價
二零一四年	104.75%
二零一五年及之後	102.375%

於二零一四年四月七日之前，本公司可隨時及不時選擇按相等於票據本金額100%的贖回價另加截至贖回日期(不包括當日)的相關溢價及應計與未付的利息(如有)，贖回全部(但非部分)票據。

「相關溢價」與贖回日期的票據有關，指(1)該等票據本金額的1.00%與(2)(A)(i)該等票據於二零一四年四月七日的贖回價另加(ii)該等票據截至二零一四年四月七日剩餘所有規定的按進度支付的利息(按相等於經調整公債利率加100個基點的折扣率計算，惟不包括截至贖回日期的應計及未付利息)於有關贖回日期的現值超過(B)該等票據於贖回日期之本金的差額的較高者。

17. SENIOR NOTES

On April 7, 2011, the Company issued guaranteed senior fixed rate notes to the public at par with aggregate nominal value of US\$750,000,000 (approximately RMB4,909,200,000) (the “Notes”) which carry fixed interest of 9.5% per annum (interest payable semi-annually in arrears) and will be fully repayable by April 7, 2016.

The Notes are listed on the Singapore Exchange Securities Trading Limited. They are unsecured, senior obligations of the Company and guaranteed by certain of the Company’s existing subsidiaries, other than those organised under the laws of the PRC and Barbados. The guarantees are effectively subordinated to the other secured obligations of each guarantor, to the extent of the value of assets serving as security.

At any time and from time to time after April 7, 2014, the Company may at its option 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 the redemption date if redeemed during the twelve-month period beginning on April 7 of each of the years indicated below.

Year	Redemption price
2014	104.75%
2015 and thereafter	102.375%

At any time and from time to time prior to April 7, 2014, the Company may at its option redeem the Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the Notes plus the Applicable Premium as of, and accrued the unpaid interest, if any, to (but not including) the redemption date.

“Applicable Premium” means with respect to the Notes at any redemption date, the greater of (1) 1.00% of the principal amount of such Notes and (2) the excess of (A) the present value at such redemption date of (i) the redemption price of such Notes on April 7, 2014 plus (ii) all required remaining scheduled interest payments due on such Notes through April 7, 2014 (but excluding accrued and unpaid interest to the redemption date), computed using a discount rate equal to the adjusted treasury rate plus 100 basis points, over (B) the principal amount of such Notes on such redemption date.

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17. 優先票據 (續)

董事認為，提前贖回的風險及特徵與主合約密切相關，因此不單獨入賬為金融衍生工具。

於二零一四年四月七日前，本公司可隨時及不時按票據本金額109.5%的贖回價，另加截至贖回日期(但不包括該日)的應計及未付利息(如有)，以本公司股本發售中的一股或以上普通股的現金所得款項淨額，贖回最多達票據本金總額35%，惟於各有關贖回及於有關股本發售結束後60日內進行的任何有關贖回後，至少65%於原發行日期發行的票據本金總額須仍未償還。董事認為，提前贖回的公平值並不重大。

在發生引起控制權變動事件的情況下，本公司將按相等於本金額101%之購買價另加截至提呈購買付款日期(但不包括該日)的應計及未付利息(如有)，要約購回所有未償還票據。

票據的賬面淨值扣除全部發行開支15,995,000美元(約人民幣104,696,000元)列賬，票據實際年利率為10.02%。

17. SENIOR NOTES (Continued)

In the opinion of directors, the risk and characteristics of the early redemption option were closely related to the host contract, therefore, it was not separately accounted for as financial derivatives.

At any time and from time to time prior to April 7, 2014, the Company may redeem up to 35% of the aggregate principal amount of the 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 109.5% of the principal amount of the 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 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. In the opinion of the directors, the fair value of the early redemption option is insignificant.

Upon the occurrence of a change of control triggering event, the Company will make an offer to repurchase all outstanding Notes at a purchase price equal to 101% of their principal amount plus accrued and unpaid interest, if any, to (but not including) the offer to purchase payment date.

The net carrying amount of the Notes is stated net of issue expenses totalling US\$15,995,000 (approximately RMB104,696,000) and the effective interest rate of the rate is 10.02% per annum.

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17. 優先票據 (續)

期內，票據的變動如下：

		人民幣千元 RMB'000
於二零一二年一月一日	At January 1, 2012	4,740,473
匯兌虧損	Exchange loss	18,892
利息開支(附註6)	Interest expenses (note 6)	233,824
期內已付利息	Interest paid during the period	(225,527)
於二零一二年六月三十日的賬面值	Carrying amount as at June 30, 2012	4,767,662

於二零一二年六月三十日，參考新加坡證券交易所有限公司所報市價之票據公平值約為人民幣4,951,211,000元(二零一一年十二月三十一日：人民幣5,005,378,000元)。

17. SENIOR NOTES (Continued)

The movements of the Notes for the period are set out below:

	人民幣千元 RMB'000
At January 1, 2012	4,740,473
Exchange loss	18,892
Interest expenses (note 6)	233,824
Interest paid during the period	(225,527)
Carrying amount as at June 30, 2012	4,767,662

The fair value of the Notes at June 30, 2012 with reference to the quoted market price available on the Singapore Exchange Securities Trading Limited amounted to approximately RMB4,951,211,000 (at December 31, 2011: RMB5,005,378,000).

簡明綜合財務報表附註

Notes to the Condensed Consolidated Financial Statements

截至二零一二年六月三十日止六個月
For the Six Months ended June 30, 2012

18. 股本

18. SHARE CAPITAL

		每股面值 0.10 港元之 普通股數目 Number of ordinary shares of par value HK\$0.10each	面值 Nominal value 千港元 HK\$'000
每股面值 0.1 港元的股份	Shares of HK\$0.1 each		
法定	Authorised		
於二零一二年一月一日及 二零一二年六月三十日	At January 1, 2012 and June 30, 2012	10,000,000,000	1,000,000
已發行及繳足	Issued and fully paid		
於二零一二年一月一日	At January 1, 2012	5,155,050,000	515,505
行使購股權時發行股份 (附註)	Issue of shares upon exercise of share options (Note)	6,561,000	656
於二零一二年六月三十日	At June 30, 2012	5,161,611,000	516,161
簡明綜合財務報表所示	Shown in the condensed consolidated financial statements		
		等值人民幣千元 RMB'000	
於二零一二年六月三十日	At June 30, 2012	equivalent	453,948
		等值人民幣千元 RMB'000	
於二零一一年 十二月三十一日	At December 31, 2011	equivalent	453,415

附註：

截至二零一二年六月三十日止六個月，本公司於行使購股權時發行 6,561,000 股(二零一一年：50,000 股)每股面值 0.1 港元的普通股。期內購股權的行使價為 2.94 港元(相當於人民幣 2.39 元)(二零一一年：8.44 港元，相當於人民幣 7.18 元)。新普通股與現有股份在各方面均享有同等權益。

Note:

During the six months ended June 30, 2012, the Company issued 6,561,000 (2011: 50,000) ordinary shares of HK\$0.1 each upon exercise of share options. The exercise price of the share options during the period is HK\$2.94 (equivalent to RMB2.39) (2011: HK\$8.44 (equivalent to RMB7.18)). The new ordinary shares rank pari passu with the then existing shares in all aspects.

簡明綜合財務報表附註

Notes to the Condensed Consolidated Financial Statements

截至二零一二年六月三十日止六個月
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19. 資產抵押

於報告期末，已抵押以下資產作為本集團獲授若干銀行及其他融資的擔保及向已出售物業的買家授出按揭貸款：

19. PLEDGE OF ASSETS

The following assets were pledged to secure certain banking and other facilities granted to the Group and mortgage loans granted to buyers of sold properties at the end of the reporting period:

		於 二零一二年 六月三十日 At June 30, 2012 人民幣千元 RMB'000 (未經審核) (unaudited)	於 二零一一年 十二月 三十一日 At December 31, 2011 人民幣千元 RMB'000 (經審核) (audited)
投資物業	Investment properties	4,028,444	3,900,627
預付租賃款項	Prepaid lease payments	1,962,964	1,927,280
發展中待售物業	Properties under development for sale	19,031,430	16,471,904
持作出售物業	Properties held for sales	770,161	389,687
已抵押銀行存款	Pledged bank deposits	420,990	406,125
		26,213,989	23,095,623

簡明綜合財務報表附註

Notes to the Condensed Consolidated Financial Statements

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20. 承擔

於報告期末，本集團有以下承擔：

20. COMMITMENTS

At the end of the reporting period, the Group had the following commitments:

	於 二零一二年 六月三十日 At June 30, 2012 人民幣千元 RMB'000 (未經審核) (unaudited)	於 二零一一年 十二月 三十一日 At December 31, 2011 人民幣千元 RMB'000 (經審核) (audited)
已訂約但未於簡明綜合 財務報表撥備：		
Contracted for but not provided for in the condensed consolidated financial statements:		
— 歸類為發展中待售物業及 在建投資物業之項目的開支	- Expenditure in respect of projects classified as properties under development for sale and investment properties under construction	11,741,237
— 有關收購土地使用權的開支	- Expenditure in respect of acquisition of land use rights	2,143,152
	13,884,389	10,587,509
		4,709,435
		15,296,944

21. 或然負債

二零一二年六月三十日，本集團就物業買方獲授按揭銀行貸款提供約人民幣8,000,548,000元(二零一一年十二月三十一日：人民幣7,755,814,000元)的擔保。本公司董事認為，本集團該等財務擔保合約的公平值於初始確認時並不重大，所涉訂約方違約的機率極低，因此於擔保合約開始時以及於二零一二年六月三十日及二零一一年十二月三十一日的報告期末概無確認價值。

21. CONTINGENT LIABILITIES

The Group provided guarantees amounting to approximately RMB8,000,548,000 (at December 31, 2011: RMB7,755,814,000) as at June 30, 2012 in respect of mortgage bank loans granted to purchasers of the Group's properties. In the opinion of the directors of the Company, the fair values of these financial guarantee contracts of the Group are insignificant at initial recognition and the directors of the Company consider that the possibility of the default of the parties involved is remote, accordingly, no value has been recognised at the inception of the guarantee contracts and at the end of the reporting period as at June 30, 2012 and December 31, 2011.

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22. 以股份為基礎的付款交易

本公司的兩項股份獎勵計劃(「股份獎勵計劃」)、首次公開發售前購股權計劃(「首次公開發售前購股權計劃」)及首次公開發售後購股權計劃(「首次公開發售後購股權計劃」)分別根據於二零零七年十一月三十日、二零零九年七月三十一日、二零零七年十一月三十日及二零零九年十二月二十三日通過的決議案採納。股份獎勵計劃旨在使僱員利益與本公司利益一致、僱員分享所有權榮譽以及獎勵其表現及對本集團的貢獻。首次公開發售前購股權計劃及首次公開發售後購股權計劃的主要目的是向董事及合資格僱員提供獎勵。首次公開發售前購股權計劃及首次公開發售後購股權計劃將自採納日期起計十年內屆滿。

下表披露本公司股份獎勵及本集團僱員所持購股權之變動：

於二零一二年一月一日 Outstanding as at January 1, 2012

仍未歸屬		31,003,500	32,940,000	206,550,000
期內已歸屬	Vested during the period	16,003,500	—	—
期內已行使	Exercised during the period	—	(6,561,000)	—

於二零一二年 Outstanding as at June 30, 2012

六月三十日仍未歸屬		47,007,000	26,379,000	206,550,000
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本公司股份緊接行使購股權當日前的加權平均收市價為 12.14 港元。

22. SHARE-BASED PAYMENT TRANSACTIONS

The Company's two share award schemes (the "Share Award Schemes"), Pre-IPO share option scheme (the "Pre-IPO Share Option Scheme") and Post-IPO share option scheme (the "Post-IPO Share Option Scheme") were adopted pursuant to resolutions passed on November 30, 2007, July 31, 2009, November 30, 2007 and December 23, 2009 respectively. The objective of the Share Award Schemes is to align the interests of the employees with those of the Company, to share the pride of ownership among employees and to reward their performance and contribution to the Group. The primary purpose of Pre-IPO Share Option Scheme and Post-IPO Share Option Scheme is to provide incentives to directors and eligible employees. The Pre-IPO Share Option Scheme and Post-IPO Share Option Scheme will expire in 10 years from the date of adoption.

The table below discloses movements of the Company's share awards and share options held by the Group's employees:

	首次公開發售 前購股權 計劃所涉 購股權數目 Number of share awards	首次公開發售 後購股權 計劃所涉 購股權數目 Number of share options under Pre-IPO Share Option Scheme	首次公開發售 後購股權 計劃所涉 購股權數目 Number of share options under Post-IPO Share Option Scheme
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The weighted average closing price of the Company's shares immediately before the dates on which the options were exercised was HK\$12.14.

簡明綜合財務報表附註

Notes to the Condensed Consolidated Financial Statements

截至二零一二年六月三十日止六個月
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22. 以股份為基礎的付款交易

(續)

截至二零一二年六月三十日止六個月，本集團就有關本公司向本集團僱員獎勵的股份及授出的購股權分別確認人民幣3,917,000元及人民幣69,788,000元的支出(截至二零一一年六月三十日止六個月：人民幣11,719,000元及人民幣57,110,000元)。本公司獎勵的股份將以最終股東信託持有的現有股份結算。因此，有關款項入賬為注資儲備。有關購股權的支出入賬為購股權儲備。

23. 關連方交易／結餘

關連方交易

本集團於期內與其關連方訂立以下重大交易：

- (a) 共同控制實體

22. SHARE-BASED PAYMENT TRANSACTIONS

(Continued)

The Group recognised expenses of RMB3,917,000 and RMB69,788,000 for the six months ended June 30, 2012 (six months ended June 30, 2011: RMB11,719,000 and RMB57,110,000) respectively in relation to shares awarded and share options granted to the Group's employees by the Company. The shares awarded by the Company will be settled with the existing shares held by the trust of the ultimate shareholders. Accordingly, the respective amounts were credited to capital contribution reserve. The expenses in relation to share options were credited to share option reserve.

23. RELATED PARTY TRANSACTIONS/BALANCES

Related Party Transactions

During the period, the Group entered into the following significant transactions with its related parties:

- (a) Jointly controlled entities

		截至六月三十日止六個月 Six months ended June 30,	
		二零一二年 2012	二零一一年 2011
		人民幣千元 RMB'000	人民幣千元 RMB'000
		(未經審核) (unaudited)	(未經審核) (unaudited)
物業管理收入	Property management income	35	2,847

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23. 關連方交易／結餘

(續)

關連方交易(續)

(b) 主要管理層

23. RELATED PARTY TRANSACTIONS/BALANCES

(Continued)

Related Party Transactions (Continued)

(b) Key management

截至六月三十日止六個月
Six months ended June 30,

二零一二年 2012 人民幣千元 RMB'000 (未經審核) (unaudited)	二零一一年 2011 人民幣千元 RMB'000 (未經審核) (unaudited)
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向主要管理層銷售物業 Sales of properties to key management

4,906 68,850

(c) 期內董事及其他主要管理成員
的薪酬如下：

(c) The remuneration of directors and other members of key
management during the period was as follows:

截至六月三十日止六個月
Six months ended June 30,

二零一二年 2012 人民幣千元 RMB'000 (未經審核) (unaudited)	二零一一年 2011 人民幣千元 RMB'000 (未經審核) (unaudited)
--	--

短期福利 Short-term benefits
離職後福利 Post-employment benefits
以股份為基礎的付款 Share-based payment

12,000 8,553
131 214
24,620 16,096

36,751 24,863

關連方結餘

(a) 應收共同控制實體款項

應收共同控制實體款項為無抵押、
免息及須於一年內償還。

(b) 應付共同控制實體款項

該款項以人民幣計值，為無抵押、
免息及須於要求時償還。

Related Party Balances

(a) Amounts due from jointly controlled entities

The amounts due from jointly controlled entities are unsecured,
interest-free and repayable within one year.

(b) Amounts due to jointly controlled entities

The amounts are denominated in RMB which are unsecured,
interest free and repayable on demand.

獨立核數師報告

Independent Auditor's Report

Deloitte. 德勤

致龍湖地產有限公司全體股東

(於開曼群島註冊成立的有限公司)

吾等已審核第72至218頁所載龍湖地產有限公司(「貴公司」)及其附屬公司(統稱「貴集團」)的綜合財務報表,包括於二零一一年十二月三十一日的綜合財務狀況報表與截至該日止年度的綜合全面收益表、綜合權益變動表及綜合現金流量表,以及重大會計政策概要及其他說明資料。

董事就綜合財務報表須承擔的責任

貴公司董事負責根據國際會計準則理事會頒佈的國際財務報告準則及香港公司條例的披露規定編製真實公平呈報的綜合財務報表,並實施彼等認為必要的內部控制,避免綜合財務報表因欺詐或錯誤而導致重大失實陳述。

核數師的責任

吾等的責任是基於吾等的審核對該等綜合財務報表發表意見,並按照委聘之協定條款僅向作為實體之閣下報告,除此之外本報告不作其他用途。吾等概不就本報告的內容對任何其他人士負責或承擔責任。吾等按照香港會計師公會頒佈的香港核數準則進行審核。該等準則規定吾等須遵守道德規範,並計劃及執行審核,以合理確定該等綜合財務報表是否不存在重大錯報陳述。

TO THE MEMBERS OF LONGFOR PROPERTIES CO. LTD.

龍湖地產有限公司

(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Longfor Properties Co. Ltd. (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 72 to 218, which comprise the consolidated statement of financial position as at December 31, 2011, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal controls as the directors determine are 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, in accordance with our agreed terms of engagement, 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.

獨立核數師報告 Independent Auditor's Report

審核涉及執行情序以獲取與綜合財務報表所載金額及披露事項有關的審核憑證。所選定的程序取決於核數師判斷，包括評估綜合財務報表有否因欺詐或錯誤而出現重大錯誤陳述的風險。核數師評估該等風險時考慮貴集團編製真實公平呈報之綜合財務報表相關的內部控制，以設計適合該等情況下使用的審核程序，但並非對貴集團內部控制是否有效發表意見。審核亦包括評估貴公司董事所採用的會計政策是否合適及所作出的會計估計是否合理，以及綜合財務報表的整體呈報方式。

吾等相信，吾等已獲取充分適當的審核憑證，為審核意見提供基礎。

意見

吾等認為，綜合財務報表已按照國際財務報告準則真實公平反映貴集團於二零一一年十二月三十一日的財務狀況及貴集團截至該日止年度的溢利及現金流量，並已按照香港公司條例的披露規定妥為編製。

德勤•關黃陳方會計師行
執業會計師
香港
二零一二年三月十二日

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 controls relevant to the Group'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 Group's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of the Company, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at December 31, 2011, and of its profit and cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
March 12, 2012

綜合全面收益表

Consolidated Statement of Comprehensive Income

截至二零一一年十二月三十一日止年度
For the year ended December 31, 2011

		附註 NOTES	二零一一年 2011 人民幣千元 RMB'000	二零一零年 2010 人民幣千元 RMB'000
收入	Revenue	5	24,092,893	15,093,122
銷售成本	Cost of sales		(14,324,313)	(9,995,934)
毛利	Gross profit		9,768,580	5,097,188
其他收入	Other income	6	168,934	91,531
其他收益	Other gains	7	106,653	34,652
轉撥為投資物業的 公平值收益	Fair value gain upon transfer to investment properties		916,115	777,023
投資物業公平值變動	Change in fair value of investment properties		1,714,447	1,713,090
銷售及市場推廣開支	Selling and marketing expenses		(642,736)	(327,880)
行政開支	Administrative expenses		(709,148)	(433,488)
融資成本	Finance costs	8	(202,141)	(66,677)
應佔共同控制實體業績	Share of results of jointly controlled entities		323,526	183,035
除稅前溢利	Profit before taxation		11,444,230	7,068,474
所得稅開支	Income tax expense	9	(4,523,942)	(2,051,101)
年度溢利及全面收入總額	Profit and total comprehensive income for the year	10	6,920,288	5,017,373
以下應佔溢利：	Profit attributable to:			
本公司擁有人	Owners of the Company		6,327,560	4,130,155
非控制權益	Non-controlling interests		592,728	887,218
			6,920,288	5,017,373
每股盈利(人民幣元)	Earnings per share, in RMB			
基本	Basic	13	1.23	0.80
攤薄	Diluted	13	1.22	0.80

綜合財務狀況報表

Consolidated Statement of Financial Position

二零一一年十二月三十一日
At December 31, 2011

		附註 NOTES	二零一一年 2011 人民幣千元 RMB'000	二零一零年 2010 人民幣千元 RMB'000
非流動資產		NON-CURRENT ASSETS		
投資物業	Investment properties	14	13,198,200	8,041,000
物業、廠房及設備	Property, plant and equipment	15	175,083	171,741
預付租賃款項	Prepaid lease payments	16	6,721,986	7,882,002
於聯營公司的權益	Interests in associates	17	1	1
於共同控制實體的權益	Interests in jointly controlled entities	18	1,873,215	2,464,099
可供出售投資	Available-for-sale investments	19	8,600	8,600
就購入土地使用權已付的按金	Deposits paid for acquisition of land use rights		5,837,699	4,274,216
遞延稅項資產	Deferred taxation assets	31	669,202	436,035
			28,483,986	23,277,694
流動資產		CURRENT ASSETS		
存貨	Inventories	20	594,065	415,939
發展中待售物業	Properties under development for sales	21	46,197,041	31,590,625
持作出售物業	Properties held for sales	22	3,019,488	3,004,066
應收賬款及其他應收款項、 按金及預付款項	Accounts and other receivables, deposits and prepayments	23	3,344,296	2,516,293
應收共同控制實體款項	Amounts due from jointly controlled entities	24	13,084	7,362
可收回稅項	Taxation recoverable		1,081,031	539,034
已抵押銀行存款	Pledged bank deposits	25	406,125	499,419
銀行結餘及現金	Bank balances and cash	25	14,120,925	9,863,132
			68,776,055	48,435,870
流動負債		CURRENT LIABILITIES		
應付賬項、已收按金及 應計費用	Accounts payable, deposits received and accrued charges	26	41,410,676	31,474,867
應付共同控制實體款項	Amounts due to jointly controlled entities	27	803,170	1,319,490
應付稅項	Taxation payable		4,788,074	2,635,182
銀行及其他借款 - 一年內到期	Bank and other borrowings - due within one year	28	3,580,372	2,859,870
			50,582,292	38,289,409

綜合財務狀況報表

Consolidated Statement of Financial Position

二零一一年十二月三十一日
At December 31, 2011

		附註 NOTES	二零一一年 2011 人民幣千元 RMB'000	二零一零年 2010 人民幣千元 RMB'000
流動資產淨額	NET CURRENT ASSETS		18,193,763	10,146,461
總資產減流動負債	TOTAL ASSETS LESS CURRENT LIABILITIES		46,677,749	33,424,155
股本及儲備	CAPITAL AND RESERVES			
股本	Share capital	30	453,415	453,410
儲備	Reserves		21,487,126	15,526,846
本公司擁有人應佔權益	Equity attributable to owners of the Company		21,940,541	15,980,256
非控制權益	Non-controlling interests		2,154,129	1,385,564
權益總額	TOTAL EQUITY		24,094,670	17,365,820
非流動負債	NON-CURRENT LIABILITIES			
銀行及其他借款— 一年後到期	Bank and other borrowings - due after one year	28	15,645,880	14,464,489
優先票據	Senior notes	29	4,740,473	—
遞延稅項負債	Deferred taxation liabilities	31	2,196,726	1,593,846
			22,583,079	16,058,335
			46,677,749	33,424,155

第70至218頁之綜合財務報表於二零一二年三月十二日獲董事會批准及授權發，並由以下人士代表簽署：

The consolidated financial statements on pages 70 to 218 were approved and authorised for issue by the Board of Directors on March 12, 2012 and are signed on its behalf by:

董事
DIRECTOR

董事
DIRECTOR

綜合權益變動表

Consolidated Statement of Changes in Equity

截至二零一一年十二月三十一日止年度
For the year ended December 31, 2011

	本公司擁有人應佔										非控制權益	總計	
	股本	股份溢價	資本儲備	特別儲備	其他儲備	法定盈餘儲備	匯兌儲備	購股權儲備	注資儲備	保留盈利			本公司擁有人應佔
	Share capital	Share premium	Capital reserve	Special reserve	Other reserve	Statutory surplus reserve	Exchange reserve	Share option reserve	Capital contribution reserve	Retained earnings	Attributable to owners	Non-interests	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
於二零一零年一月一日	452,972	6,740,494	(437,448)	620,672	—	255,525	(1,054)	26,884	91,530	4,389,703	12,138,678	1,099,884	13,238,562
於二零一零年一月一日													
年終溢利及全面收入總額	—	—	—	—	—	—	—	—	—	4,130,155	4,130,155	887,218	5,017,373
確認為權益結算及股份為基礎的付款	—	—	—	—	—	—	—	32,610	62,157	—	94,767	—	94,767
向非控制權益支付的股息	—	—	—	—	—	—	—	—	—	—	—	(24,425)	(24,425)
收購附屬公司的額外權益	—	—	—	—	(71,717)	—	—	—	—	—	(71,717)	(577,113)	(648,830)
確認為分派的股息	—	(324,450)	—	—	—	—	—	—	—	—	(324,450)	—	(324,450)
行使購股權發行股份	48	16,860	—	—	—	—	—	(4,475)	—	—	12,823	—	12,823
撥作儲備	—	—	—	—	—	77,583	—	—	—	(77,583)	—	—	—
於二零一零年十二月三十一日	453,410	6,432,904	(437,448)	620,672	(71,717)	333,108	(1,054)	55,019	153,687	8,442,275	15,980,256	1,385,564	17,365,820
於二零一零年十二月三十一日													
年終溢利及全面收入總額	—	—	—	—	—	—	—	—	—	6,327,580	6,327,580	592,728	6,920,288
確認為權益結算及股份為基礎的付款	—	—	—	—	—	—	—	142,344	23,437	—	165,781	—	165,781
向非控制權益支付的股息	—	—	—	—	—	—	—	—	—	—	—	(190,667)	(190,667)
非控制權益注資	—	—	—	—	—	—	—	—	—	—	—	102,786	102,786
收購附屬公司	—	—	—	—	—	—	—	—	—	—	—	422,593	422,593
收購附屬公司的額外權益	—	—	—	—	(7,932)	—	—	—	—	—	(7,932)	(158,875)	(176,807)
確認為分派的股息	—	(515,505)	—	—	—	—	—	—	—	—	(515,505)	—	(515,505)
行使購股權發行股份	5	562	—	—	—	—	—	(186)	—	—	381	—	381
撥作儲備	—	—	—	—	—	158,446	—	—	—	(158,446)	—	—	—
於二零一一年十二月三十一日	453,415	5,917,961	(437,448)	620,672	(89,649)	491,554	(1,054)	197,177	177,124	14,611,389	21,940,541	2,154,129	24,094,670
於二零一一年十二月三十一日													

綜合現金流量表

Consolidated Statement of Cash Flows

截至二零一一年十二月三十一日止年度
For the year ended December 31, 2011

	附註 NOTES	二零一一年 2011 人民幣千元 RMB'000	二零一零年 2010 人民幣千元 RMB'000
經營活動	OPERATING ACTIVITIES		
除稅前溢利	Profit before taxation	11,444,230	7,068,474
經以下調整：	Adjustments for:		
融資成本	Finance costs	202,141	66,677
物業、廠房及設備折舊	Depreciation of property, plant and equipment	26,924	24,019
轉撥至投資物業的公平值收益	Fair value gain upon transfer to investment properties	(916,115)	(777,023)
投資物業的公平值增加	Increase in fair value of investment properties	(1,714,447)	(1,713,090)
應佔共同控制實體業績	Share of results of jointly controlled entities	(323,526)	(183,035)
出售物業、廠房設備的收益	Gain on disposal of property, plant and equipment	(3)	(434)
利息收入	Interest income	(140,590)	(60,092)
匯兌收益	Exchange gain	(106,650)	—
可供出售非上市投資的股息收入	Dividend income from available-for-sale investments, unlisted	(1,028)	(1,098)
以股份為基礎的付款開支	Share-based payments expenses	165,781	94,767
營運資金變動前的經營現金流量	Operating cash flows before movements in working capital	8,636,717	4,519,165
存貨增加	Increase in inventories	(178,126)	(114,891)
待售發展中物業及 持作出售物業增加	Increase in properties under development for sales and properties held for sales	(4,438,286)	(8,688,150)
應收賬款及其他應收款項、 按金及預付款項增加	Increase in accounts and other receivables, deposits and prepayments	(827,703)	(1,133,396)
應收共同控制實體款項 (增加) 減少	(Increase) decrease in amounts due from jointly controlled entities	(5,722)	27,909
應付賬款、已收按金及 應計費用增加	Increase in accounts payable, deposits received and accrued charges	9,074,721	15,017,216

綜合現金流量表

Consolidated Statement of Cash Flows

截至二零一一年十二月三十一日止年度
For the year ended December 31, 2011

		附註 NOTES	二零一一年 2011 人民幣千元 RMB'000	二零一零年 2010 人民幣千元 RMB'000
經營產生的現金	Cash from operations		12,261,601	9,627,853
已付中國所得稅	PRC income tax paid		(2,499,870)	(1,150,011)
經營活動所得現金淨額	NET CASH FROM OPERATING ACTIVITIES		9,761,731	8,477,842
投資活動	INVESTING ACTIVITIES			
預付租賃款項增加	Additions to prepaid lease payments		(7,194,906)	(8,311,383)
投資物業增加	Additions to investment properties		(1,665,252)	(458,709)
收購土地使用權所支付的按金	Deposits paid for acquisition of land use rights		(2,155,361)	(3,447,858)
收購附屬公司	Acquisition of a subsidiary	32	36,824	—
向共同控制實體注資	Capital injection to a jointly controlled entity		—	(4)
已收共同控制實體的股息	Dividend received from a jointly controlled entity		—	92,774
存入已抵押銀行存款	Placement of pledged bank deposits		(75,123)	(102,514)
提取已抵押銀行存款	Withdrawal of pledged bank deposits		168,417	99,303
購入物業、廠房及設備	Purchase of property, plant and equipment		(31,591)	(26,805)
已收利息	Interest received		140,590	60,092
出售物業、廠房及設備所得款項	Proceeds from disposal of property, plant and equipment		1,435	3,340
自可供出售投資收取的股息	Dividend received from available-for-sale investments		1,028	1,098
投資活動所用現金淨額	NET CASH USED IN INVESTING ACTIVITIES		(10,773,939)	(12,090,666)

綜合現金流量表

Consolidated Statement of Cash Flows

截至二零一一年十二月三十一日止年度
For the year ended December 31, 2011

		附註 NOTES	二零一一年 2011 人民幣千元 RMB'000	二零一零年 2010 人民幣千元 RMB'000
融資活動	FINANCING ACTIVITIES			
收購附屬公司的額外權益	Acquisition of additional interest in subsidiaries	33	(177,407)	(644,830)
償還銀行及其他貸款	Repayment of bank and other loans		(7,353,990)	(5,031,392)
已付利息	Interest paid		(1,412,287)	(857,401)
新增銀行及其他貸款	New bank and other loans raised		9,371,509	12,588,447
發行優先票據所得款項	Proceeds from issue of senior notes		4,909,200	—
發行優先票據的開支	Expenses on issue of senior notes		(104,696)	—
非控制權益注資	Capital injected from non-controlling interests		102,786	—
共同控制實體墊款	Advances from jointly controlled entities		717,051	955,611
發行股份所得款項	Proceeds from issue of shares		381	12,823
已向非控制權益支付的股息	Dividend paid to non-controlling interests		(190,667)	(24,425)
已付股息	Dividend paid		(515,505)	(324,450)
融資活動所得現金淨額	NET CASH FROM FINANCING ACTIVITIES		5,346,375	6,674,383
現金及現金等價物增加淨額	NET INCREASE IN CASH AND CASH EQUIVALENTS		4,334,167	3,061,559
年初的現金及現金等價物	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		9,863,132	6,801,573
匯率變動的影響	Effect of foreign exchange rate changes		(76,374)	—
年末的現金及現金等價物	CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		14,120,925	9,863,132
現金及現金等價物結餘分析	ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS			
銀行結餘及現金	Bank balances and cash		14,120,925	9,863,132

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1. 一般資料

本公司於二零零七年十二月二十一日在開曼群島根據開曼群島公司法（一九六一年第三號法律第22章，經綜合及修訂）註冊成立為獲豁免有限公司。本公司股份於香港聯合交易所有限公司（「聯交所」）主板上市，註冊辦事處地址為Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands。本公司於中華人民共和國（「中國」）及香港的主要營業地點的地址分別為北京朝陽區惠新東街4號富盛大廈2座7樓及香港中環都爹利街1號15樓。

本公司之最終控制方為吳氏家族信託及蔡氏家族信託。吳氏家族信託及蔡氏家族信託之受託人的主要營業地點為香港皇后大道中1號13樓。

本公司乃投資控股公司，其附屬公司主要業務活動的詳情載於附註44。

綜合財務報表以本公司及其主要附屬公司的功能貨幣人民幣（「人民幣」）呈報。

1. GENERAL INFORMATION

The Company was incorporated on December 21, 2007 as an exempted company with limited liability in the Cayman Islands under the Companies Law Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The shares of the Company are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “SEHK”). The address of the registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The addresses of the principal place of business of the Company in the People’s Republic of China (the “PRC”) and Hong Kong are 7/F, Tower 2, FuSheng Building, No. 4 Huixin East Street, Chaoyang District, Beijing, and 15/F, 1 Duddell Street, Central, Hong Kong, respectively.

The ultimate controlling party of the Company is the Wu Family Trust and the Cai Family Trust. The principal place of business of the trustee of Wu Family Trust and Cai Family Trust is Level 13, 1 Queen’s Road Central Hong Kong.

The Company acts as an investment holding company. Details of the principal activities of its subsidiaries are set out in note 44.

The consolidated financial statements are presented in Renminbi (“RMB”), which is the functional currency of the Company and its major subsidiaries.

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Notes to the Consolidated Financial Statements

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2. 採納新訂及經修訂國際財務報告準則（「國際財務報告準則」）

本集團於本年度採納以下由國際會計準則理事會（「國際會計準則理事會」）頒佈的新訂或經修訂國際財務報告準則。

國際財務報告準則修訂本	二零一零年頒佈的國際財務報告準則之改進
國際會計準則第24號 (二零零九年修訂)	關連人士披露
國際會計準則第32號修訂本	供股的分類
國際財務報告詮釋委員會第14號修訂本	最低資本規定之預付款項
國際財務報告詮釋委員會第19號	以股本工具抵銷金融負債

本年度採用新訂及經修訂國際財務報告準則對本集團本年度及過往年度的財務業績及狀況及上述綜合財務報表所載披露並無重大影響。

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRS”)

In the current year, the Group has applied the following new and revised IFRSs issued by the International Accounting Standards Board (“IASB”).

Amendments to IFRSs	Improvements to IFRSs issued in 2010
IAS 24 (as revised in 2009)	Related Party Disclosures
Amendments to IAS 32	Classification of Rights Issues
Amendments to IFRIC 14	Prepayments of a Minimum Funding Requirement
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

The application of the new and revised IFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and on the disclosures set out in these consolidated financial statements.

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Notes to the Consolidated Financial Statements

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2. 採納新訂及經修訂國際財務報告準則（「國際財務報告準則」）（續）

本集團並無提早應用已頒佈但尚未生效的新訂及經修訂國際財務報告準則：

國際財務報告準則第7號修訂本	披露－轉讓金融資產 ¹ 披露－抵銷金融資產及金融負債 ² 國際財務報告準則第9號之強制生效日期及過渡披露 ³
國際財務報告準則第9號	金融工具 ³
國際財務報告準則第10號	綜合財務報表 ²
國際財務報告準則第11號	共同安排 ²
國際財務報告準則第12號	披露於其他實體的權益 ²
國際財務報告準則第13號	公平值計量 ²
國際會計準則第1號修訂本	呈列其他全面收益表項目 ⁵
國際會計準則第12號修訂本	遞延稅項－收回相關資產 ⁴
國際會計準則第19號（二零一一年修訂）	僱員福利 ²
國際會計準則第27號（二零一一年修訂）	獨立財務報表 ²
國際會計準則第28號（二零一一年修訂）	於聯營公司及合營企業投資 ²
國際會計準則第32號修訂本	抵銷金融資產及金融負債 ⁶
國際財務報告詮釋委員會第20號	露天礦場生產階段的剝採成本 ²

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRS”) (Continued)

The Group has not early applied the following new and revised IFRSs that have been issued but are not yet effective:

Amendments to IFRS 7	Disclosures - Transfers of Financial Assets ¹ Disclosures - Offsetting Financial Assets and Financial Liabilities ² Mandatory Effective Date of IFRS 9 and Transition Disclosures ³
IFRS 9	Financial Instruments ³
IFRS 10	Consolidated Financial Statements ²
IFRS 11	Joint Arrangements ²
IFRS 12	Disclosure of Interests in Other Entities ²
IFRS 13	Fair Value Measurement ²
Amendments to IAS 1	Presentation of Items of Other Comprehensive Income ⁵
Amendments to IAS 12	Deferred Tax - Recovery of Underlying Assets ⁴
IAS 19 (as revised in 2011)	Employee Benefits ²
IAS 27 (as revised in 2011)	Separate Financial Statements ²
IAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures ²
Amendments to IAS 32	Offsetting Financial Assets and Financial Liabilities ⁶
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine ²

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2. 採納新訂及經修訂國際財務報告準則（「國際財務報告準則」）（續）

- 1 於二零一一年七月一日或之後開始之年度生效
- 2 於二零一三年一月一日或之後開始之年度生效
- 3 於二零一五年一月一日或之後開始之年度生效
- 4 於二零一二年一月一日或之後開始之年度生效
- 5 於二零一二年七月一日或之後開始之年度生效
- 6 於二零一四年一月一日或之後開始之年度生效

國際財務報告準則第9號金融工具

二零零九年頒佈的國際財務報告準則第9號推出金融資產分類及計量的新規定。於二零一零年修訂的國際財務報告準則第9號包括金融負債分類及計量與終止確認的規定。

國際財務報告準則第9號的主要規定闡述如下：

- 國際財務報告準則第9號規定，屬於國際會計準則第39號金融工具：確認及計量範疇的所有已確認金融資產其後按攤銷成本或公平值計量。特別是，根據業務模式以收取合約現金流量為目的所持有的債務投資，及僅為支付本金額及未償還本金額之利息而產生合約現金流量的債務投資一般於其後的會計期末按攤銷成本計量。所有其他債務投資及股本投資於其後的呈報期末按公平值計量。此外，根據國際財務報告準則第9號，實體可作出不可撤回的選擇，於其他綜合收益呈列股本投資（非持作交易）公平值之其後變動，而僅有股息收入一般於損益中確認。

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRS”) (Continued)

- ¹ Effective for annual periods beginning on or after July 1, 2011
- ² Effective for annual periods beginning on or after January 1, 2013
- ³ Effective for annual periods beginning on or after January 1, 2015
- ⁴ Effective for annual periods beginning on or after January 1, 2012
- ⁵ Effective for annual periods beginning on or after July 1, 2012
- ⁶ Effective for annual periods beginning on or after January 1, 2014

IFRS 9 Financial Instruments

IFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. IFRS 9 amended in 2010 includes the requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirements of IFRS 9 are described as follows:

- IFRS 9 requires all recognised financial assets that are within the scope of IAS 39 *Financial Instruments: Recognition and Measurement* to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

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2. 採納新訂及經修訂國際財務報告準則（「國際財務報告準則」）（續）

國際財務報告準則第9號金融工具（續）

- 國際財務報告準則第9號對金融負債分類及計量的重大影響乃指定為透過損益按公平值列賬的金融負債因信貸風險變動引致的公平值變動的呈列。具體而言，根據國際財務報告準則第9號，指定為透過損益按公平值列賬的金融負債因信貸風險變動引致的公平值變動數額，除非於其他全面收入確認該負債的信貸風險變動影響會造成或擴大損益賬的會計錯配，否則須於其他全面收入呈列。金融負債的信貸風險引致的公平值變動其後不會重新分類至損益。過往，根據國際會計準則第39號，指定為透過損益按公平值列賬的金融負債的公平值變動全部數額均於損益呈列。

本公司董事預計，日後採納國際財務報告準則第9號可能對本集團金融資產及金融負債相關的呈報金額有重大影響。本公司董事正在評估其財務影響。

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRS”) (Continued)

IFRS 9 Financial Instruments (Continued)

- The most significant effect of IFRS 9 regarding the classification and measurement of financial liabilities relates to the presentation of changes in the fair value of a financial liability (designated as at fair value through profit or loss) attributable to changes in the credit risk of that liability. Specifically, under IFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under IAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

The directors of the Company anticipate that the adoption of IFRS 9 in the future may have significant impact on amounts reported in respect of the Group's financial assets and financial liabilities. The directors of the Company are in the process of ascertaining the financial impact.

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2. 採納新訂及經修訂國際財務報告準則（「國際財務報告準則」）（續）

有關綜合賬目、共同安排、聯營公司以及披露之新訂及經修訂準則

於二零一一年五月，有關綜合賬目、共同安排、聯營公司以及披露的五項新訂及經修訂準則組合頒佈，包括國際財務報告準則第10號、國際財務報告準則第11號、國際財務報告準則第12號、國際會計準則第27號（二零一一年修訂）及國際會計準則第28號（二零一一年修訂）。

五項準則的主要規定闡述如下：

國際財務報告準則第10號取代國際會計準則第27號綜合及獨立財務報表有關綜合財務報表的部分規定及常務詮釋委員會－第12號綜合－特殊目的實體的規定。國際財務報告準則第10號包含控制權的新定義，當中包括三項要素：(a)控制投資對象的權力；(b)從參與投資對象營運所得可變回報的風險或權利；及(c)對投資對象行使權力以影響投資者回報金額的能力。國際財務報告準則第10號已就複雜情況的處理方法提供廣泛指引。

國際財務報告準則第11號取代國際會計準則第31號合資企業權益及常務詮釋委員會－第13號共同控制實體－合營企業之非貨幣出資。國際財務報告準則第11號處理兩名或以上人士擁有共同控制權之共同安排的分類方法。根據國際財務報告準則第11號，共同安排視乎安排所涉各方的權利及責任分為合資業務或合資企業，而根據國際會計準則第31號，共同安排分為三種類型：共同控制實體、共同控制資產及共同控制業務。

此外，國際財務報告準則第11號所規定的合資企業須採用權益會計法入賬，而國際會計準則第31號所規定的共同控制實體則可使用權益會計法或比例會計法入賬。

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRS”) (Continued)

New and revised Standards on consolidation, joint arrangements, associates and disclosures

In May 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued, including IFRS 10, IFRS 11, IFRS 12, IAS 27 (as revised in 2011) and IAS 28 (as revised in 2011).

Key requirements of these five standards are described below.

IFRS 10 replaces the parts of IAS 27 *Consolidated and Separate Financial Statements* that deal with consolidated financial statements and SIC 12 *Consolidation - Special Purpose Entities*. IFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in IFRS 10 to deal with complex scenarios.

IFRS 11 replaces IAS 31 *Interests in Joint Ventures* and SIC 13 *Jointly Controlled Entities - Non-Monetary Contributions by Venturers*. IFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. Under IFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under IAS 31, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations.

In addition, joint ventures under IFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under IAS 31 can be accounted for using the equity method of accounting or proportionate accounting.

綜合財務報表附註

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2. 採納新訂及經修訂國際財務報告準則（「國際財務報告準則」）（續）

有關綜合賬目、共同安排、聯營公司以及披露之新訂及經修訂準則（續）

國際財務報告準則第12號為披露準則，適用於擁有附屬公司、共同安排、聯營公司及／或未綜合入賬的結構實體權益之實體。整體而言，國際財務報告準則第12號的披露規定較現行準則所規定者更全面。

五項準則將於二零一三年一月一日或其後開始之年度生效，並容許提早採用，惟須同時提前採用全部五項準則。

本公司董事預計本集團將於二零一三年一月一日開始之年度之綜合財務報表中採納該等五項準則。本公司董事正在確定應用該等五項準則之財務影響。

國際會計準則第12號修訂本遞延稅項－收回相關資產

國際會計準則第12號修訂本為國際會計準則第12號的一般準則規定一項特例，即遞延稅項資產及遞延稅項負債的計量須反映實體預計收回資產賬面值所用方式產生的稅項影響。具體而言，根據該修訂，除非有關假設在若干情況下被推翻，否則按照國際會計準則第40號投資物業採用公平值模式計量的投資物業於計量遞延稅項時會假設通過銷售收回。

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRS”) (Continued)

New and revised Standards on consolidation, joint arrangements, associates and disclosures (Continued)

IFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in IFRS 12 are more extensive than those in the current standards.

These five standards are effective for annual periods beginning on or after 1 January 2013. Earlier application is permitted provided that all of these five standards are applied early at the same time.

The directors of the Company anticipate that these five standards will be adopted in the Group's consolidated financial statements for the annual period beginning January 1, 2013. The directors of the Company are in the process of ascertaining the financial impact on application of these five standards.

Amendments to IAS 12 Deferred Tax - Recovery of Underlying Assets

The amendments to IAS 12 provide an exception to the general principles in IAS 12 that the measurement of deferred tax assets and deferred tax liabilities should reflect the tax consequences that would follow from the manner in which the entity expects to recover the carrying amount of an asset. Specifically, under the amendments, investment properties that are measured using the fair value model in accordance with IAS 40 *Investment Property* are presumed to be recovered through sale for the purposes of measuring deferred taxes, unless the presumption is rebutted in certain circumstances.

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2. 採納新訂及經修訂國際財務報告準則（「國際財務報告準則」）（續）

國際會計準則第12號修訂本遞延稅項－收回相關資產（續）

國際會計準則第12號修訂本將於二零一二年一月一日或其後開始的年度生效。本公司董事預計，於未來會計期間應用國際會計準則第12號修訂本可能導致本集團須調整過往年度所確認投資物業（假定賬面值通過銷售收回）的遞延稅項負債額。

本公司董事預計採用其他新訂或經修訂國際財務報告準則對綜合財務報表並無重大影響。

3. 主要會計政策

綜合財務報表乃根據國際會計準則理事會頒佈的國際財務報告準則編製。此外，綜合財務報表載有香港聯合交易所（「聯交所」）證券上市規則及香港公司條例所規定的適用披露事項。

綜合財務報表乃根據下文所載會計政策所述歷史成本法（投資物業按公平值計量除外）編製。歷史成本法一般基於交換貨品代價之公平值釐定。

主要會計政策載列如下。

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRS”) (Continued)

Amendments to IAS 12 Deferred Tax - Recovery of Underlying Assets (Continued)

The amendments to IAS 12 are effective for annual periods beginning on or after January 1, 2012. The directors of the Company anticipate that the application of the amendments to IAS 12 in future accounting periods may result in adjustments to the amounts of deferred tax liabilities recognised in prior years regarding the Group's investment properties of which the carrying amounts are presumed to be recovered through sale.

The directors of the Company anticipate that the application of the other new and revised IFRSs will have no material impact on the consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with IFRSs issued by the IASB. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong (the “SEHK”) and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis, except for the investment properties that are measured at fair value, as explained in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange for goods.

The principal accounting policies are set out below.

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3. 主要會計政策 (續)

合併基準

綜合財務報表包括本公司及本公司控制的實體(其附屬公司)的財務報表。倘本公司有權力規管一家實體的財務及經營政策,以從該實體的業務中獲得利益,即視為對該實體擁有控制權。

年內所購入或出售的附屬公司業績按自收購生效日期直至出售生效日期(倘適用)起計入綜合全面收益表內。

附屬公司的財務報表於有需要時作出調整,以使其會計政策與本集團其他成員公司所採用者一致。

集團內公司間所有交易、結餘及收支乃於合併賬目時悉數對銷。

附屬公司的非控制權益與本集團於該等公司的權益分開呈列。

全面收益總額分配至非控制權益

一家附屬公司的全面收益及開支總額歸屬於本公司擁有人及非控制權益,即使這將導致非控制權益產生虧損結餘(自二零一零年一月一日起生效)。

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein.

Allocation of total comprehensive income to non-controlling interests

Total comprehensive income and expense of a subsidiary is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance (effective from January 1, 2010 onwards).

綜合財務報表附註

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3. 主要會計政策 (續)

合併基準 (續)

本集團於現有附屬公司的所有權權益變動

本集團於附屬公司的所有權權益出現並無導致本集團失去該等附屬公司控制權的變動均以權益交易入賬。本集團之權益與非控制權益之賬面值均予以調整，以反映彼等於附屬公司之相關權益變動。非控制權益所調整之款額與所付或所收代價之公平值兩者之間的差額，均直接於權益確認並歸屬於本公司擁有人。

倘本集團失去附屬公司控制權，則(i)於失去控制之日解除按附屬公司資產(包括商譽)及負債之賬面值確認有關資產及負債，(ii)於失去控制之日解除確認原附屬公司非控制權益之賬面值(包括應佔其他全面收入項目)，及(iii)確認所收代價及保留權益之公平值，所產生的差額於本集團應佔損益中確認為損益。倘附屬公司資產按重估金額或公平值計量，而相關累計損益已於其他全面收益中確認並累計入權益，則先前於其他全面收益確認並累計入權益之款額，會按猶如本集團已直接出售相關資產入賬(即按相關國際財務報告準則之規定重新分類至損益或直接轉撥至保留盈利)。於失去控制權當日在前附屬公司保留之任何投資的公平值，會根據國際會計準則第39號金融工具：確認及計量在其後入賬時被列作首次確認之公平值，或(如適用)首次確認於聯營公司或共同控制實體之投資成本。

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of consolidation (Continued)

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, it (i) derecognises the assets (including any goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost, (ii) derecognises the carrying amount of any non-controlling interests in the former subsidiary at the date when control is lost (including any components of other comprehensive income attributable to them), and (iii) recognises the aggregate of the fair value of the consideration received and the fair value of any retained interest, with any resulting difference being recognised as a gain or loss in profit or loss attributable to the Group. When assets of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Group had directly disposed of the related assets (i.e., reclassified to profit or loss or transferred directly to retained earnings as specified by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39 Financial Instruments: Recognition and Measurement or, when applicable, the cost on initial recognition of an investment in an associate or a jointly controlled entity.

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3. 主要會計政策 (續)

業務合併 (續)

收購業務乃使用收購法列賬。業務合併轉讓的代價按公平值計量，計算為本集團收購日期所轉讓資產的公平值與本集團欠付被收購方原擁有人的負債及本集團為換取被收購方的控制權而發行的股權的總和。收購相關成本一般於產生時於損益確認。

於收購日期，所收購可識別資產及所承擔負債按公平值確認，惟：

- 遞延稅項資產或負債及僱員福利安排相關負債或資產分別根據國際會計準則第12號*所得稅*及國際會計準則第19號*僱員福利*確認及計量；
- 收購之以股份為基礎的付款安排或本集團所訂立取代被收購方以股份為基礎的付款安排之以股份為基礎的付款安排有關負債或股本工具於收購日期根據國際財務報告準則第2號*以股份為基礎的付款*計量(見下文所載會計政策)；及
- 根據國際財務報告準則第5號*持作出售非流動資產及已終止業務*分類為持作出售資產(或出售組別)根據該準則計量。

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Business combinations (Continued)

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with IAS 12 *Income Taxes* and IAS 19 *Employee Benefits* respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 *Share-based Payment* at the acquisition date (see the accounting policy below); and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard.

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3. 主要會計政策 (續)

業務合併 (續)

商譽按已轉讓代價、所持被收購方非控制權益金額及收購方原先持有的被收購方股權之公平值(如有)總和超出收購日期所收購可識別資產及所承擔負債淨額之差額計量。於重新評估後，倘收購日期所收購可識別資產及所承擔負債淨額超過已轉讓代價、所持被收購方非控制權益金額及收購方原先持有的被收購方股權之公平值(如有)總和，則該差額即時於損益確認為議價購買收益。

代表所有權權益並使持有人合資格按比例享有實體清盤時淨資產之非控制權益初步按公平值或非控制權益佔被收購方可識別淨資產之確認金額比例計量。計量基準乃按每宗交易選擇。其他類別非控制權益按公平值計量或(如適用)按其他準則所指定的基準計量。

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Business combinations (Continued)

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any noncontrolling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after re-assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any noncontrolling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the noncontrolling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of noncontrolling interests are measured at their fair value or, when applicable, on the basis specified in another standard.

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3. 主要會計政策 (續)

收入確認

收入按已收或應收代價的公平值計算，指一般業務過程中出售貨物及提供服務的應收款項扣除折扣及銷售相關稅項後的金額。

日常業務過程中銷售物業的收入須滿足下列標準時方予確認：

- 物業所有權的重大風險及回報已轉移至買方；
- 不再保留對物業施加通常與擁有權相關的持續管理參與及實際控制權；
- 有關收入能可靠計量；
- 與交易相關的經濟利益很可能流入本集團；及
- 有關交易所產生或將產生的成本能可靠計量。

在符合上述收入確認標準前從買方所收取的訂金及分期供款，計入綜合財務狀況報表流動負債項下。

來自經營租賃的租金收入，於有關租賃期內按直線法確認。

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold and services provided in the normal course of business, net of discounts and sales related taxes.

Revenue from sale of properties in the ordinary course of business is recognised when all of the following criteria are satisfied:

- the significant risks and rewards of ownership of the properties are transferred to buyers;
- neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the properties are retained;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Deposits and installments received from purchasers prior to meeting the above criteria for revenue recognition are included in the consolidated statement of financial position under current liabilities.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

綜合財務報表附註

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3. 主要會計政策 (續)

收入確認 (續)

物業管理及相關服務費於提供服務的期間確認。

顧問費用收入於提供服務時確認。

推廣及廣告收入於廣告於廣告屏展示或於廣告合約展示期間可估價時確認。

金融資產的利息收入乃參考尚未償還本金額採用適用實際利率，按時間基準累計，實際利率乃將金融資產於整個預期期限的估計未來現金收入準確折現至該資產賬面淨值的利率。

投資所得股息收入於股東收取款項的權利獲確立時確認。

投資物業

投資物業初步按成本(包括任何直接應佔開支)計量。於初步確認後，投資物業按公平值計量。投資物業公平值變動所產生的盈虧於產生期間計入損益中。

在建投資物業之建設成本資本化為在建投資物業之賬面值。

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition (Continued)

Property management and related service fees are recognised in the period in which the services are rendered.

Consultancy fee income is recognised when the services are provided.

Promotion and advertising income is recognised when advertisements are displayed on the advertising screens; or ratably over the displayed period of the advertisement contract.

Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

Investment properties

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair values. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise.

Construction costs incurred for investment properties under construction are capitalised as part of the carrying amount of the investment properties under construction.

綜合財務報表附註

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3. 主要會計政策 (續)

投資物業 (續)

在建或開發日後作投資物業用途的物業分類為發展中投資物業。倘無法可靠地釐定公平值，則發展中投資物業將按成本計量，直至公平值可以釐定或發展項目完工為止，屆時公平值與賬面值之間的差額將在期內的損益表中確認。

倘有證據顯示對另一方之經營租賃開始，則發展中待售物業及持作出售物業轉撥至在建投資物業及已落成投資物業。有關物業於轉讓當日之公平值與其以往賬面值間的任何差額於損益確認。

投資物業於出售或永久終止使用或預期於出售不再產生日後經濟利益時解除確認。解除確認資產所產生的任何盈虧(按該資產的出售所得款項淨額與資產賬面值的差額計算)於該項目解除確認期間計入損益中。

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investment properties (Continued)

Property under construction or development for future use as an investment property is classified as investment property under construction. If the fair value cannot be reliably determined, the investment property under construction will be measured at cost until such time as fair value can be determined or development is completed, in which time any difference between the fair value and the carrying amount will be recognised in profit or loss in that period.

Properties under development for sales and properties held for sales are transferred to investment properties under construction and completed investment properties, respectively when it is evidenced by the commencement of an operating lease to another party. Any difference between the fair value of the property at the date of transfer and its previous carrying amount shall be recognised in profit or loss.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use or no future economic benefits are expected from its disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the period in which the item is derecognised.

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3. 主要會計政策 (續)

物業、廠房及設備

物業、廠房及設備(包括持作行政用途的樓宇)於綜合財務狀況報表按成本減其後累計折舊及累計減值虧損(如有)列賬。

物業、廠房及設備項目使用直線法於估計可使用年內確認折舊以撇銷成本。於各報告期末檢討估計可使用年期、剩餘價值及折舊方法，估計變更影響於日後入賬。

物業、廠房及設備項目於出售或預期日後繼續使用有關資產不會產生經濟利益時解除確認。出售或報廢物業、廠房及設備項目所產生的任何盈虧釐定為出售所得款項與資產賬面值的差額並於損益確認。

當租賃土地及樓宇處於發展作生產、租賃或行政用途的過程中，撥回租賃土地入賬為發展中物業成本。不作出售用途的發展中物業以成本減任何已識別減值虧損列賬。擬持作自用的發展中物業列為非流動資產。

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, plant and equipment

Property, plant and equipment including buildings held for administrative purposes are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and accumulated impairment loss, if any.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment over their estimated useful lives using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

When the leasehold land and buildings are in the course of development for production, rental or for administrative purposes, the release of the leasehold land is included as part of the costs of the properties under development. Properties under development not for sale are carried at cost, less any identified impairment losses. Properties under development which are intended to be held for own use are shown as non-current assets.

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3. 主要會計政策 (續)

預付租賃款項

預付租賃款項指土地使用權的預付款項，初步按成本確認及於租期內以直線法轉撥至損益表內或資本化為上述樓宇成本，惟分類及入賬列為擬持作出售的發展中物業則除外。

於聯營公司的權益

聯營公司為本集團可對其有重大影響力，且並非附屬公司或於合營企業的權益的實體。重大影響力指參與被投資公司的財務及營運決策的權力，但並非控制或共同控制該等政策的制訂。

聯營公司的業績、資產及負債按權益會計法列入該等綜合財務報表內。根據權益法，於聯營公司的投資先按成本，再根據本集團應佔損益及聯營公司的其他全面收入進行調整後，於綜合財務狀況報表初步確認。當本集團應佔聯營公司的虧損相等於或超出其於該聯營公司的權益(包括實質上組成本集團於該聯營公司的投資淨額的任何長期權益)，則本集團不再確認其應佔的進一步虧損。額外虧損以本集團已產生法定或推定責任或代表該聯營公司支付的款項為限進行確認。

任何收購成本超出於收購日期本集團應佔聯營公司已確認可識別資產及負債公平淨值之差額，均確認為商譽，計入投資賬面值。

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Prepaid lease payments

The prepaid lease payments represent upfront payments for land use rights and are initially recognised at cost and released to profit or loss, or capitalised as part of the cost of building as mentioned above, over the lease term on a straight-line basis, except for those that are classified and accounted for as properties under development intended to be held for sale.

Interests in associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over these policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, investments in associates are initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associates. When the Group's share of losses of an associate equals or exceeds its interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets and liabilities of an associate recognised at the date of acquisition is recognised as goodwill, which is included within the carrying amount of the investment.

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3. 主要會計政策 (續)

於聯營公司的權益 (續)

倘於重新評估後本集團應佔可識別資產及負債公平淨值超出收購成本，則差額即時於損益確認。

國際會計準則第39號的規定適用於釐定有否必要確認本集團於共同控制實體投資之減值虧損。如有必要，則將投資(包括商譽)的全部賬面值作為單一資產根據國際會計準則第36號資產減值透過比較其可收回金額(使用價值與公平值減銷售成本之較高者)與賬面值測試有否減值。任何確認之減值虧損屬投資賬面值的一部分。倘其後投資的可收回金額增加，則根據國際會計準則第36號確認該減值虧損的撥回。

當集團實體與其聯營公司進行交易時，與該聯營公司交易所產生之損益僅在有關聯營公司之權益與本集團無關的情況下，方會在本集團綜合財務報表確認。

於共同控制實體的投資

合營企業安排涉及成立獨立實體，而當中各經營方對該實體的經濟活動擁有共同控制權者乃列作共同控制實體。

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Interests in associates (Continued)

Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

The requirements of IAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount, any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When a group entity transacts with its associate, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

Investments in jointly controlled entities

Joint venture arrangements that involve the establishment of a separate entity in which venturers have joint control over the economic activity of the entity are referred to as jointly controlled entities.

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3. 主要會計政策 (續)

於共同控制實體的投資 (續)

共同控制實體的業績及資產與負債按權益會計法列入綜合財務報表。根據權益法，於共同控制實體的投資先按成本，再根據本集團應佔損益及共同控制實體的其他全面收入進行調整後，於綜合財務狀況報表初步確認。當本集團應佔共同控制實體的虧損相等於或超出其於該共同控制實體的權益(包括實質上組成本集團於該共同控制實體的投資淨額的任何長期權益)，則本集團不再確認其應佔的進一步虧損。額外虧損以本集團已產生法定或推定責任或代表該共同控制實體支付的款項為限進行確認。

任何收購成本超出於收購日期本集團應佔共同控制實體已確認可識別資產及負債公平淨值之差額，均確認為商譽，計入投資賬面值。

倘於重新評估後本集團應佔可識別資產及負債公平淨值超出收購成本，則差額即時於損益確認。

國際會計準則第39號的規定適用於釐定有否必要確認本集團於共同控制實體投資之減值虧損。如有必要，則將投資的全部賬面值(包括商譽)作為單一資產根據國際會計準則第36號資產減值透過比較其可收回金額(使用價值與公平值減銷售成本之較高者)與賬面值測試有否減值。任何確認之減值虧損屬投資賬面值的一部分。倘其後投資的可收回金額增加，則根據國際會計準則第36號確認該減值虧損的撥回。

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments in jointly controlled entities (Continued)

The results and assets and liabilities of jointly controlled entities are incorporated in the consolidated financial statements using the equity method of accounting. Under the equity method, investments in jointly controlled entities are initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the jointly controlled entities. When the Group's share of losses of a jointly controlled entity equals or exceeds its interest in that jointly controlled entity (which includes any long-term interests that, in substance, form part of the Group's net investment in the jointly controlled entity), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that jointly controlled entity.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets and liabilities of a jointly controlled entity recognised at the date of acquisition is recognised as goodwill, which is included within the carrying amount of the investment.

Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

The requirements of IAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in a jointly controlled entity. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

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3. 主要會計政策 (續)

於共同控制實體的投資 (續)

當集團實體與其共同控制實體進行交易時，與該共同控制實體交易所產生之損益僅在有關共同控制實體之權益與本集團無關的情況下，方會在本集團綜合財務報表確認。

發展中待售物業

擬於發展完成後出售的發展中物業列為流動資產，以成本或可變現淨值兩者中較低者列賬。成本包括相關土地成本、所產生的發展開支及已資本化的借貸成本（倘適用）。

發展中待售物業於落成後轉撥至持作出售物業。

持作出售物業

持作出售物業按成本或可變現淨值兩者之較低者列賬。成本包括土地成本、產生的發展開支及已資本化的借貸成本（倘適用）。可變現淨值按當時市況釐定。

存貨

存貨按成本或可變現淨值兩者之較低者列賬。成本按加權平均法計算。

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments in jointly controlled entities (Continued)

When a group entity transacts with its jointly controlled entity, profits and losses resulting from the transactions with the jointly controlled entity are recognised in the Group's consolidated financial statements only to the extent of interests in the jointly controlled entity that are not related to the Group.

Properties under development for sales

Properties under development which are intended to be sold upon completion of development are classified as current assets, and carried at the lower of cost and net realisable value. Cost include the related land cost, development expenditure incurred and where appropriate, borrowing costs capitalised.

Properties under development for sales are transferred to properties held for sales upon completion.

Properties held for sales

Properties held for sales are stated at the lower of cost and net realisable value. Cost includes the costs of land, development expenditure incurred and, where appropriate, borrowing costs capitalised. Net realisable value is determined based on prevailing market conditions.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average method.

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3. 主要會計政策 (續)

金融工具

當一間集團公司成為工具合約條文的訂約方時，金融資產及金融負債於綜合財務狀況報表內確認。金融資產及金融負債初步按公平值計量。收購或發行金融資產及金融負債直接應佔的交易成本（按公平值計入損益的金融資產及金融負債除外）於初步確認時加入或從金融資產或金融負債的公平值扣除（倘適用）。收購或發行按公平值計入損益的金融資產或金融負債直接應佔的交易成本即時於損益內確認。

金融資產

本集團的金融資產分為貸款及應收款項或可供出售金融資產。有關分類基於金融資產之性質及用途於初步確認時決定。

實際利率法

實際利率法為計算金融資產的攤銷成本及按有關期間攤分利息收入的方法。實際利率是將金融資產於預計年期或（倘適用）較短期間的估計未來現金收入（包括所有費用、構成實際利率不可分割部分的已支付或收取基點、交易成本及其他溢價或折價）準確折現至初步確認的賬面淨值的利率。

債務工具的利息收入按實際利率基準確認。

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition or issue of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

The Group's financial assets are classified as loans and receivables or available-for-sale financial assets. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees, points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments.

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3. 主要會計政策 (續)

金融工具 (續)

貸款及應收款項

貸款及應收款項為無活躍市場報價而附帶固定或可釐定付款的非衍生金融資產。於初步確認後，貸款及應收款項(包括應收賬款及其他應收款項、按金、應收共同控制實體款項、已抵押銀行存款及銀行結餘及現金)採用實際利率法按攤銷成本減任何已識別減值虧損列賬(請參閱下文有關金融資產減值虧損的會計政策)。

可供出售金融資產

可供出售金融資產為指定或未分類為按公平值計入損益的金融資產、貸款及應收款項或持至到期投資的非衍生工具。

對於在活躍市場並無市場報價及其公平值無法可靠計量的可供出售股本投資，於各報告期末按成本減任何已識別減值虧損計量(請參閱下文有關金融資產減值虧損的會計政策)。

金融資產的減值

金融資產會於各報告期末評定是否有減值跡象。金融資產於有客觀證據顯示金融資產的估計未來現金流量因於初步確認該金融資產後發生之一項或多項事件而受到影響時視為減值。

就可供出售股本投資而言，其公平值大幅或持續下跌至低於其成本，視為減值的客觀證據。

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including accounts and other receivables and deposits, amounts due from jointly controlled entities, pledged bank deposits and bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment loss on financial assets below).

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated or not classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments.

For available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, they are measured at cost less any identified impairment losses at the end of the reporting period (see accounting policy on impairment loss on financial assets below).

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of the reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

For an available-for-sale equity investment, a significant or prolonged decline in the fair value of that investment below its cost is considered to be objective evidence of impairment.

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3. 主要會計政策 (續)

金融工具 (續)

金融資產的減值 (續)

就所有其他金融資產而言，減值的客觀證據可包括：

- 發行人或對手方出現重大財政困難；或
- 違約（如拖欠或延遲償還利息或本金）；或
- 借款人可能會破產或進行財務重組；或
- 由於財政困難，金融資產的活躍市場消失。

就若干類別的金融資產（如應收賬款）而言，評估為不會單獨減值的資產會另行一併評估減值。應收款項組合出現減值的客觀證據包括本集團過往收款記錄、組合延遲付款（超逾信貸期）數目增加、國家或地方經濟狀況出現明顯變動導致應收款項未能償還。

按攤銷成本列賬的金融資產之減值虧損金額確認為資產賬面值與按金融資產原實際利率貼現的估計未來現金流量現值之間的差額。

按成本列賬的金融資產之減值虧損金額按該資產的賬面值與估計未來現金流量按類似金融資產現時市場回報率折現的現值之間的差額計量。該等減值虧損不會於其後期間撥回。

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Impairment of financial assets (Continued)

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial asset, such as accounts receivables, assets that are assessed not to be impaired individually are in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the credit period, observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

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3. 主要會計政策 (續)

金融工具 (續)

金融資產的減值 (續)

所有金融資產的減值虧損直接於金融資產的賬面值扣減，惟應收賬款及其他應收款項除外，其賬面值會透過使用撥備賬作出扣減。撥備賬內的賬面值變動會於損益中確認。當應收賬款及其他應收款項視為不可收回時，會於撥備賬內撇銷。之前已撇銷的款項如其後收回，會計入損益內。

就按攤銷成本計量的金融資產而言，如在隨後期間減值虧損金額減少，而有關減少在客觀上與確認減值虧損後發生的事件有關，則先前已確認的減值虧損將透過損益撥回，惟該資產於減值撥回當日的賬面值不得超過未確認減值時應有的已攤銷成本。

金融負債及股本工具

本集團發行的金融負債及股本工具根據合約安排的內容及金融負債與股本工具的定义分類為金融負債或股本工具。

股本工具

股本工具為顯示本集團資產經扣除其所有負債後的剩餘權益的任何合約。集團實體發行的股本工具按已收所得款項扣除直接發行成本確認。

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Impairment of financial assets (Continued)

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of accounts and other receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When an account and other receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For financial assets measured amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity instruments

Financial liabilities and equity instruments issued by the Group are classified as either financial liabilities or as equity instruments in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the group entities are recognised at the proceeds received, net of direct issue costs.

綜合財務報表附註

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3. 主要會計政策 (續)

金融工具 (續)

金融負債及股本工具 (續)

實際利率法

實際利率法為計算金融負債的攤銷成本及按有關期間分配利息支出的方法。實際利率是將金融負債於整個預計年期或(倘適用)較短期間的估計未來現金付款(包括所有費用、構成實際利率不可分割部分的已支付或收取基點、交易成本及其他溢價或折價)準確折現至首次確認時的賬面淨值的利率。

債務工具的利息開支按實際利息基準確認。

金融負債

金融負債(包括應付賬款、應付共同控制實體款項、優先票據以及銀行及其他借款)其後使用實際利率法按攤銷成本計量。

財務擔保合約

財務擔保合約指因指定債務人未能按債務工具的原有或經修訂條款如期付款時，發行人須支付指定金額予持有人以補償其所遭受損失的合約。本集團所發行而並無指定按公平值計入損益的財務擔保合約初步以公平值減發行財務擔保合約直接應佔的交易成本確認。於初步確認後，本集團以(i)按照國際會計準則第37號「撥備、或然負債及或然資產」釐定的合約負債金額；及(ii)初步確認的金額減按照收益確認政策確認的累計攤銷(如適用)兩者中的較高者計量財務擔保合約。

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis for debt instruments.

Financial liabilities

Financial liabilities (including accounts payable, amounts due to jointly controlled entities, senior notes and bank and other borrowings) are subsequently measured at amortised cost using effective interest method.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. A financial guarantee contract issued by the Group and not designated as at fair value through profit or loss is recognised initially at its fair value less transaction costs that are directly attributable to the issue of the financial guarantee contract. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount of obligation under the contract, as determined in accordance with IAS 37 "Provisions, Contingent Liabilities and Contingent Assets"; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with the revenue recognition policy.

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3. 主要會計政策 (續)

金融工具 (續)

解除確認

僅當從資產收取現金流量的權利已屆滿，或將金融資產及資產擁有權之絕大部分風險及回報轉讓予其他實體時，本集團方會解除確認金融資產。倘本集團並無轉讓或保留擁有權之絕大部分風險及回報並持續控制已轉讓資產，則本集團持續確認所涉資產並確認關連負債。倘本集團保留已轉讓金融資產所有權之絕大部分風險及回報，則持續確認金融資產，並確認已收所得款項的抵押借款。

於全面解除確認金融資產時，資產賬面值與已收及應收代價及於其他全面收入確認並於權益累積的累計損益總和之間的差額，將於損益內確認。

當且僅當本集團的責任獲解除、取消或屆滿時，方會解除確認金融負債。已解除確認的金融負債之賬面值與已付及應付代價的差額，將於損益內確認。

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group continues to recognise the asset to the extent of its continuing involvement and recognises an associated liability. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

The Group derecognises a financial liability when, and only when, the Group's obligations are discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

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3. 主要會計政策 (續)

租賃

當租賃條款轉移所有權絕大部分風險及回報至承租人，則有關租賃分類為融資租賃。所有其他租賃分類為經營租賃。

本集團作為出租人

經營租賃的租金收入於相關租賃年期按直線法於損益內確認。

本集團作為承租人

經營租賃付款於租期按直線法確認為開支。已收訂立經營租賃的租賃獎勵確認為負債。獎勵福利總額按直線基準確認為租金開支減少。

租賃土地及樓宇

當一項租賃包括土地及樓宇部分，本集團會根據各部份的所有權絕大部分風險及回報是否轉移至本集團獨立評估各部份分類為融資或經營租賃，除非確認兩部份均為經營租賃，而在此情況下，整份租約分類為經營租賃。特別是，最低租賃款項(包括任何一次性預付款)於租賃開始時，按出租人自租賃土地與樓宇所獲利益公平值的比例在土地與樓宇部分間分配。

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease.

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis.

Leasehold land and buildings

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case the entire lease is classified as an operating lease. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

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3. 主要會計政策 (續)

租賃土地及樓宇 (續)

租賃款項能夠可靠分配時，土地租賃權益作為經營租約在綜合財務狀況報表中列作「預付租賃款項」，並於租期內按直線基準撥回，惟按公平值模式分類及入賬列作投資物業者除外。當租賃款項無法於土地與樓宇部分間可靠分配，整份租約一般視作融資租約處理，並入賬列作物業、廠房及設備。

借貸成本

由於收購、建設或生產需大量時間用作擬定用途或出售的合資格資產而直接產生的借貸成本計入該等資產之成本，直至該等資產大致上可作擬定用途或出售。特定借款在未用於未完成資產開支之暫時投資所得投資收入，會從可撥作資本化的借貸成本中扣除。

所有其他借貸成本均於產生期間於損益內確認。

外幣

編製各個別集團實體的財務報表時，以該實體功能貨幣以外貨幣(外幣)進行的交易，以各自功能貨幣(即實體經營所在主要經濟環境的貨幣)按交易日的匯率記錄。於報告期末，以外幣列值的貨幣項目按該日的現行匯率重新換算。按過往成本以外幣計量的非貨幣項目毋須重新換算。

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leasehold land and buildings (Continued)

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as “prepaid lease payments” in the consolidated statement of financial position and is released over the lease term on a straight-line basis except for those that are classified and accounted for as investment properties under the fair value model. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease and accounted for as property, plant and equipment.

Borrowing costs

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.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e., the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

綜合財務報表附註

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3. 主要會計政策 (續)

外幣 (續)

結算貨幣項目及重新換算貨幣項目所產生的匯兌差額於產生期間確認。

稅項

所得稅開支指現時應付稅項及遞延稅項的總和。

現時應付稅項按年度應課稅溢利計算。應課稅溢利有別於綜合全面收益表所報溢利，乃因其不包括其他年度的應課稅收入或可扣減支出項目，亦不包括毋須課稅或不可扣減項目。本集團的即期稅項負債按報告期末已實施或實質上已實施的稅率計算。

遞延稅項按綜合財務報表內資產及負債的賬面值與計算應課稅溢利所用相應稅基間的暫時差額確認。遞延稅項負債通常會就所有應課稅暫時差額確認，而遞延稅項資產則按可能出現可利用暫時差額扣稅之應課稅溢利時確認。倘因商譽或初步確認一項交易(業務合併情況下除外)的其他資產及負債而引致的暫時差額既不影響應課稅溢利亦不影響會計溢利，則不會確認該等資產及負債。

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreign currencies (Continued)

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in the period in which they arise.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred taxation.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred taxation is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred taxation liabilities are generally recognised for all taxable temporary differences and deferred taxation assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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3. 主要會計政策 (續)

稅項 (續)

遞延稅項負債確認來自投資附屬公司及聯營公司與合營企業權益的應課稅暫時差額，惟倘本集團可控制撥回暫時差額及該暫時差額可能不會於可見將來撥回則除外。有關該投資及權益可扣稅暫時差額產生的遞延稅項資產，僅以可能有足夠應課稅溢利可抵銷暫時差額利益，且預期暫時性差額於可見將來撥回時確認。

遞延稅項資產的賬面值於各報告期末進行檢討，會一直扣減至不再有足夠應課稅溢利可收回全部或部份資產為止。

遞延稅項資產及負債基於各報告期末已頒佈或實質頒佈的稅率(及稅法)按清償負債或變現資產期間的預期適用稅率計算。

遞延稅項負債及資產的計量反映本集團預期於各報告期末收回或結算資產及負債賬面值的方式產生的稅務影響。即期及遞延稅項於損益確認，惟倘即期及遞延稅項與其他全面收入或直接於權益確認的項目有關時，則即期及遞延稅項亦分別於其他全面收入或直接在權益確認。倘遞延稅項的即期稅項因業務合併初步入賬產生，則稅務影響納入業務合併入賬。

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxation (Continued)

Deferred taxation liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred taxation assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred taxation assets is reviewed at each end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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

The measurement of deferred taxation liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Current and deferred taxation are recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred taxation are also recognised in other comprehensive income or directly in equity respectively. Where current tax on deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

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3. 主要會計政策 (續)

政府資助

政府資助於本集團確認支銷相關費用且政府資助擬作賠償時有系統地於損益表確認。應收政府資助作賠償已產生之開支或虧損或用作即時本集團財政支持且於未來並無費用，於應收期間於損益表確認。

退休福利成本

強制性公積金計劃的供款為定額供款，於僱員就其提供服務可享有供款時確認為開支。倘本集團根據國營退休福利計劃的責任與定額供款退休福利計劃所產生者相等，則該計劃供款視為定額供款退休福利計劃的供款處理。

以股份為基礎的付款交易

以權益結算及股份為基礎的付款交易

向僱員提供的購股權／股份獎勵

所獲服務之公平值參考購股權於授出日期之公平值釐定，在購股權歸屬期間以直線法列作開支，並於權益作相應增加。

於報告期末，本集團修訂對預期最終歸屬購股權數目的估計。於歸屬期修訂原有估計之影響(如有)於損益確認以使累計開支反映修訂估計，並對購股權儲備或注資儲備作出相應調整。

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government grants

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Retirement benefit costs

Payments to the Mandatory Provident Fund Scheme which is defined contribution are recognised as an expense when employees have rendered service entitling them to the contributions. Payments made to state-managed retirement benefit schemes are dealt with as payments to defined contribution plans where the Group's obligations under the schemes are equivalent to those arising in a defined contribution retirement benefit plan.

Share-based payment transactions

Equity-settled share-based payment transactions

Share options/share awards to employees

The fair value of services received determined by reference to the fair value of share options or shares granted at the grant date is expensed on a straight-line basis over the vesting period with a corresponding increase in equity.

At the end of the reporting period, the Group revises its estimates of the number of options or shares that are expected to ultimately vest. The impact of the revision of the original estimates during the vesting period, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share option reserve or capital contribution reserve.

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3. 主要會計政策 (續)

以股份為基礎的付款交易 (續)

以權益結算及股份為基礎的付款交易 (續)

向僱員提供的購股權／股份獎勵 (續)

倘購股權獲行使，過往於購股權儲備中確認之款項將轉入股份溢價。倘購股權於歸屬日期後被沒收或於屆滿日仍未行使，則過往於購股權儲備中確認之款項將轉入保留盈利。

已授出購股權的條款及條件如作出任何修訂，則授出的新增公平值按經修訂購股權公平值與原購股權公平值之間的差額（均於修訂日期估計）釐定。

倘修訂於歸屬期間作出，則授出的新增公平值則計入修訂日期至經修訂購股權歸屬當日期間就已獲提供服務確認的金額（連同按授出日期的原有購股權公平值計算且於原有歸屬期的餘下時間確認的金額）。

倘修訂於歸屬日期後作出，則授出的新增公平值即時於損益確認。

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Share-based payment transactions (Continued)

Equity-settled share-based payment transactions (Continued)

Share options/share awards to employees (Continued)

When share options are exercised, the amount previously recognised in share option reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share option reserve will be transferred to retained earnings.

For any modification to the terms and conditions of share options granted, the incremental fair value granted is determined at the difference between the fair value of the modified share options and that of the original share options, both estimated as at the date of the modification.

If the modification occurs during the vesting period, the incremental fair value granted is included in the measurement of the amount recognised for services received over the period from the modification date until the date when the modified share options vest, in addition to the amount based on the grant date fair value of the original share options, which is recognised over the remainder of the original vesting period.

If the modification occurs after vesting date, the incremental fair value granted is recognised in profit or loss immediately.

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4. 估計不明朗因素的主要來源

於採用附註3所述本集團會計政策時，本公司董事須就不能透過其他來源明顯確定的資產及負債的賬面值作出判斷、估計及假設。估計及相關假設乃根據過往經驗及視為相關的其他因素作出。實際結果可能有別於該等估計。

估計及相關假設會持續檢討。對會計估計進行修訂時，若修訂會計估計僅影響修訂估計期間，則會在該段期間確認有關修訂；若修訂影響到現行修訂期間及未來期間，則在現行以及未來期間確認有關修訂。

投資物業

投資物業根據獨立專業估值師進行的估值按公平值列賬。釐定公平值時，估值師以涉及對若干市況估計的估值法計算。在依賴估值報告時，本公司董事已作出判斷並信納估值所用的假設能反映現時市況。該等假設的任何變動會導致本集團投資物業的公平值發生變動，並須對損益表所報盈虧金額作出相應調整。

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Investment properties

Investment properties are stated at fair values based on the valuation performed by independent professional valuers. In determining the fair values, the valuers have based on a method of valuation which involves certain estimates of market condition. In relying on the valuation report, the directors of the Company have exercised their judgement and are satisfied that the assumptions used in the valuation are reflective of the current market conditions. Changes to these assumptions would result in changes in the fair values of the Group's investment properties and the corresponding adjustments to the amount of gain or loss reported in profit or loss.

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4. 估計不明朗因素的主要來源 (續)

所得稅開支

按附註31所載，於二零一一年十二月三十一日，主要與稅項虧損、土地增值稅撥備、呆賬撥備、政府資助、集團內購買的未變現溢利及其他項目相關的遞延稅項資產人民幣669,202,000元(二零一零年：人民幣436,035,000元)經抵銷若干遞延稅項負債後已於本集團綜合財務狀況報表確認。遞延稅項資產能否變現主要視乎未來有無足夠可供動用的未來溢利或應課稅暫時差額。本公司董事釐定遞延稅項資產乃基於已頒佈或實質已頒佈的稅率，以及本集團預期動用遞延稅項資產的未來數年所作的最佳溢利預測。本公司董事會於報告期末前審閱假設及溢利預測。倘所產生的實際未來溢利高於或低於預期，則可能須額外確認或撥回遞延稅項資產，並於確認或撥回期間於損益表內確認。

土地增值稅

本集團在中國須繳付土地增值稅。然而，有關稅項的執行及繳納因中國不同城市的不同稅務司法權區而各異，且本集團若干項目尚未與中國任何地區稅務機關確認土地增值稅的計算及付款方法。因此，本集團於釐定土地增值及其相關所得稅撥備的金額時須作出重大判斷。本集團根據管理層的最佳估計確認土地增值稅。最後稅務結果可能有別於最初記錄的金額，而相關差額會於本集團與地方稅務機關落實有關稅項期間對所得稅開支及相關所得稅撥備造成影響。

4. KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Income tax expense

As at December 31, 2011, deferred taxation assets of RMB669,202,000 (2010: RMB436,035,000) mainly in relation to tax losses, land appreciation tax provisions, allowance for doubtful debts, government grants, unrealised profit on intra-group purchases and others have been recognised in the Group's consolidated statement of financial position, after offsetting certain deferred taxation liabilities as set out in note 31. The realisability of the deferred taxation assets mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. The directors of the Company determine the deferred taxation assets based on the enacted or substantially enacted tax rates and the best knowledge of profit projections of the Group for coming years during which the deferred taxation assets are expected to be utilised. The directors of the Company will review the assumptions and profit projections by the end of the reporting period. In cases where the actual future profits generated are more or less than expected, an additional recognition or a reversal of deferred taxation assets may arise, which would be recognised in profit or loss for the period in which such a recognition or reversal takes place.

Land appreciation tax

The Group is subject to land appreciation tax in the PRC. However, the implementation and settlement of the tax varies amongst different tax jurisdictions in various cities of the PRC and certain projects of the Group have not yet finalised their land appreciation tax calculations and payments with any local tax authorities in the PRC. Accordingly, significant judgment is required in determining the amount of land appreciation and its related income tax provisions. The Group recognised the land appreciation tax based on management's best estimates. The final tax outcome could be different from the amounts that were initially recorded, and these differences will impact the income tax expense and the related income tax provisions in the periods in which such tax is finalised with local tax authorities.

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5. 分部資料

本集團根據主要經營決策人(即本公司董事會)為按分部配置資源及評估其表現而定期檢討的有關本集團組成部分的內部報告,釐定其經營分部。

本集團按活動類別組成業務單元,並據此編製資料而向本集團主要經營決策人呈報以便配置資源及評估表現。本集團根據國際財務報告準則第8號經營分部編製的經營分部可分為以下三項主要業務:

- 物業發展:該分部發展及銷售辦公樓、商業及住宅物業。本集團在中華人民共和國(「中國」)開展所有這方面的業務。
- 物業投資:該分部租賃本集團發展的投資物業,以賺取租金收入並長期從物業增值中獲取收益。本集團目前的投資物業組合主要包括零售物業,全部位於中國。
- 物業管理及相關服務:該分部主要透過物業管理產生收入。本集團目前在中國開展這方面的業務。

5. SEGMENT INFORMATION

The Group determines its operating segments based on internal reports about components of the Group that are regularly reviewed by the chief operating decision maker (i.e., the board of directors of the Company) in order to allocate resources to the segment and to assess its performance.

The Group is organised into business units based on their types of activities, based on which information is prepared and reported to the Group's chief operating decision maker for the purposes of resource allocation and assessment of performance. The Group's operating segments under IFRS 8 *Operating Segments* are identified as three main operations:

- Property development: this segment develops and sells office premises, commercial and residential properties. All the Group's activities in this regard are carried out in the People's Republic of China ("PRC").
- Property investment: this segment leases investment properties, which are developed by the Group to generate rental income and to gain from the appreciation in the properties' values in the long term. Currently the Group's investment property portfolio is mainly comprise of retail properties and are all located entirely in the PRC.
- Property management and related services: this segment mainly represented the income generated from property management. Currently the Group's activities in this regard are carried out in PRC.

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5. 分部資料 (續)

(a) 分部業績、資產及負債

就評估分部表現及在各分部之間配置資源而言，本公司董事會按以下基準監督各經營分部應佔的收入、業績、資產及負債：

分部資產包括所有分部直接相關的有形資產及流動資產，惟若干物業、廠房及設備、於聯營公司的權益、於共同控制實體的權益、可供出售投資、遞延稅項資產、可收回稅項及其他公司資產除外。由於其他公司資產為總部資產或由本集團集中管理，因此並無分配至經營分部。主要經營決策人評估時，計入分部資產的投資物業以成本列賬。分部負債包括貿易應付款項及建設應計開支、應付票據、已收按金、物業銷售預收款以及其他應付款項，惟應付稅項、遞延稅項負債、銀行及其他借款、優先票據以及其他公司負債除外。由於其他公司負債為總部負債或由集團整體管理，因此並無分配至經營分部。

收入及支出根據分部的銷售收入及產生的相關支出分配至報告分部。分部溢利不包括本集團應佔共同控制實體業務活動產生的業績。

5. SEGMENT INFORMATION (Continued)

(a) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Company's board of directors monitors the revenue, results, assets and liabilities attributable to each operating segment on the following bases:

Segment assets include all tangible assets and current assets directly attributable to each segment with the exception of certain property, plant and equipment, interests in associates, interests in jointly controlled entities, available-for-sale investments, deferred taxation assets, taxation recoverable and other corporate assets. Other corporate assets are not allocated to the operating segment because they are head office assets or assets which are managed centrally by the Group. The investment properties included in segment assets are stated at cost when assessed by the chief operating decision maker. Segment liabilities include trade payables and accrued expenditure on construction, bills payable, deposits received and receipt in advance from property sales, and other payables with exception of taxation payable, deferred taxation liabilities, bank and other borrowings, senior notes and other corporate liabilities. Other corporate liabilities are not allocated to the operating segment because they are head office liabilities or liabilities which are managed on group basis.

Revenue and expenses are allocated to the operating segments with reference to sales generated by those segments and the expenses incurred by those segments. Segment profit does not include the Group's share of results arising from the activities of the Group's jointly controlled entities.

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5. 分部資料 (續)

(a) 分部業績、資產及負債 (續)

呈報分部溢利所採用的指標為未計利息、稅項、折舊、應佔共同控制實體業績、投資物業及轉撥至投資物業時公平值變動以及融資成本的經調整盈利(「經調整盈利」)，此處所指的「利息」包括投資收入，而「折舊」則視為包括非流動資產的減值虧損。為確定經調整盈利，本集團的盈利會就未具體劃撥至個別分部的項目，如董事及核數師薪酬、其他總部或公司行政開支，作進一步調整。

除獲取有關分部溢利的分部資料外，管理層獲取各分部的相關資訊，包括收入(包括分部間銷售)及分部用於經營業務的新增非流動分部資產。分部間銷售乃參照同類服務對外部客戶的售價而定價。

5. SEGMENT INFORMATION (Continued)

(a) Segment results, assets and liabilities (Continued)

The measure used for reporting segment profit is adjusted earnings before interest, taxes, depreciation, share of results of jointly controlled entities, change in fair value of investment properties and upon transfer to investment properties, and finance costs (“Adjusted Earnings”), where “interest” is regarded as including investment income and “depreciation” is regarded as including impairment losses on non-current assets. To arrive at Adjusted Earnings the Group’s earnings are further adjusted for items not specifically attributed to individual segments, such as directors’ and auditor’s remuneration and other head office or corporate administration costs.

In addition to receiving segment information concerning segment profits, management is provided with segment information concerning revenue (including inter-segment sales) and additions to non-current segment assets used by the segments in their operations. Inter-segment sales are priced with reference to prices charged to external parties for similar service.

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5. 分部資料 (續)

(a) 分部業績、資產及負債 (續)

有關本集團經營分部的資料列示如下。

5. SEGMENT INFORMATION (Continued)

(a) Segment results, assets and liabilities (Continued)

Information regarding the Group's operating segments is set out below.

		截至二零一一年十二月三十一日止年度 Year ended December 31, 2011			
		物業管理及 相關服務 Property management and related services			總計 Total
		物業發展 Property development	物業投資 Property investment	物業發展 and Property investment and related services	總計 Total
		人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000
來自外界客戶的收入	Revenue from external customers	23,376,012	402,167	314,714	24,092,893
分部間收入	Inter-segment revenue	—	—	57,020	57,020
分部收入	Segment revenue	23,376,012	402,167	371,734	24,149,913
分部溢利 (經調整盈利)	Segment profit (Adjusted Earnings)	8,736,177	309,601	80,066	9,125,844
分部資產	Segment assets	52,787,549	5,597,628	17,524	58,402,701
分部負債	Segment liabilities	38,141,552	89,621	5,432	38,236,605

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5. 分部資料 (續)

(a) 分部業績、資產及負債 (續)

5. SEGMENT INFORMATION (Continued)

(a) Segment results, assets and liabilities (Continued)

截至二零一零年十二月三十一日止年度

Year ended December 31, 2010

		物業管理及 相關服務 Property management and related services			總計 Total
		物業發展 Property development	物業投資 Property investment	物業發展 Property development	物業投資 Property investment
		人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000
來自外界客戶的收入	Revenue from external customers	14,596,701	287,281	209,140	15,093,122
分部間收入	Inter-segment revenue	—	—	36,678	36,678
分部收入	Segment revenue	14,596,701	287,281	245,818	15,129,800
分部溢利 (經調整盈利)	Segment profit (Adjusted Earnings)	4,498,483	220,346	50,479	4,769,308
分部資產	Segment assets	37,276,772	3,073,494	12,212	40,362,478
分部負債	Segment liabilities	28,826,325	23,534	66,030	28,915,889

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5. 分部資料 (續)

(a) 分部業績、資產及負債 (續)

其他分部資料

計量分部資產時
所計入之款項：

二零一一年
添置非流動資產
(附註) 2011
Additions to non-current
assets (Note)

二零一零年
添置非流動資產
(附註) 2010
Additions to non-current
assets (Note)

附註：款項包括添置投資物業以及物業、
廠房及設備。

除獲取有關分部溢利的分部資料外，主要經營決策人獲提供有關本集團綜合款料，綜合款項包括於聯營公司的權益及應佔相關業績（如有）、於共同控制實體的權益及應佔相關業績、投資物業及轉撥至投資物業時公平值變動、其他收入、其他收益、借款產生的融資成本、折舊以及不可分配至營運分部的減值虧損（如有）。

5. SEGMENT INFORMATION (Continued)

(a) Segment results, assets and liabilities (Continued)

Other segment information

	物業發展 Property development 人民幣千元 RMB'000	物業投資 Property investment 人民幣千元 RMB'000	物業管理及 相關服務 Property management and related services 人民幣千元 RMB'000	總計 Total 人民幣千元 RMB'000
計量分部資產時 所計入之款項：				
二零一一年 添置非流動資產 (附註)	26,479	1,667,442	2,922	1,696,843
二零一零年 添置非流動資產 (附註)	7,149	477,064	1,301	485,514

Note: Amounts comprise additions to investment properties and property, plant and equipment.

In addition to receiving segment information concerning segment profits, the chief operating decision maker is provided with information concerning the Group's consolidated amount of interests in associates and related share of results (if any), interest in jointly controlled entities and related share of results, changes in fair value of investment properties and upon transfer to investment properties, other income, other gains, finance costs from borrowings, depreciation and impairment losses (if any) which are not allocated to operating segments.

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5. 分部資料 (續)

(b) 分部收入、損益、資產及負債的對賬

5. SEGMENT INFORMATION (Continued)

(b) Reconciliations of segment revenues, profit or loss, assets and liabilities

		二零一一年 2011 人民幣千元 RMB'000	二零一零年 2010 人民幣千元 RMB'000
收入	Revenue		
分部收入	Segment revenue	24,149,913	15,129,800
分部間收入對銷	Elimination of inter-segment revenue	(57,020)	(36,678)
綜合收入	Consolidated revenue	24,092,893	15,093,122
溢利	Profit		
分部溢利	Segment profit	9,125,844	4,769,308
其他收入	Other income	168,934	91,531
其他收益	Other gains	106,653	34,652
轉撥為投資物業的 公平值收益	Fair value gain upon transfer to investment properties	916,115	777,023
投資物業的公平值變動	Change in fair value of investment properties	1,714,447	1,713,090
融資成本	Finance costs	(202,141)	(66,677)
應佔共同控制實體業績	Share of results of jointly controlled entities	323,526	183,035
折舊	Depreciation	(26,924)	(24,019)
未分配開支	Unallocated expenses	(682,224)	(409,469)
綜合除稅前溢利	Consolidated profit before taxation	11,444,230	7,068,474

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5. 分部資料 (續)

(b) 分部收入、損益、資產及負債的對賬 (續)

5. SEGMENT INFORMATION (Continued)

(b) Reconciliations of segment revenues, profit or loss, assets and liabilities (Continued)

		二零一一年 2011 人民幣千元 RMB'000	二零一零年 2010 人民幣千元 RMB'000
資產	Assets		
分部資產	Segment assets	58,402,701	40,362,478
投資物業的公平值 累計變動	Cumulative change in fair value of investment properties	7,622,087	4,991,525
預付租賃款項	Prepaid lease payments	6,721,986	7,882,002
於聯營公司的權益	Interests in associates	1	1
於共同控制實體的權益	Interests in jointly controlled entities	1,873,215	2,464,099
可供出售投資	Available-for-sales investments	8,600	8,600
收購土地使用權 所支付的按金	Deposit paid for acquisition of land use rights	5,837,699	4,274,216
遞延稅項資產	Deferred taxation assets	669,202	436,035
可收回稅項	Taxation recoverable	1,081,031	539,034
未分配總部及其他資產	Unallocated head office and other assets	15,043,519	10,755,574
綜合資產總值	Consolidated total assets	97,260,041	71,713,564
負債	Liabilities		
分部負債	Segment liabilities	38,236,605	28,915,889
應付稅項	Taxation payable	4,788,074	2,635,182
遞延稅項負債	Deferred taxation liabilities	2,196,726	1,593,846
銀行及其他借款	Bank and other borrowings	19,226,252	17,324,359
優先票據	Senior notes	4,740,473	—
未分配總部及其他負債	Unallocated head office and other liabilities	3,977,241	3,878,468
綜合負債總額	Consolidated total liabilities	73,165,371	54,347,744

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5. 分部資料 (續)

(c) 主要產品及服務所得收益

本集團自出售物業、投資物業及提供服務所得收益分析如下：

5. SEGMENT INFORMATION (Continued)

(c) Revenue from major product and services

The following is an analysis of the Group's revenue from its properties sold, property invested and services provided:

		截至年度 Year ended	
		二零一一年 十二月 三十一日 31.12.2011 人民幣千元 RMB'000	二零一零年 十二月 三十一日 31.12.2010 人民幣千元 RMB'000
出售物業	Sales of properties	23,376,012	14,596,701
租賃物業	Leasing of properties	402,167	287,281
提供物業管理服務	Provision of property management services	314,714	209,140
		24,092,893	15,093,122

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5. 分部資料 (續)

(d) 地區資料

下表載列按出售物業、投資物業及提供服務所在中國城市劃分有關本集團來自外界客戶收入的資料。非流動資產資料按資產所在地理位置分析。

重慶	Chongqing
成都	Chengdu
北京	Beijing
中國其他城市	Other cities in the PRC

附註：非流動資產不包括金融工具及遞延稅項資產。

概無與單一外界客戶進行交易的收入達本集團收入的10%或以上。

5. SEGMENT INFORMATION (Continued)

(d) Geographic information

The following table sets out information about the Group's revenue from external customers by cities in the PRC, based on the location at which the properties are sold, properties are invested and services are provided. Information about its non-current assets is analysed by geographical location of assets.

		來自外部 客戶的收入		非流動資產	
		Revenues from external customers		Non-current assets	
		二零一一年 2011	二零一零年 2010	二零一一年 2011	二零一零年 2010
		人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000
重慶	Chongqing	4,951,492	4,807,460	12,406,683	9,947,384
成都	Chengdu	3,926,284	4,187,174	3,077,689	1,324,331
北京	Beijing	10,827,469	4,835,818	7,723,633	5,687,083
中國其他城市	Other cities in the PRC	4,387,648	1,262,670	4,598,179	5,874,261
		24,092,893	15,093,122	27,806,184	22,833,059

Note: Non-current assets excluded financial instruments and deferred taxation assets.

No revenue from transaction with single external customer is amounted to 10% or more of the Group's revenue.

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6. 其他收入

6. OTHER INCOME

		二零一一年 2011 人民幣千元 <i>RMB'000</i>	二零一零年 2010 人民幣千元 <i>RMB'000</i>
利息收入	Interest income	140,590	60,078
諮詢費收入(附註)	Consultancy fee income (Note)	1,585	15,330
可供出售非上市投資 的股息收入	Dividend income from unlisted available-for-sale investments	1,028	1,120
政府津貼	Government subsidies	658	8,611
推銷及廣告收入	Promotion and advertising income	19,677	1,445
雜項收入	Sundry income	5,396	4,947
總計	Total	168,934	91,531

附註：指本集團於中國向獨立第三方提供有關房地產開發的設計、裝修及諮詢服務。

Note: It represents the design, decoration and consulting services related to real estate development provided by the Group to independent third parties in the PRC.

7. 其他收益

7. OTHER GAINS

		二零一一年 2011 人民幣千元 <i>RMB'000</i>	二零一零年 2010 人民幣千元 <i>RMB'000</i>
出售物業、廠房及 設備的收益	Gain on disposal of property, plant and equipment	3	434
滙兌收益淨額(附註)	Net exchange gain (Note)	106,650	34,218
		106,653	34,652

附註：指原貨幣分別港元及美元的銀行借款及優先票據產生的滙兌差額。

Note: It represents exchange difference arising from bank borrowings and senior notes, original currencies of which are Hong Kong Dollar and United States Dollar respectively.

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8. 融資成本

8. FINANCE COSTS

		二零一一年 2011 人民幣千元 RMB'000	二零一零年 2010 人民幣千元 RMB'000
於下列時間償還的銀行及 其他借款利息	Interest on bank and other borrowings		
五年內悉數償還	Wholly repayable within five years	(1,190,505)	(753,617)
非五年內悉數償還	Not wholly repayable within five years	(7,808)	(105,583)
優先票據的利息開支	Interest expense on senior notes	(342,973)	—
減：發展中物業的 資本化金額	Less: Amount capitalised to properties under development	1,339,145	792,523
		(202,141)	(66,677)

資本化的借貸成本均源自本集團的一般借款額，於截至二零一一年十二月三十一日止年度按每年6.2%（二零一零年：5.29%）的資本化比率計算，計入未完成資產開支。

Borrowing costs capitalised arose on the general borrowing pool of the Group and were calculated by applying a capitalisation rate of 6.2% (2010: 5.29%) per annum for the year ended December 31, 2011, to expenditure on the qualifying assets.

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9. 所得稅開支

9. INCOME TAX EXPENSE

		二零一一年 2011 人民幣千元 RMB'000	二零一零年 2010 人民幣千元 RMB'000
即期稅項	Current tax		
中國企業所得稅(「企業所得稅」)	PRC Enterprise Income Tax ("EIT")	(2,066,945)	(1,088,527)
中國土地增值稅(「土地增值稅」)	PRC Land Appreciation Tax ("LAT")	(2,087,284)	(999,591)
		(4,154,229)	(2,088,118)
上年度超額撥備：	Overprovision in prior year:		
企業所得稅*	EIT*	—	263,408
土地增值稅**	LAT**	—	60,315
		—	323,723
遞延稅項(附註31)	Deferred taxation (note 31)		
本年度***	Current year***	(369,713)	(447,242)
上年度超額撥備***	Overprovision in prior year****	—	160,536
		(369,713)	(286,706)
		(4,523,942)	(2,051,101)

* 截至二零一零年十二月三十一日止年度，若干已落成項目應付之企業所得稅按15%優惠企業所得稅率評估及計算，與往年管理層按33%及25%企業所得稅率而釐定的估計不同，導致須撥回企業所得稅。

** 截至二零一零年十二月三十一日止年度所確認若干物業項目的實際增值額與往年管理層所估計的增值不同，導致往年土地增值稅超額撥備。

*** 遞延稅項負債包括本年度已就位於中國的所有附屬公司所產生及香港公司所持未分派溢利20%作出的預扣稅撥備。

**** 往年根據本公司位於中國的附屬公司股息政策計算之實際派息率為有關年度除稅後溢利約20%(投資物業公平值收益或虧損淨額除外)，與管理層先前預計的有關年度遞延稅項負債撥備不同，導致往年預扣稅超額撥備。

* During the year ended December 31, 2010, the assessment and computation of EIT payable in respect of certain completed projects were finalised at a preferential EIT rate of 15%. The preferential EIT rate was different from the management's estimation on EIT rate of 33% and 25% in prior years, resulting in a reversal of EIT.

** The actual appreciation value of certain property projects had been finalised in the year ended December 31, 2010 which differed from the management's estimated appreciation value made in prior years, resulting in an overprovision of LAT in respect of prior years.

*** Deferred taxation liabilities include provision for withholding tax which has been provided for at 20% of the undistributed profits arising from all subsidiaries situated in the PRC and held by Hong Kong companies during the current year.

**** The actual dividend payout ratio in prior years, based on the dividend policy set out for the Company's subsidiaries situated in the PRC, was around 20% of the respective year's profit after tax (excluding net fair value gains or losses on investment properties). This differs from the management's previous estimates when it provided for deferred taxation liabilities in previous years, resulting in an overprovision of withholding tax in respect of prior years.

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9. 所得稅開支 (續)

由於本集團的收入既不產自亦非來自香港，故並無作出香港利得稅撥備。

根據中國企業所得稅法（「企業所得稅法」）及企業所得稅法實施條例，自二零零八年一月一日起，中國附屬公司的稅率均為25%。

本公司於中國經營的若干附屬公司合資格享有若干稅項優惠及減免，並豁免繳納各年度的中國企業所得稅。

根據相關中國企業所得稅規則及規例，本公司若干於西部地區成立且從事受鼓勵業務的中國附屬公司獲授優惠企業所得稅稅率。倘該等公司受鼓勵業務所得年收入超過其年總收入的70%，則彼等自二零零二年至二零一零年按15%的優惠稅率繳納企業所得稅，惟須待主管稅務機構批准。本年度並無獲得相關批准。

9. INCOME TAX EXPENSE (Continued)

No provision for Hong Kong Profits Tax has been made as the Group does not have income which arises in, or is derived from, Hong Kong.

Under the Law of the PRC on EIT (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from January 1, 2008 onwards.

Certain of the Company’s subsidiaries operating in the PRC are eligible for certain tax holidays and concessions and were exempted from PRC EIT for both years.

Pursuant to the relevant PRC corporate income tax rules and regulations, preferential corporate income tax rates have been granted to certain of the Company’s PRC subsidiaries which were established in western regions and engaged in the encouraged business. These companies are subject to a preferential rate of 15% from 2002 to 2010, subject to approval of the tax authority, if the annual income derived from the encouraged business is more than 70% of the annual total income. No approval has been obtained in respect of the current year.

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9. 所得稅開支 (續)

本年度稅費與綜合全面收益表內除稅前溢利的對賬如下：

9. INCOME TAX EXPENSE (Continued)

The tax charge for the year can be reconciled to the profit before taxation per consolidated statement of comprehensive income as follows:

		二零一一年 2011 人民幣千元 RMB'000	二零一零年 2010 人民幣千元 RMB'000
除稅前溢利	Profit before taxation	11,444,230	7,068,474
25%的中國企業所得稅	PRC EIT at 25%	(2,861,057)	(1,767,119)
應佔共同控制實體業績的稅務影響	Tax effect of share of results of jointly controlled entities	80,881	45,759
就稅項而言不可扣除開支的稅務影響 (附註a)	Tax effect of expenses not deductible for tax purposes (Note a)	(172,070)	(101,880)
就稅項而言毋須課稅收入的稅務影響	Tax effect of income not taxable for tax purposes	34,378	9,677
土地增值稅	LAT	(2,087,284)	(999,591)
土地增值稅的稅務影響	Tax effect of LAT	521,821	249,898
往年超額撥備	Overprovision in prior years	—	323,723
未確認稅項虧損的稅務影響	Tax effect of tax losses not recognised	(483)	(857)
動用先前未確認稅項虧損的稅務影響	Tax effect of utilisation of tax losses not previously recognised	—	32
若干中國附屬公司獲授的稅項豁免及優惠稅率的影響	Effect of tax exemption and concessionary and preferential rates granted to certain PRC subsidiaries	5,889	53,942
待分派保留溢利的預扣稅 (附註b)	Withholding tax on retained profits to be distributed (Note b)	(46,017)	135,315
年度稅費	Tax charge for the year	(4,523,942)	(2,051,101)

附註：

- a. 該等金額主要包括本集團不可扣減企業開支及若干附屬公司開支超出相關稅法規定的可扣減限額的稅務影響。
- b. 根據《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》及國稅發[2008]112號，5%股息預扣稅率適用於直接擁有中國內地公司股本最少25%的香港居民公司。該數額指就若干中國附屬公司於截至二零一一年及二零一零年十二月三十一日止年度所產生未分派溢利而撥備的預扣所得稅。

Notes:

- a. The amount mainly comprises of the tax effect of non-deductible corporate expenses of the Group and the expenses of certain subsidiaries in excess of the allowable deduction limits in accordance with the relevant tax regulations.
- b. According to the "Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income" and Guoshuifa [2008]112, where the Hong Kong resident company directly owns at least 25% of the capital of the Mainland company, 5% dividend withholding tax rate is applicable. The amount represents the withholding income tax provided on the undistributed profits arisen during the years ended December 31, 2011 and 2010 of certain PRC subsidiaries.

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10. 年度溢利

10. PROFIT FOR THE YEAR

		二零一一年 2011 人民幣千元 RMB'000	二零一零年 2010 人民幣千元 RMB'000
經扣除(計入)下列各項後的 年度溢利：	Profit for the year has been arrived at after charging (crediting):		
核數師酬金	Auditor's remuneration	3,300	3,000
計入銷售成本的物業 存貨成本	Cost of property inventories included in cost of sales	13,952,604	9,739,314
物業、廠房及設備折舊	Depreciation of property, plant and equipment	26,924	24,019
出售物業、廠房及設備的 收益	Gain on disposal of property, plant and equipment	(3)	(434)
經營租賃的最低租金付款	Minimum lease payment of operating lease rentals	16,029	9,674
員工成本	Staff costs		
董事薪酬(包括以權益結算 及股份為基礎的付款) (附註11)	Directors' emoluments (including equity- settled share-based payments) (note 11)	98,030	62,994
其他員工成本	Other staff costs		
員工成本(不包括退 休福利成本)	Staff costs excluding retirement benefit costs	689,899	461,038
退休福利供款	Retirement benefit contributions	71,535	42,420
以權益結算及股份為基礎的 付款	Equity-settled share-based payments	118,050	61,151

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10. 年度溢利 (續)

10. PROFIT FOR THE YEAR (Continued)

		二零一一年 2011 人民幣千元 RMB'000	二零一零年 2010 人民幣千元 <i>RMB'000</i>
總員工成本	Total staff costs	977,514	627,603
減：發展中物業的 資本化金額	Less: Amount capitalised to properties under development	(362,856)	(240,815)
		614,658	386,788
投資物業的最低租金收入	Minimum lease income from investment properties	308,828	219,710
或然租金收入	Contingent rental income	93,339	67,571
減：產生租金收入的 直接開支	Less: direct expenses that generated rental income	(80,040)	(61,281)
		322,127	226,000
應佔共同控制實體稅項 (計入應佔共同控制 實體業績)	Share of tax of jointly controlled entities (included in share of results of jointly controlled entities)	227,594	98,528

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11. 董事及僱員薪酬

11. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

		基本薪金 及其他 福利	退休福利 供款	以權益結算 及股份 為基礎的 付款	總計		
		Basic salaries and other benefits	Retirement benefit contri- bution	Equity- settled share-based payments	Total		
		董事袍金 and other fees	花紅 Bonus	share-based payments	Total		
		人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000		
		(附註) (Note)					
截至二零一一年 十二月三十一日止年度	Year ended December 31, 2011						
董事姓名	Name of director						
執行董事：	Executive Director:						
吳亞軍女士	Madam Wu Yajun	—	3,698	5,000	68	—	8,766
房晟陶先生	Mr. Fang Shengtao	—	2,617	3,600	47	2,539	8,803
陳凱先生	Mr. Chen Kai	—	1,051	—	20	3,782	4,853
秦力洪先生	Mr. Qin Lihong	—	2,617	3,600	47	11,998	18,262
邵明曉先生	Mr. Shao Mingxiao	—	3,351	5,000	48	10,882	19,281
周德康先生	Mr. Zhou Dekang	—	2,617	3,600	49	5,284	11,550
馮勁義先生	Mr. Feng Jinyi	—	2,477	3,600	51	5,019	11,147
韋華寧先生	Mr. Wei Huaning	—	2,420	3,600	48	7,344	13,412
獨立非執行董事：	Independent non-executive director:						
Frederick Peter Churchouse先生	Mr. Frederick Peter Churchouse	300	—	—	—	234	534
陳志安先生	Mr. Chan Chi On, Derek	300	—	—	—	287	587
項兵博士	Dr. Xiang Bing	300	—	—	—	287	587
曾鳴博士	Dr. Zeng Ming	173	—	—	—	75	248
		1,073	20,848	28,000	378	47,731	98,030

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11. 董事及僱員薪酬 (續)

11. DIRECTORS' AND EMPLOYEES' EMOLUMENTS (Continued)

		基本薪金 及其他 福利	董事袍金	花紅	退休福利 供款	以權益結算 及股份 為基礎的 付款	總計
		Basic salaries and other fees	Directors' fees	Bonus	Retirement contribution	Equity- settled share-based payments	Total
		人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000
		(附註) (Note)					
截至二零一零年 十二月三十一日止年度	Year ended December 31, 2010						
董事姓名	Name of director						
執行董事：	Executive Director:						
吳亞軍女士	Madam Wu Yajun	—	3,172	4,000	35	—	7,207
林鉅昌先生	Mr. Lin Chu Chang	—	1,650	2,425	66	3,318	7,459
房晟陶先生	Mr. Fang Shengtao	—	2,055	2,900	61	4,986	10,002
陳凱先生	Mr. Chen Kai	—	2,055	4,000	63	14,893	21,011
秦力洪先生	Mr. Qin Lihong	—	2,055	4,000	61	9,237	15,353
獨立非執行董事：	Independent non-executive director:						
Frederick Peter Churhouse先生	Mr. Frederick Peter Churhouse	260	—	—	—	394	654
陳志安先生	Mr. Chan Chi On, Derek	260	—	—	—	394	654
項兵博士	Dr. Xiang Bing	260	—	—	—	394	654
		780	10,987	17,325	286	33,616	62,994

附註：與表現獎勵付款相關的花紅按本集團截至二零一一年及二零一零年十二月三十一日止年度的溢利百分比釐定。

Note: The bonus relates to performance related incentive payment which is determined as a percentage of the profit of the Group for the years ended December 31, 2011 and 2010.

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11. 董事及僱員薪酬 (續)

僱員薪酬

五名最高薪酬人士包括截至二零一一年十二月三十一日止年度的五名(二零一零年:三名)董事。截至二零一零年十二月三十一日止年度的餘下兩名最高薪酬人士的薪酬如下:

		二零一一年 2011 人民幣千元 RMB'000	二零一零年 2010 人民幣千元 RMB'000
僱員	Employees		
- 基本薪金及津貼	- basic salaries and allowances	—	4,108
- 花紅	- bonus	—	7,600
- 退休福利供款	- retirement benefit contributions	—	91
- 以權益結算及股份為基礎的付款	- equity-settled share-based payments	—	10,187
		—	21,986

截至二零一一年及二零一零年十二月三十一日止年度,本集團並無支付本公司董事或五名最高薪酬人士任何薪酬作為鼓勵加入或加入本集團後的獎勵或作為離職補償。截至二零一一年及二零一零年十二月三十一日止年度,本公司董事概無放棄任何薪酬。

彼等的薪酬介乎下列範圍:

12,500,001港元至13,000,000港元	HK\$12,500,001 to HK\$13,000,000
13,000,001港元至13,500,000港元	HK\$13,000,001 to HK\$13,500,000

11. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

(Continued)

Employee's emoluments

The five highest paid individuals included five (2010: three) directors for the year ended December 31, 2011. The emoluments of the remaining two highest paid individuals for the year ended December 31, 2010 are as follows:

During the years ended December 31, 2011 and 2010, no emoluments were paid by the Group to the directors of the Company or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors of the Company has waived any emoluments during the years ended December 31, 2011 and 2010.

Their emoluments were within the following bands:

		二零一一年 2011	二零一零年 2010
	人數 Number of Individuals		
12,500,001港元至13,000,000港元	—	—	1
13,000,001港元至13,500,000港元	—	—	1

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12. 股息

12. DIVIDEND

		二零一一年 2011 人民幣千元 RMB'000	二零一零年 2010 人民幣千元 RMB'000
年內確認分派的股息：	Dividend recognised as distribution during the year:		
二零一零年派付的末期股息	Final dividend paid in respect		
每股人民幣0.1元(二零一零年：	of 2010 of RMB0.1 (2010: in respect		
二零零九年每股人民幣0.063元)	of 2009 of RMB0.063) per share	515,505	324,450

本公司董事建議派發截至二零一一年十二月三十一日止年度的末期股息人民幣902,133,750元，每股人民幣0.175元(二零一零年：截至二零一零年十二月三十一日止年度的末期股息為人民幣515,505,000元，每股人民幣0.1元)，惟須待股東於應屆股東週年大會批准。

A final dividend of RMB902,133,750, representing RMB0.175 per share, in respect of the year ended December 31, 2011 (2010: final dividend of RMB515,505,000, representing RMB0.1 per share, in respect of the year ended December 31, 2010) has been proposed by the directors of the Company and is subject to approval by the shareholders in the forthcoming Annual General Meeting.

13. 每股盈利

13. EARNINGS PER SHARE

本公司擁有人應佔每股基本及攤薄盈利的計算乃基於以下數據：

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

		二零一一年 2011 人民幣千元 RMB'000	二零一零年 2010 人民幣千元 RMB'000
用於計算每股基本及攤薄盈利的本公司擁有人應佔盈利	Earnings attributable to the owners of the Company for the purposes of calculation of basic and diluted earnings per share	6,327,560	4,130,155

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13. 每股盈利 (續)

13. EARNINGS PER SHARE (Continued)

		二零一一年 2011 千股 '000	二零一零年 2010 千股 '000
股份數目	Number of shares		
用於計算每股基本盈利的 普通股加權平均數	Weighted average number of ordinary shares for the purpose of calculation of basic earnings per share	5,155,049	5,152,671
購股權相關之普通股的 潛在攤薄影響	Effect of dilutive potential ordinary shares in respect of – share options	22,693	21,667
用於計算每股攤薄盈利的 普通股加權平均數	Weighted average number of ordinary shares for the purpose of calculation of diluted earnings per share	5,177,742	5,174,338

截至二零一一年十二月三十一日止年度，由於經調整行使價高於二零一一年未行使期間本公司股份的平均市價，故計算每股攤薄盈利時並無計入根據二零零九年十二月二十三日採納的首次公開發售後購股權計劃於二零一一年一月十七日及二零一一年九月二十八日授出的購股權。

截至二零一零年十二月三十一日止年度，由於經調整行使價高於二零一零年未行使期間本公司股份的平均市價，故計算每股攤薄盈利時並無計入根據二零零九年十二月二十三日採納的首次公開發售後購股權計劃授出的購股權。

For the year ended December 31, 2011, the share options granted on January 17, 2011 and September 28, 2011 under the Post-IPO share option scheme adopted on December 23, 2009 are not included in the calculation of diluted earnings per share as the adjusted exercise price was greater than the average market price of the Company's shares during the outstanding period in 2011.

For the year ended December 31, 2010, the share options granted in 2009 under the Post-IPO share option scheme adopted on December 23, 2009 are not included in the calculation of diluted earnings per share as the adjusted exercise price was greater than the average market price of the Company's share during the outstanding period in 2010.

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14 投資物業

14. INVESTMENT PROPERTIES

		已落成投資物業 Completed investment properties 人民幣千元 RMB'000	在建投資物業 Investment properties under construction 人民幣千元 RMB'000	總計 Total 人民幣千元 RMB'000
公平值	FAIR VALUE			
於二零一零年一月一日	At January 1, 2010	4,698,300	—	4,698,300
添置	Additions	20,331	438,378	458,709
轉撥自預付租賃款項	Transfer from prepaid lease payments	—	68,000	68,000
轉撥自發展中待售物業 (附註)	Transfer from properties under development for sale (Note)	98,500	192,388	290,888
轉撥自持作出售物業 (附註)	Transfer from properties held for sales (Note)	34,990	—	34,990
轉撥	Transfer	688,121	(688,121)	—
發展中待售物業轉撥至 投資物業之公平值收益	Fair value gain upon transfer of properties under development for sales to investment properties	284,200	443,213	727,413
持作出售物業轉撥至 投資物業之公平值收益	Fair value gain upon transfer of properties held for sales to investment properties	1,110	—	1,110
預付租賃款項轉撥至 投資物業之公平值收益	Fair value gain upon transfer of prepaid lease payments to investment properties	—	48,500	48,500
於損益確認的公平值 增加淨額	Net increase in fair value recognised in profit or loss	1,500,748	212,342	1,713,090

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14 投資物業 (續)

14. INVESTMENT PROPERTIES (Continued)

		已落成投資物業 Completed investment properties 人民幣千元 RMB'000	在建投資物業 Investment properties under construction 人民幣千元 RMB'000	總計 Total 人民幣千元 RMB'000
於二零一零年十二月三十一日	At December 31, 2010	7,326,300	714,700	8,041,000
添置	Additions	43,858	1,621,394	1,665,252
轉撥自預付租賃款項	Transfer from prepaid lease payments	—	661,203	661,203
轉撥自持作出售物業(附註)	Transfer from properties held for sales (Note)	200,183	—	200,183
轉撥	Transfer	175,111	(175,111)	—
持作出售物業轉撥至 投資物業之公平值收益	Fair value gain upon transfer of properties held for sales to investment properties	276,417	—	276,417
預付租賃款項轉撥至 投資物業之公平值收益	Fair value gain upon transfer of prepaid lease payments to investment properties	—	639,698	639,698
於損益確認的公平值 增加淨額	Net increase in fair value recognised in profit or loss	276,331	1,438,116	1,714,447
於二零一一年十二月三十一日	At December 31, 2011	8,298,200	4,900,000	13,198,200

附註：由於與外界人士的經營租賃已開始，顯示物業用途已改變，故自發展中待售物業及持作出售物業轉撥為投資物業。

Note: The transfers from properties under development for sales and properties held for sales to investment properties were made since there was a change in use as evidenced by the commencement of operating leases to outside parties.

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14 投資物業 (續)

投資物業均位於中國，屬中期租賃。

本集團投資物業於轉撥之日以及二零一一年及二零一零年十二月三十一日的公平值乃基於由與本集團並無關連的一家獨立合資格專業估值師第一太平戴維斯估值及專業顧問有限公司(其於相關地點類似物業的估值上擁有適當資格及新近經驗)於該等日期進行的估值編製。

估值師採用以下基準釐定投資物業的公平值：

已落成物業－將現有租約所得租金收入淨額撥充資本計算，並適當考慮有關物業可能重訂租約收入。

在建物業－基於有關物業將根據最新發展建議發展及落成的假設估值，並計及完成發展項目將支銷的成本及開發商的利潤率以反映已完成發展項目的質量。

本集團用作賺取租金或作資本增值用途的所有租賃土地及樓宇的物業權益以公平值模式計量並分類及入賬列作投資物業。

14. INVESTMENT PROPERTIES (Continued)

The investment properties are all situated in the PRC under medium-term lease.

The fair values of the Group's investment properties at dates of transfer and December 31, 2011 and 2010 have been arrived at on the basis of valuations carried out on those dates by Savills Valuation and Professional Services Limited, a firm of independent qualified professional valuers not connected with the Group, who have appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations.

The fair values of the investment properties were determined by the valuers on the following basis:

Completed properties - arrived at by capitalising the net rental income derived from the existing tenancies with due allowance for reversionary incoming potential of the respective properties.

Properties under construction - valued on the basis that they will be developed and completed in accordance with the latest development proposals and taken into account the constructions costs that will be expended to complete the development as well as developer's profit margin to reflect the quality of the completed development.

All of the Group's property interests in leasehold land and buildings to earn rentals or for capital appreciation purposes are measured using the fair value model and classified and accounted for as investment properties.

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15. 物業、廠房及設備

15. PROPERTY, PLANT AND EQUIPMENT

		樓宇 Buildings 人民幣千元 RMB'000	機動 車輛 Motor vehicles 人民幣千元 RMB'000	設備及傢俱 Equipment and furniture 人民幣千元 RMB'000	總計 Total 人民幣千元 RMB'000
成本	COST				
於二零一零年一月一日	At January 1, 2010	165,463	35,473	30,909	231,845
添置	Additions	3,512	5,770	17,523	26,805
出售	Disposals	(1,844)	(4,301)	(1,311)	(7,456)
於二零一零年十二月三十一日	At December 31, 2010	167,131	36,942	47,121	251,194
添置	Additions	2,594	9,083	19,914	31,591
收購附屬公司所收購	Acquired upon acquisition of a subsidiary	—	37	70	107
出售	Disposals	(925)	(320)	(1,837)	(3,082)
於二零一一年十二月三十一日	At December 31, 2011	168,800	45,742	65,268	279,810
累計折舊	ACCUMULATED DEPRECIATION				
於二零一零年一月一日	At January 1, 2010	27,629	17,309	15,046	59,984
年度扣除	Charge for the year	8,178	6,040	9,801	24,019
出售時抵銷	Eliminated on disposals	(1,035)	(2,356)	(1,159)	(4,550)
於二零一零年十二月三十一日	At December 31, 2010	34,772	20,993	23,688	79,453
年度扣除	Charge for the year	8,315	5,730	12,879	26,924
出售時抵銷	Eliminated on disposals	(18)	(201)	(1,431)	(1,650)
於二零一一年十二月三十一日	At December 31, 2011	43,069	26,522	35,136	104,727
賬面值	CARRYING VALUES				
於二零一一年十二月三十一日	At December 31, 2011	125,731	19,220	30,132	175,083
於二零一零年十二月三十一日	At December 31, 2010	132,359	15,949	23,433	171,741

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15. 物業、廠房及設備 (續)

上述物業、廠房及設備項目經計及按以下年率計算的估計剩餘價值後以直線法折舊：

樓宇 按估計可使用年期20年或租期，以較短者為準

機動車輛 20%
設備及傢俱 33%

樓宇所在土地均位於中國，根據中期租賃持有。

本集團於二零一一年及二零一零年十二月三十一日概無已抵押任何物業、廠房及設備。

16. 預付租賃款項

預付租賃款項的賬面值指在中國持有的土地使用權，分析如下：

中期	Medium term
長期	Long term
非即期	Non-current

本集團預付租賃款項指為在中國收購介乎40年至70年租期作物業發展的土地使用權所支付的款項。於二零一一年十二月三十一日，本集團尚未自相關機構取得賬面值約人民幣1,373,125,000元(二零一零年：人民幣4,798,585,000元)的預付租賃土地使用權證。

15. PROPERTY, PLANT AND EQUIPMENT (Continued)

The above items of property, plant and equipment are depreciated using the straight-line method after taking into account of their estimated residual values at the following rates per annum:

Buildings	Over the estimated useful lives of 20 years or the term of the leases, if shorter
Motor vehicles	20%
Equipment and furniture	33%

The buildings are all situated on land in the PRC held under medium-term leases.

The Group had not pledged any property, plant and equipment at December 31, 2011 and 2010.

16. PREPAID LEASE PAYMENTS

The carrying amount of prepaid lease payments represents land use rights held in the PRC and is analysed as follows:

	二零一一年 2011 人民幣千元 RMB'000	二零一零年 2010 人民幣千元 RMB'000
中期	3,073,158	934,856
長期	3,648,828	6,947,146
非即期	6,721,986	7,882,002

The Group's prepaid lease payments represent payments for acquisition of the land use rights in the PRC with lease terms ranging from 40 to 70 years for the purpose of property development. The Group had not yet obtained the certificates of land use rights of prepaid leases with a carrying value of RMB1,373,125,000 (2010: RMB4,798,585,000) from the relevant authorities at December 31, 2011.

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17. 於聯營公司的權益

17. INTERESTS IN ASSOCIATES

		二零一一年 2011 人民幣千元 RMB'000	二零一零年 2010 人民幣千元 RMB'000
投資成本，非上市	Cost of investments, unlisted	415	415
減：已確認減值虧損	Less: Impairment loss recognised	(414)	(414)
		1	1

於二零一一年十二月三十一日之聯營公司的詳情載於附註44。

Details of the associates as at December 31, 2011 are set out in note 44.

18. 於共同控制實體的權益

18. INTERESTS IN JOINTLY CONTROLLED ENTITIES

		二零一一年 2011 人民幣千元 RMB'000	二零一零年 2010 人民幣千元 RMB'000
非上市投資成本	Cost of investments, unlisted	1,311,275	2,225,685
應佔收購後溢利， 扣除已收股息	Share of post-acquisition profits, net of dividend received	561,940	238,414
		1,873,215	2,464,099

於二零一一年十二月三十一日之共同控制實體的詳情載於附註44。

Details of the jointly controlled entities as at December 31, 2011 are set out in note 44.

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18. 於共同控制實體的權益 (續)

以權益會計法列賬的本集團應佔共同控制實體權益的財務資料概要載列如下：

18. INTERESTS IN JOINTLY CONTROLLED ENTITIES

(Continued)

The summarised financial information in respect of the Group's jointly controlled entities attributable to the Group's interest therein which are accounted for using the equity accounting method is set out below:

		二零一一年 2011 人民幣千元 RMB'000	二零一零年 2010 人民幣千元 RMB'000
非流動資產	Non-current assets	1,013,349	835,818
流動資產	Current assets	2,321,654	3,221,357
流動負債	Current liabilities	(672,830)	(881,199)
非流動負債	Non-current liabilities	(788,958)	(711,877)
收入	Income	1,085,257	1,529,696
開支	Expenses	(761,731)	(1,346,661)

19. 可供出售投資

19. AVAILABLE-FOR-SALE INVESTMENTS

		二零一一年 2011 人民幣千元 RMB'000	二零一零年 2010 人民幣千元 RMB'000
非上市權益證券，按成本	Unlisted equity securities, at cost	8,600	8,600

上述非上市權益投資指投資於在中國成立的私營實體發行的非上市權益證券。由於該等投資的合理公平值估計範圍甚大，本公司董事認為不能可靠計量其公平值，故其於各報告期末以成本扣減減值計量。

The above unlisted equity investments represent the investments in unlisted equity securities issued by private entities established in the PRC. They are measured at cost less impairment at the end of the reporting period because the range of reasonable fair value estimates is so significant that the directors of the Company are of the opinion that its fair value cannot be reliably measured.

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20. 存貨

20. INVENTORIES

		二零一一年 2011 人民幣千元 RMB'000	二零一零年 2010 人民幣千元 RMB'000
建築材料	Construction materials	592,893	414,463
消費品及其他	Consumables and others	1,172	1,476
		594,065	415,939

21. 發展中的待售物業

21. PROPERTIES UNDER DEVELOPMENT FOR SALES

		二零一一年 2011 人民幣千元 RMB'000	二零一零年 2010 人民幣千元 RMB'000
成本	COST		
於年初	At the beginning of the year	31,590,625	18,312,478
透過增持附屬公司 權益添置	Additions through additional interests in subsidiaries	600	30,000
添置	Additions	18,919,581	19,318,981
動工時轉撥自預付租賃款項	Transfer from prepaid lease payments upon commencement of construction	8,285,597	6,012,090
轉撥至持作出售物業	Transfer to properties held for sales	(12,599,362)	(11,792,036)
轉撥至投資物業	Transfer to investment properties	—	(290,888)
於年終	At the end of the year	46,197,041	31,590,625

發展中待售物業均位於中國，屬中期租賃。

The properties under development for sales are located in the PRC under medium-term lease.

於二零一一年十二月三十一日，計入發展中待售物業分類為流動資產的賬面值人民幣32,426,000,000元（二零一零年：人民幣23,913,000,000元），指預期自報告期末起逾十二個月後完工及出售的物業的賬面值。

Included in the properties under development for sales classified as current assets as at December 31, 2011 is carrying value of RMB32,426 million (2010: RMB23,913 million) which represents the carrying value of the properties expected to be completed and sold after more than twelve months from the end of the reporting period.

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22. 持作出售物業

本集團的持作出售物業位於中國。所有持作出售物業均以成本列賬。

22. PROPERTIES HELD FOR SALES

The Group's properties held for sales are situated in the PRC. All the properties held for sales are stated at cost.

23. 應收賬款及其他應收款項、按金及預付款項

貿易應收款項主要來自物業銷售及物業投資。有關銷售物業的代價由買家根據相關買賣協議條款支付。物業投資方面，租金收入由租戶於兩個月內根據租約支付。

23. ACCOUNTS AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

Trade receivables are mainly arisen from sales of properties and properties investment. Considerations in respect of sales of properties are paid by purchasers in accordance with the terms of the related sales and purchase agreements. For properties investment, rental income are paid by tenants within two months in accordance with the terms in the tenant agreement.

		二零一一年 2011 人民幣千元 RMB'000	二零一零年 2010 人民幣千元 RMB'000
貿易應收款項	Trade receivables	128,367	343,397
其他應收款項， 減呆賬撥備(附註)	Other receivables, net of allowance for doubtful debts (Note)	923,169	543,690
向供應商墊款	Advances to suppliers	308,859	191,188
預付稅項	Prepaid tax	1,965,625	1,429,263
預付款項及設施按金	Prepayments and utilities deposits	18,276	8,755
		3,344,296	2,516,293

附註：其他應收款項包括租賃按金、退還土地拍賣按金應收款項及建築工程按金。

Note: Included in other receivables are rental deposits, receivable of refund of the deposit for land auction and deposits for construction work.

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23. 應收賬款及其他應收款項、按金及預付款項 (續)

以下為報告期末按發票日期呈列的貿易應收款項的賬齡分析：

60日內	Within 60 days
61至180日	61 - 180 days
181至365日	181 - 365 days

於二零一一年十二月三十一日，50% (二零一零年：98%) 的貿易應收款項既無過期亦無減值，且信貸質素令人滿意。

於二零一一年十二月三十一日計入本集團應收賬款結餘的貿易應收款項之賬面值為約人民幣64,643,000元 (二零一零年：人民幣5,866,000元)，其已於報告期末過期，但由於本集團保留售予該等客戶物業的業權且相關物業的估計公平值預期高於尚未收取的應收款項金額，故本集團並無就該等減值作出撥備。

23. ACCOUNTS AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (Continued)

The following is an aged analysis of trade receivables at the end of the reporting period based on invoice date:

		二零一一年 2011 人民幣千元 RMB'000	二零一零年 2010 人民幣千元 RMB'000
		65,269	337,531
		11,681	5,866
		51,417	—
		128,367	343,397

At December 31, 2011, 50% (2010: 98%) of the trade receivables are neither past due nor impaired and with satisfactory credit quality.

Included in the Group's accounts receivable balance are trade receivables with a carrying amount of approximately RMB64,643,000 (2010: RMB5,866,000) at December 31, 2011 which are past due at the end of the reporting period for which the Group has not provided for impairment as the Group has retained the legal titles of the properties sold to these customers and the estimated fair value of the relevant properties is expected to be higher than the outstanding receivable amount.

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23. 應收賬款及其他應收款項、按金及預付款項 (續)

過期但未減值貿易應收款項的賬齡分析：

		二零一一年 2011 人民幣千元 RMB'000	二零一零年 2010 人民幣千元 RMB'000
60日內	Within 60 days	1,545	5,866
61至180日	61-180 days	11,681	—
181至365日	181-365 days	51,417	—
總計	Total	64,643	5,866

於釐定貿易應收款項可否收回時，本集團考慮自首次授出信貸日期至報告期末貿易應收款項信貸質素的任何變動。由於客戶基礎龐大且無關連，故信貸風險集中程度有限。

接受任何客戶前，本集團運用內部信貸評估制度評估潛在客戶之信貸質素，且認為已於報告期末作出充足撥備。所有既未逾期亦未減值的結餘均有良好的信貸質素。

於二零一一年十二月三十一日，其他應收款項主要包括臨時付款及已付但於到期日可退還的各項項目相關按金，該等款項已減值約人民幣12,000,000元（二零一零年：人民幣12,000,000元），原因為對手方陷入嚴重的財政困難且本集團並無就該等結餘持有任何抵押。餘下的結餘尚未逾期。

23. ACCOUNTS AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (Continued)

Ageing of trade receivables which are past due but not impaired:

In determining the recoverability of trade receivables, the Group considers any change in the credit quality of the trade receivables from the date credit was initially granted up to the end of the reporting period. The concentration of credit risk is limited due to the customer base being large and unrelated.

Before accepting any customers, the Group uses an internal credit assessment system to assess the potential customers' credit quality and considers adequate allowance has been made at the end of the reporting period. Balances which are neither past due nor impaired are all with good credit quality.

Other receivables include mainly temporary payments and miscellaneous projects related deposits paid which are refundable upon maturity, of which, approximately RMB12,000,000 (2010: RMB12,000,000) was impaired as at December 31, 2011 because the counterparties are in severe financial difficulties and the Group does not hold any collateral over these balances. The remaining balance was not yet due for repayment.

綜合財務報表附註

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23. 應收賬款及其他應收款項、按金及預付款項 (續)

其他應收款項的呆賬撥備變動：

		二零一一年 2011 人民幣千元 RMB'000	二零一零年 2010 人民幣千元 RMB'000
年初結餘	Balance at the beginning of the year	12,000	39,566
年內不可收回而撤銷的款項	Amounts written off as uncollectible during the year	—	(27,566)
年末結餘	Balance at the end of the year	12,000	12,000

23. ACCOUNTS AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (Continued)

Movements in the allowance for doubtful debts on other receivables:

24. 應收共同控制實體款項

應收共同控制實體款項無抵押、免息且須於一年內償還。

25. 已抵押銀行存款／銀行結餘及現金

根據二零一一年相關政府法規，綜合財務狀況報表之銀行結餘及現金包括受規管銀行存款結餘人民幣268,462,000元(二零一零年：零)，僅可用於指定物業發展項目。

已抵押銀行存款以人民幣計值，主要指抵押予銀行的存款，確保為客戶提供按揭擔保。於二零一一年十二月三十一日，存款的固定年利率為0.5% (二零一零年：0.36%)。

24. AMOUNTS DUE FROM JOINTLY CONTROLLED ENTITIES

The amounts due from jointly-controlled entities are unsecured, interest-free and are repayable within one year.

25. PLEDGED BANK DEPOSITS/BANK BALANCES AND CASH

Included in bank balances and cash in the consolidated statement of financial position are balances which, in accordance with the applicable government regulations prevailing in 2011, are placed in restricted bank deposits, amounting to of RMB268,462,000 (2010: Nil), which can only be applied in the designated property development projects.

Pledged bank deposits are denominated in RMB which mainly represent deposits pledged to the banks to secure the mortgage guarantees provided to customers. The deposits carry fixed rate at 0.5% (2010: 0.36%) per annum at December 31, 2011.

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25. 已抵押銀行存款／銀行結餘及現金 (續)

銀行結餘及現金包括本集團持有的現金及原到期期限為三個月或以下的活期存款。銀行的現金存款年利率為零至3.5% (二零一零年：零至2.75%)。

25. PLEDGED BANK DEPOSITS/BANK BALANCES AND CASH (Continued)

Bank balances and cash comprise cash held by the Group and demand deposits with an original maturity of three months or less. The interest rates on cash placed with banks ranged from nil to 3.5% (2010: nil to 2.75%) per annum.

		二零一一年 2011 人民幣千元 RMB'000	二零一零年 2010 人民幣千元 RMB'000
按貨幣分析的已抵押銀行存款／銀行結餘及現金：	Analysis of pledged bank deposits/ bank balances and cash by currency:		
– 以人民幣計值	– Denominated in RMB	12,879,964	9,932,239
– 以港元計值	– Denominated in HKD	24,586	361,272
– 以美元(「美元」)計值	– Denominated in United States dollars (“USD”)	1,622,500	69,040
		14,527,050	10,362,551

26. 應付賬款、已收按金及應計費用

26. ACCOUNTS PAYABLE, DEPOSITS RECEIVED AND ACCRUED CHARGES

		二零一一年 2011 人民幣千元 RMB'000	二零一零年 2010 人民幣千元 RMB'000
貿易應付款項及應計建築開支	Trade payables and accrued expenditure on construction	3,665,035	2,618,597
應付票據	Bills payable	1,852	5,306
已收按金及物業銷售預收款項	Deposits received and receipt in advance from property sales	34,569,718	26,291,986
其他應付款項及應計費用(附註)	Other payables and accrued charges (Note)	3,174,071	2,558,978
		41,410,676	31,474,867

附註：其他應付款項及應計費用主要包括代客戶應付政府的已收契稅、應計薪金及應計員工福利。

Note: Other payables and accrued charges comprise mainly tax received and payable to the government on behalf of customers, accrued salaries and accrued staff welfare.

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26. 應付賬款、已收按金及應計費用 (續)

貿易應付款項及應計建築開支包括建築費用及其他項目相關開支，乃根據本集團計量的項目進度支付。本集團已制定財務風險管理政策，以確保所有應付款項於信貸期限內償還。

以下為於報告期末，貿易應付款項、應計建築開支及應付票據的賬齡分析：

60日內	Within 60 days
61至180日	61 - 180 days
181至365日	181 - 365 days
1至2年	1 - 2 years
2至3年	2 - 3 years
超過3年	Over 3 years

26. ACCOUNTS PAYABLE, DEPOSITS RECEIVED AND ACCRUED CHARGES (Continued)

Trade payables and accrued expenditure on construction comprise construction costs and other project-related expenses which are payable based on project progress measured by the Group. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

The following is an aged analysis of trade payables and accrued expenditure on construction and bills payable at the end of the reporting period:

		二零一一年 2011 人民幣千元 RMB'000	二零一零年 2010 人民幣千元 RMB'000
		2,520,267	2,174,354
		734,431	223,733
		178,561	131,905
		214,283	68,066
		7,449	15,868
		11,896	9,977
		3,666,887	2,623,903

27. 應付共同控制實體款項

該款項以人民幣計值，為無抵押、免息及須於要求時償還。

27. AMOUNTS DUE TO JOINTLY CONTROLLED ENTITIES

The amounts are denominated in RMB which are unsecured, interest free and repayable on demand.

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28. 銀行及其他借款

28. BANK AND OTHER BORROWINGS

		二零一一年 2011 人民幣千元 RMB'000	二零一零年 2010 人民幣千元 RMB'000
銀行貸款，有抵押	Bank loans, secured	9,199,252	7,614,700
銀行貸款，無抵押	Bank loans, unsecured	8,637,076	7,765,665
其他貸款，有抵押	Other loan, secured	—	246,000
其他貸款，無抵押	Other loan, unsecured	—	310,000
債券，有抵押	Bond, secured	1,389,924	1,387,994
		19,226,252	17,324,359

借款須於以下期限內償還(附註)：

The borrowings are repayable (Note):

		二零一一年 2011 人民幣千元 RMB'000	二零一零年 2010 人民幣千元 RMB'000
一年內	Within one year	3,580,372	2,859,870
多於一年，但不超過兩年	More than one year, but not exceeding two years	6,205,534	4,567,603
多於兩年，但不超過三年	More than two years, but not exceeding three years	6,194,002	7,221,174
多於三年，但不超過四年	More than three years, but not exceeding four years	1,396,420	957,718
多於四年，但不超過五年	More than four years, but not exceeding five years	1,489,924	—
超過五年	Exceeding five years	360,000	1,717,994
		19,226,252	17,324,359
減：流動負債所示 一年內到期款項	Less: Amount due within one year shown under current liabilities	(3,580,372)	(2,859,870)
一年後到期款項	Amount due after one year	15,645,880	14,464,489

附註：到期款項乃根據貸款協議所載計劃還款日列示。

Note: The amounts due are based on scheduled repayment dates set out in the loan agreements.

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28. 銀行及其他借款 (續)

28. BANK AND OTHER BORROWINGS (Continued)

		二零一一年 2011 人民幣千元 RMB'000	二零一零年 2010 人民幣千元 RMB'000
借款的貨幣分析：	Analysis of borrowings by currency:		
– 以人民幣計值	– Denominated in RMB	15,546,732	14,666,684
– 以港元計值	– Denominated in HKD	3,679,520	2,657,675
		19,226,252	17,324,359

於報告期末的若干銀行貸款、其他貸款及債券以附註35所載抵押資產所擔保。

Certain bank loans, other loans and bonds as at the end of the reporting period were secured by the pledge of assets as set out in note 35.

於二零一一年十二月三十一日的銀行及其他貸款包括年利率介乎3.08%至6.19% (二零一零年：3.08%至5.81%) 的定息貸款約人民幣2,375,829,000元 (二零一零年：人民幣4,077,275,000元)，因此本集團面對公平值利率風險。截至二零一一年十二月三十一日止年度的其餘貸款為浮息借款，根據中國人民銀行所報利率釐定，實際年利率介乎5.4%至8.11% (二零一零年：5.13%至6.40%)。

Bank and other loans include approximately RMB2,375,829,000 (2010: RMB4,077,275,000) fixed rate loans which carry interest ranging from 3.08% to 6.19% (2010: 3.08% to 5.81%) per annum at December 31, 2011, and exposing the Group to fair value interest rate risk. The remaining loans are arranged at variable rate based on the interest rates quoted by the People's Bank of China, the effective interest rate is ranging from 5.4% to 8.11% (2010: 5.13% to 6.40%) per annum for the year ended December 31, 2011.

於二零零九年五月五日，本集團發行本金額為人民幣1,400,000,000元及將於二零一六年五月五日悉數償還的債券 (可提早贖回)。債券於首五年按每年6.7%的固定息率計息，須每半年支付，本集團可選擇自二零一四年五月五日起一次性上調最多100個基點 (包括該點)。本集團將於二零一四年四月二十五日釐定利率，選擇調高利率，惟倘釐定維持利率6.7%，債券持有人屆時可選擇按面值贖回全部或部分債券。該等債券部分 (人民幣1,100,000,000元) 於上海證券交易所上市及買賣。債券以本集團的若干物業及土地使用權擔保。

On May 5, 2009, the Group issued a bond of the principal amount of RMB1,400,000,000 and will be repayable in full by May 5, 2016, subject to early redemption. The bond bears fixed coupon interest rate at 6.7% per annum for the first five years payable semi-annually in arrears and is subject to an one-off upward adjustment of up to 100 basis points (inclusive) from May 5, 2014 at the election of the Group. The Group will determine on April 25, 2014 the interest rate by election of an upward adjustment to the interest rate but if it determines to maintain the interest rate at 6.7%, the holder of the bond then may elect to redeem all or part of the bond at the face value. A portion of such bond (RMB1,100,000,000) is listed and traded on the Shanghai Stock Exchange. The bond is secured by certain properties and land use rights of the Group.

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28. 銀行及其他借款 (續)

管理層估計，債券於二零一一年十二月三十一日的公平值約為人民幣1,358,000,000元(二零一零年：人民幣1,468,320,000元)。債券已上市及未上市部分之公平值乃參考債券已上市部分的市場報價計算。

29. 優先票據

二零一一年四月七日，本公司按面值向公眾發行總面值750,000,000美元(約人民幣4,909,200,000元)的有擔保優先定息票據(「票據」)，該等票據之固定年利率為9.5%，須每半年支付一次利息，並須於二零一六年四月七日前悉數償還。

票據於新加坡證券交易所有限公司上市，為本公司無抵押優先責任，由本公司若干並非根據中國及巴巴多斯法律成立之現有附屬公司擔保。該等擔保實際從屬於各擔保方的其他有抵押承擔，惟以所抵押之資產價值為限。

倘於下文所示各年四月七日開始的十二個月期間贖回，則本公司可於二零一四年四月七日後隨時及不時選擇按相等於下文載列的本金額百分比的贖回價另加截至贖回日期的應計但未付利息贖回全部或部分票據。

年份 Year		贖回價 Redemption price
二零一四年	2014	104.75%
二零一五年及其後	2015 and thereafter	102.375%

28. BANK AND OTHER BORROWINGS (Continued)

Management estimates the fair value of the bond at December 31, 2011 to be approximately RMB1,358,000,000 (2010: RMB1,468,320,000). The fair values of both the listed and unlisted portions of the bond have been calculated with reference to the quoted market price of the listed portion of the bond.

29. SENIOR NOTES

On April 7, 2011, the Company issued guaranteed senior fixed rate notes to the public at par with aggregate nominal value of US\$750,000,000 (approximately RMB4,909,200,000) (the "Notes") which carry fixed interest of 9.5% per annum (interest payable semi-annually in arrears) and will be fully repayable by April 7, 2016.

The Notes are listed on the Singapore Exchange Securities Trading Limited. They are unsecured, senior obligations of the Company and guaranteed by certain of the Company's existing subsidiaries, other than those organised under the laws of the PRC and Barbados. The guarantees are effectively subordinated to the other secured obligations of each guarantor, to the extent of the value of assets serving as security.

At any time and from time to time after April 7, 2014, the Company may at its option 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 the redemption date if redeemed during the twelve-month period beginning on April 7 of each of the years indicated below.

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29. 優先票據 (續)

於二零一四年四月七日前任何時間，本公司可不時選擇按相等於票據本金額100%的贖回價另加截至贖回日期(不包括當日)的有關溢價及應計但未付利息(如有)，贖回全部(但並非部分)票據。

「有關溢價」有關贖回日期之票據，為(1)有關票據本金額的1.00%及(2)(A)有關贖回日期(i)二零一四年四月七日有關票據之贖回價加上(ii)按相當於經調整國債利率加100個基準點之貼現率計算有關票據於二零一四年四月七日前之所有規定剩餘計劃應付利息(不包括截至贖回日期應計但未付利息)之現值超出(B)有關票據於有關贖回日期之本金額之差額間的較高者。

董事認為，提早贖回權之風險及特徵與主合約密切相關，故不可單獨入賬為金融衍生工具。

於二零一四年四月七日前任何時間，本公司可不時按票據本金額109.5%的贖回價，另加截至贖回日期(但不包括該日)的應計但未付利息(如有)，以一宗或以上的若干類型股本銷售的現金所得款項淨額，贖回最多票據本金總額35%；惟於各有關贖回及於有關股本發售結束後60日內進行的任何有關贖回後，至少65%於原發行日期發行的票據本金總額仍未償還。董事認為，提早贖回權的公平值並不重大。

29. SENIOR NOTES (Continued)

At any time and from time to time prior to April 7, 2014, the Company may at its option redeem the Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the Notes plus the Applicable Premium as of, and accrued the unpaid interest, if any, to (but not including) the redemption date.

“Applicable Premium” means with respect to the Notes at any redemption date, the greater of (1) 1.00% of the principal amount of such Notes and (2) the excess of (A) the present value at such redemption date of (i) the redemption price of such Notes on April 7, 2014 plus (ii) all required remaining scheduled interest payments due on such Notes through April 7, 2014 (but excluding accrued and unpaid interest to the redemption date), computed using a discount rate equal to the adjusted treasury rate plus 100 basis points, over (B) the principal amount of such Notes on such redemption date.

In the opinion of directors, the risk and characteristics of the early redemption option were closely related to the host contract, therefore, it was not separately accounted for as financial derivatives.

At any time and from time to time prior to April 7, 2014, the Company may redeem up to 35% of the aggregate principal amount of the 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 109.5% of the principal amount of the 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 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. In the opinion of the directors, the fair value of the early redemption option is insignificant.

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29. 優先票據 (續)

倘發生觸發控制權變更的事件，則本公司將按相等於本金額101%的購買價另加要約日期(不包括該日)至購買付款日期的應計但未付利息要約購回所有未償還票據。

票據之賬面淨值經扣除發行費用合共15,995,000美元(約人民幣104,696,000元)入賬，票據之實際年利率為10.02%。

期內票據變動載列如下：

發行日期之初始公平值
匯兌收益
利息開支(附註8)
年內已付利息

於二零一一年十二月三十一日之賬面值

於二零一一年十二月三十一日，經參考新加坡證券交易所有限公司之市場報價計算之票據公平值約為人民幣4,347,621,000元。

29. SENIOR NOTES (Continued)

Upon the occurrence of a change of control triggering event, the Company will make an offer to repurchase all outstanding Notes at a purchase price equal to 101% of their principal amount plus accrued and unpaid interest, if any, to (but not including) the offer to purchase payment date.

The net carrying amount of the Notes is stated net of issue expenses totaling US\$15,995,000 (approximately RMB104,696,000) and the effective interest rate of the Notes is 10.02% per annum.

The movements of the Notes for the period are set out below:

人民幣千元
RMB'000

Initial fair value on the date of issuance		4,804,504
Exchange gain		(176,802)
Interest expenses (note 8)		342,973
Interest paid during the year		(230,202)
Carrying amount as at December 31, 2011		4,740,473

The fair value of the Notes at December 31, 2011 with reference to the quoted market price available on the Singapore Exchange Securities Trading Limited amounted to approximately RMB4,347,621,000.

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30. 資本及儲備

30. CAPITAL AND RESERVES

		每股面值0.10港元 之普通股數目 Number of ordinary shares of par value HK\$0.10 each	面值 Nominal value 千港元 HK\$'000
法定	Authorised		
於二零一零年一月一日、 二零一零年十二月三十一日 及二零一一年十二月三十一日	At January 1, 2010, December 31, 2010 and December 31, 2011	10,000,000,000	1,000,000
已發行及繳足	Issued and fully paid		
於二零一零年一月一日	At January 1, 2010	5,150,000,000	515,000
行使購股權發行股份(附註(a))	Issue of shares upon exercise of share options (note (a))	5,000,000	500
於二零一零年十二月三十一日	At December 31, 2010	5,155,000,000	515,500
行使購股權發行股份(附註(a))	Issue of shares upon exercise of share options (note (a))	50,000	5
於二零一一年十二月三十一日	At December 31, 2011	5,155,050,000	515,505
綜合財務報表所示	Shown in the consolidated financial statements		
於二零一一年十二月三十一日	At December 31, 2011	RMB equivalent	453,415
於二零一零年十二月三十一日	At December 31, 2010	RMB equivalent	453,410

(a) 股本

截至二零一一年十二月三十一日止年度，本公司因行使購股權發行50,000股（二零一零年：5,000,000股）每股面值0.1港元的股份。期內所行使購股權的行使價為8.44港元（相當於人民幣7.18元）（二零一零年：2.94港元（相當於人民幣2.57元））。已發行新股在各方面與當時已有股份享有同等權益。

(a) Share capital

During the year ended December 31, 2011, the Company issued 50,000 (2010: 5,000,000) shares of HK\$0.1 each upon exercise of share options. The exercise price of the share options exercised during the period is HK\$8.44 (equivalent to RMB7.18) (2010: HK\$2.94 (equivalent to RMB 2.57)). The new shares issued rank pari passu with the then existing shares in all aspects.

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30. 資本及儲備 (續)

(b) 儲備

儲備名稱、性質及用途

(i) 股份溢價

二零一一年及二零一零年十二月三十一日的股份溢價指本公司股份溢價。

股份溢價賬受開曼群島公司法規管，並可由本公司根據(如有)組織章程大綱及細則的規定作以下用途：(a) 支付分配或股息予股東；(b) 繳足將發予權益股東作為繳足紅股的本公司未發行股份；(c) 按開曼群島公司法第37條的規定贖回及購回股份；(d) 撇銷公司開辦費用；(e) 撇銷發行本公司股份或債券的費用或就此支付的佣金或給予的折扣；及(f) 作為贖回或購買本公司任何股份或債券時須予支付的溢價。

除非於緊隨建議作出分派或支付股息日期後，本公司可償還日常業務中到期的債務，否則不得自股份溢價賬向權益股東作出任何分派或支付任何股息。

30. CAPITAL AND RESERVES (Continued)

(b) Reserves

Name nature and purpose of reserves

(i) Share premium

Share premium at December 31, 2011 and 2010 represented share premium of the Company.

The share premium account is governed by the Cayman Companies Law and may be applied by the Company subject to the provisions, if any, of its memorandum and articles of association in (a) paying distributions or dividends to members; (b) paying up unissued shares of the Company to be issued to equity shareholders as fully paid bonus shares; (c) the redemption and repurchase of shares (subject to the provisions of section 37 of the Cayman Companies Law); (d) writing-off the preliminary expenses of the Company; (e) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the Company; and (f) providing for the premium payable on redemption or purchase of any shares or debentures of the Company.

No distribution or dividend may be paid to the equity shareholders out of the share premium account unless immediately following the date on which the distribution or dividend is proposed to be paid, the Company will be able to pay its debts as they fall due in the ordinary course of business.

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30. 資本及儲備 (續)

(b) 儲備 (續)

儲備名稱、性質及用途 (續)

(ii) 資本儲備

為籌備本公司股份上市，於二零零八年六月十一日，透過發行3,999,999,000股每股面值0.1港元的股份完成集團重組。本公司所發行股份的面值與嘉遜發展香港(控股)有限公司(「嘉遜發展」，本集團當時的控股公司)的股本總額之間的差額自資本儲備扣除。

二零零九年十月二日，本公司向其當時股東宣派股息100,000,000港元(相當於人民幣88,120,000元)並自資本儲備扣除。

(iii) 特別儲備

截至二零零七年十二月三十一日止年度，嘉遜發展已向一家非全資附屬公司重慶龍湖企業拓展有限公司(「重慶龍湖企業拓展」)增資770,000,000港元，而本公司的最終股東吳亞軍女士及蔡奎先生亦為重慶龍湖企業拓展的非控制股東。本集團於重慶龍湖企業拓展的股權由60%增至91.3%，而視作收購的折讓人民幣620,672,000元則指所收購額外權益的應佔資產淨值超出注資金額的部分，已於特別儲備內確認為權益擁有人注資。

30. CAPITAL AND RESERVES (Continued)

(b) Reserves (Continued)

Name nature and purpose of reserves (Continued)

(ii) Capital reserve

On June 11, 2008, a group reorganisation was completed for the preparation of the listing of the Company's shares by issuing 3,999,999,000 shares of HK\$0.1 each. The difference between the nominal amount of the shares issued by the Company and the aggregate amount of the share capital of Juntion Development Hong Kong (Holding) Limited ("Juntion Development"), then holding company of the Group, is charged to capital reserve.

On October 2, 2009, the Company declared dividend of HK\$100,000,000 (equivalent to RMB88,120,000) to the then shareholders of the Company and charged to capital reserve.

(iii) Special reserve

During the year ended December 31, 2007, Juntion Development injected additional capital of HK\$770,000,000 in a non-wholly owned subsidiary, Chongqing Longhu Development Company Limited ("Chongqing Longhu Development") in which the non-controlling shareholders are Madam Wu Yajun and Mr. Cai Kui, who are also the ultimate shareholders of the Company. The Group's equity interest in Chongqing Longhu Development has increased from 60% to 91.3% and a discount on deemed acquisition of RMB620,672,000 which represents the excess of the share of net assets attributable to the additional interest acquired over the amount injected was recognised in special reserve as the contribution from equity owners.

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30. 資本及儲備 (續)

(b) 儲備 (續)

儲備名稱、性質及用途 (續)

(iv) 其他儲備

截至二零一一年十二月三十一日止年度，本集團向非控制股東增購重慶龍湖宜恒地產發展有限公司（「重慶宜恒」）49%的註冊股本，代價為人民幣176,307,000元。該等收購已作為股權交易入賬，經調整非控制權益的金額與已付代價公平值的差額直接於其他儲備確認。

截至二零一零年十二月三十一日止年度，本集團向非控制股東分別增購西安龍湖錦城置業有限公司（「西安錦城」）、成都龍湖錦華置業有限公司（「成都錦華」）、四川龍湖地產發展有限公司（「四川龍湖」）及成都龍湖同晉置業有限公司（「成都同晉」）0.7%、8%、8%及25%註冊股本，代價分別為人民幣16,750,000元、人民幣72,000,000元、人民幣36,000,000元及人民幣520,080,000元。該等收購已作為股權交易入賬，經調整非控制權益的金額與已付代價公平值的差額直接於其他儲備確認。

30. CAPITAL AND RESERVES (Continued)

(b) Reserves (Continued)

Name nature and purpose of reserves (Continued)

(iv) Other reserve

During the year ended December 31, 2011, the Group acquired additional 49% of the registered capital of Chongqing Longhu Yiheng Estate Development Co., Ltd. (“Chongqing Yiheng”) at a consideration of RMB176,307,000 from non-controlling shareholders. This acquisition has been accounted for as equity transaction and the difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid are recognised directly in other reserve.

During the year ended December 31, 2010, the Group acquired additional 0.7%, 8%, 8% and 25% of the registered capital of Xi'an Longhu Jincheng Company Limited (“Xi'an Jincheng”), Chengdu Longhu Jinhua Real Estate Company Limited (“Chengdu Jinhua”), Sichuan Longhu Real Estate Development Company Limited (“Sichuan Longhu”) and Chengdu Longhu Tongjin Real Estate Company Limited (“Chengdu Tongjin”) at a consideration of RMB16,750,000, RMB72,000,000, RMB36,000,000 and RMB520,080,000 respectively from non-controlling shareholders. These acquisitions have been accounted for as equity transactions and the differences between the amounts by which the non-controlling interests are adjusted and the fair values of the considerations paid are recognised directly in other reserve.

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30. 資本及儲備 (續)

(b) 儲備 (續)

儲備名稱、性質及用途 (續)

(v) 法定盈餘儲備

根據在中國成立的若干附屬公司的組織章程細則，該等附屬公司須向法定盈餘儲備轉撥其除稅後溢利的10%，直至儲備達到註冊資本的50%為止。轉撥至該儲備須於向權益擁有人分派股息之前作出。法定盈餘儲備可用於彌補過去年度的虧損、擴現有的經營業務或轉換為附屬公司的額外資本。

(vi) 注資儲備

注資儲備指附註39(a)所載歸屬期內確認的首次公開發售前股份獎勵計劃之股份獎勵公平值。

30. CAPITAL AND RESERVES (Continued)

(b) Reserves (Continued)

Name nature and purpose of reserves (Continued)

(v) Statutory surplus reserve

In accordance with the articles of association of certain subsidiaries established in the PRC, these subsidiaries are required to transfer 10% of the profit after taxation to the statutory surplus reserve until the reserve reaches 50% of the registered capital. Transfer to this reserve must be made before distributing dividends to equity owners. The statutory surplus reserve can be used to make up for previous year's losses, expand the existing operations or convert into additional capital of the subsidiaries.

(vi) Capital contribution reserve

Capital contribution reserve represents the recognition of the fair value of share awards under the Pre-IPO share award scheme over the vesting period as set out in note 39(a).

31. 遞延稅項

以下為於年內確認的主要遞延稅項(負債)資產及其變動:

The followings are the major deferred taxation (liabilities) assets recognised and movements thereon during the year:

	加速稅項折舊 Accelerated depreciation 人民幣千元 RMB'000	投資物業 的公平值 Fair value properties 人民幣千元 RMB'000	稅項虧損 Tax losses 人民幣千元 RMB'000	土地增值 稅撥備 Land tax provisions 人民幣千元 RMB'000	呆賬撥備 Allowance for doubtful debts 人民幣千元 RMB'000	政府資助 (附註 a) Government grants (Note a) 人民幣千元 RMB'000	集團內 購買的 未變現溢利 Unrealised profit on intra-group purchases 人民幣千元 RMB'000	待分配 保留溢利 的預扣稅 Withholding tax on retained profits to be distributed 人民幣千元 RMB'000	其他 (附註 b) Others (Note b) 人民幣千元 RMB'000	總計 Total 人民幣千元 RMB'000
於二零一零年一月一日	(42,048)	(948,894)	23,778	188,831	3,750	29,145	21,465	(168,658)	19,526	(871,105)
於損益(扣除)計入	(10,076)	(62,528)	7,151	161,603	—	(821)	26,125	135,315	16,525	(286,706)
於二零一零年十二月三十一日	(52,124)	(1,571,422)	32,929	350,434	3,750	28,324	47,590	(33,343)	36,051	(1,157,811)
於損益(扣除)計入	(14,064)	(657,641)	29,929	286,983	—	(6,773)	10,830	(46,017)	27,640	(369,713)
於二零一一年十二月三十一日	(66,188)	(2,229,063)	62,858	637,417	3,750	21,551	58,420	(79,360)	63,691	(1,527,524)

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31. 遞延稅項 (續)

附註：

- a. 該金額指會計準則與稅務機關對政府資助的處理所產生暫時差額的稅務影響。稅務機關將政府資助視為收入，但進行財務呈報時則將政府資助當作發展中待售物業開支減少。
- b. 該金額指扣除廣告開支所產生暫時差額的稅務影響。本集團可扣除不超過其收益15%的廣告開支，而不可扣除的部分(如有)則可於期後年間結轉。

為呈報綜合財務狀況報表，若干遞延稅項資產(負債)已抵銷。以下為就財務報告目的而作出的遞延稅項結餘分析：

31. DEFERRED TAXATION (Continued)

Notes:

- a. This represents the tax effect of the temporary difference arising from the treatment of the government grants between the accounting standard and the tax bureau. Tax bureau treats the government grants as an income but for financial reporting purpose, the government grants are treated as deduction from costs of properties under development for sale.
- b. This represents the tax effect of temporary differences arising from the deduction of advertising expense. The Group can deduct its advertising expense of no more than 15% of its revenue and for the part that cannot be deducted, if any, it can be carried forward to future years.

For the presentation purposes of the consolidated statement of financial position, certain deferred taxation assets (liabilities) have been offset. The following is the analysis of the deferred taxation balances for financial reporting purposes:

		二零一一年 2011 人民幣千元 RMB'000	二零一零年 2010 人民幣千元 RMB'000
遞延稅項資產	Deferred taxation assets	669,202	436,035
遞延稅項負債	Deferred taxation liabilities	(2,196,726)	(1,593,846)
		(1,527,524)	(1,157,811)

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31. 遞延稅項 (續)

於二零一一年十二月三十一日，本集團有約人民幣308,840,000元的估計未動用稅項虧損可用於抵銷未來溢利(二零一零年：人民幣187,188,000元)。已就約人民幣251,432,000元的虧損確認遞延稅項資產(二零一零年：人民幣131,714,000元)。由於不可預測未來溢利來源，故概無就餘下人民幣57,408,000元(二零一零年：人民幣55,474,000元)確認遞延稅項資產。未確認稅項虧損將於以下年度到期：

二零一二年	2012
二零一三年	2013
二零一四年	2014
二零一五年	2015
二零一六年	2016

31. DEFERRED TAXATION (Continued)

At December 31, 2011, the Group had unused estimated tax losses of approximately RMB308,840,000 (2010: RMB187,188,000) available to offset against future profits. Deferred taxation assets have been recognised in respect of approximately RMB251,432,000 (2010: RMB131,714,000) of such losses. No deferred taxation asset has been recognised in respect of the remaining RMB57,408,000 (2010: RMB55,474,000) due to the unpredictability of future profit streams. The unrecognised tax losses will expire in the following years:

	二零一一年 2011 人民幣千元 RMB'000	二零一零年 2010 人民幣千元 RMB'000
二零一二年	1,338	1,338
二零一三年	49,820	49,820
二零一四年	888	888
二零一五年	3,428	3,428
二零一六年	1,934	—
	57,408	55,474

32. 收購附屬公司

根據二零一一年十二月二十六日的股東協議，終止監管共同控制上海恒睿房地產有限公司(「上海恒睿」)的合作框架協議條款，且本集團實際擁有投票權監管上海恒睿的財務及營運政策。上海恒睿的主要業務為物業發展。

32. ACQUISITION OF A SUBSIDIARY

Pursuant to a shareholders' agreement dated December 26, 2011, the terms stipulated in the cooperative framework agreement governing the joint-control of Shanghai Hengrui Real Estate Company Limited ("Shanghai Hengrui") was terminated and the Group has effective control of voting power to govern the financial and operating policies of Shanghai Hengrui. The principal activities of Shanghai Hengrui is property development.

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32. 收購附屬公司 (續)

於收購日期，就上海恒睿自共同控制實體變更為附屬公司所收購的資產及確認的負債如下：

32. ACQUISITION OF A SUBSIDIARY (Continued)

Assets acquired and liabilities recognised from the change in status of Shanghai Hengrui from a jointly controlled entity to a subsidiary at the date of acquisition are as follows:

		人民幣千元 RMB'000
物業、廠房及設備	Property, plant and equipment	107
持作出售物業	Properties held for sales	563,691
應收賬款及其他應收款項、 按金及預付款項	Accounts and other receivables, deposits and prepayments	300
來自合營夥伴的款項	Amount due from joint venture partner	1,233,371
可收回稅項	Taxation recoverable	43,937
銀行結餘及現金	Bank balances and cash	36,824
應付賬款、已收按金及 應計費用	Accounts payable, deposits received and accrued charges	(118,160)
應付稅項	Taxation payable	(473)
		1,759,597
減：非控制權益	Less: non-controlling interests	(422,593)
		1,337,004

收購上海恒睿的淨現金流入

Net cash inflow on acquisition of Shanghai Hengrai

		人民幣千元 RMB'000
已付現金代價	Cash consideration paid	—
減：所收購現金及 現金等價物結餘	Less: cash and cash equivalent balances acquired	36,824
		36,824

上海恒睿並無新增業務應佔年內溢利或收益。

There were no profits or revenue for the year attributable to the additional business generated by Shanghai Hengrui.

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33. 收購附屬公司的額外權益

- (i) 截至二零一一年十二月三十一日止年度，本集團向非控制股東增購重慶宜恒49%的註冊股本，代價為人民幣176,307,000元。

經調整非控制權益的金額與已付或已收代價公平值間的任何差額直接於權益確認，屬於本公司擁有人。

- (ii) 截至二零一一年十二月三十一日止年度，本集團向非控制股東增購常州嘉南置業有限公司0.14%的已發行股本，代價為人民幣1,100,000元。

- (iii) 截至二零一零年十二月三十一日止年度，本集團向非控制股東增購西安錦城、成都錦華、四川龍湖及成都同晉0.7%、8%、8%及25%的註冊股本，代價分別為人民幣16,750,000元、人民幣72,000,000元、人民幣36,000,000元及人民幣520,080,000元。

經調整非控制權益的金額與已付或已收代價公平值間的任何差額直接於權益確認，屬於本公司擁有人。

- (iv) 截至二零一零年十二月三十一日止年度，本集團以人民幣34,000,000元的代價自非控制股東增購常州嘉南置業有限公司8%的已發行股本。

33. ACQUISITION OF ADDITIONAL INTERESTS IN SUBSIDIARIES

- (i) During the year ended December, 2011, the Group acquired additional 49% of the registered capital of Chongqing Yiheng at a consideration of RMB176,307,000 from the non-controlling shareholders.

Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

- (ii) During the year ended December 31, 2011, the Group acquired additional 0.14% of the issued share capital of Changzhou Jia'nán Properties Co., Ltd., at a consideration of RMB1,100,000 from the non-controlling shareholders.

- (iii) During the year ended December 31, 2010, the Group acquired additional 0.7%, 8%, 8% and 25% of the registered capital of XI'an Jincheng, Chengdu Jinhua, Sichuan Longhu and Chengdu Tongjin at a considerations of RMB16,750,000, RMB72,000,000, RMB36,000,000 and RMB520,080,000 from the non-controlling shareholders.

Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

- (iv) During the year ended December 31, 2010, the Group acquired additional 8% of the issued share capital of Changzhou Jia'nán Properties Co., Ltd., at a consideration of RMB34,000,000 from the non-controlling shareholders.

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34. 退休福利計劃

根據中國的相關法律及法規，本公司的中國附屬公司須參加由地方市政府管理的界定供款退休計劃。本公司的中國附屬公司向該計劃供款以撥款予僱員退休福利，該供款根據經地方市政府同意的按僱員平均薪金的若干百分比計算。本集團就有關退休福利計劃的主要責任為根據該計劃作出規定供款。

本集團亦為其所有香港合資格僱員設立強制性公積金計劃。計劃的資產與本集團的資產分開持有，存置於受託人管理的基金。本集團按相關薪金成本的5%向該計劃供款，而僱員按相同金額供款。

截至二零一一年十二月三十一日止年度，本集團確認退休福利供款人民幣71,913,000元（二零一零年：人民幣42,706,000元）。

35. 抵押資產

於報告期末，已抵押以下資產作為本集團獲授若干銀行及其他融資的擔保及向已出售物業的買方提供按揭貸款：

投資物業	Investment properties
預付租賃款項	Prepaid lease payments
發展中待售物業	Properties under development for sales
持作出售物業	Properties held for sales
已抵押銀行存款	Pledged bank deposits

34. RETIREMENT BENEFIT PLANS

According to the relevant laws and regulations in the PRC, the Company's PRC subsidiaries are required to participate in a defined contribution retirement scheme administered by the local municipal government. The Company's PRC subsidiaries contribute funds which are calculated on certain percentage of the average employee salary as agreed by local municipal government to the scheme to fund the retirement benefits of the employees. The principal obligation of the Group with respect to the retirement benefit scheme is to make the required contributions under the scheme.

The Group also operates a Mandatory Provident Fund Scheme for all qualifying employees in Hong Kong. The assets of the scheme are held separately from those of the Group, in funds under the control of trustee. The Group contributes 5% of relevant payroll costs to the scheme and the same amount is matched by employees.

The Group recognised the retirement benefit contributions of RMB71,913,000 (2010: RMB42,706,000) for the year ended December 31, 2011.

35. PLEDGE OF ASSETS

The following assets were pledged to secure certain banking and other facilities granted to the Group and mortgage loans to buyers of sold properties at the end of the reporting period:

	二零一一年 2011 人民幣千元 RMB'000	二零一零年 2010 人民幣千元 RMB'000
投資物業	3,900,627	2,859,277
預付租賃款項	1,927,280	—
發展中待售物業	16,471,904	10,934,011
持作出售物業	389,687	—
已抵押銀行存款	406,125	499,419
	23,095,623	14,292,707

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36. 租賃安排

本集團作為出租人

若干物業的或然租金乃根據租戶賺取的營業額的若干百分比釐定。截至二零一一年十二月三十一日止年度確認的或然租金收入約為人民幣93,339,000元(二零一零年：人民幣67,571,000元)。本集團持作租賃用途的物業有租期介乎一至十九年的忠實租戶。

於報告期末，本集團已與租戶就以下未來最低租賃款項訂約：

36. LEASE ARRANGEMENTS

The Group as a lessor

Contingent rental for certain properties was determined by a certain percentage of turnover earned by the tenants. The contingent rental income recognised during the year ended December 31, 2011 amounted to approximately RMB93,339,000 (2010: RMB67,571,000). The properties held by the Group for rental purpose have committed tenants for periods ranging from one to nineteen years.

At the end of the reporting period, the Group had contracted with tenants for the following future minimum lease payments:

		二零一一年 2011 人民幣千元 RMB'000	二零一零年 2010 人民幣千元 RMB'000
一年內	Within one year	255,502	274,200
第二年至第五年 (包括首尾兩年)	In the second to fifth year inclusive	501,414	562,473
五年後	After five years	362,236	359,581
		1,119,152	1,196,254

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36. 租賃安排 (續)

本集團作為承租人

於報告期末，本集團根據不可撤銷經營租約就有關租賃物業支付的未來最低租賃款項如下：

		二零一一年 2011 人民幣千元 RMB'000	二零一零年 2010 人民幣千元 RMB'000
一年內	Within one year	19,785	14,583
第二年至第五年 (包括首尾兩年)	In the second to fifth year inclusive	30,099	33,370
五年後	After five years	3,850	3,873
		53,734	51,826

經營租賃款項指本集團就其若干辦公物業應付的租金。租賃的平均租期協商為一至十九年，而租金於簽訂租賃協議之日確定。

36. LEASE ARRANGEMENTS (Continued)

The Group as a lessee

At the end of the reporting period, the Group had the following future minimum lease payments under non-cancellable operating leases in respect of leased properties:

Operating lease payments represent rentals payable by the Group for certain of its office premises. Leases are negotiated for an average term of one to nineteen years and rentals are fixed at the date of signing of lease agreements.

37. 承擔

於報告期末，本集團有以下承擔：

		二零一一年 2011 人民幣千元 RMB'000	二零一零年 2010 人民幣千元 RMB'000
已訂約但未於綜合財務報表中作出撥備：	Contracted but not provided for in the consolidated financial statements:		
– 有關分類為發展中待售物業及在建投資物業項目的開支	– Expenditure in respect of projects classified as properties under development for sales and investment properties under construction	10,587,509	7,749,357
– 有關收購土地使用權的開支	– Expenditure in respect of acquisition of land use rights	4,709,435	7,288,986
		15,296,944	15,038,343

37. COMMITMENTS

At the end of the reporting period, the Group had the following commitments:

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38. 或然負債

本集團就本集團物業買方獲授的按揭銀行貸款向銀行提供擔保，該等擔保的金額於二零一一年十二月三十一日約為人民幣7,755,814,000元(二零一零年：人民幣5,204,923,000元)。本公司董事認為，本集團該等財務擔保合約的公平值於初始確認時並不重大，且本公司董事認為所涉訂約方違約的可能性極小，因此於擔保合約開始時以及於二零一一年及二零一零年十二月三十一日的報告期末概無確認價值。

本集團向銀行提供有關本集團物業買方之銀行貸款擔保。該等擔保於買方交收物業及相關按揭物業登記完成時由銀行解除。

38. CONTINGENT LIABILITIES

The Group provided guarantees amounting to approximately RMB7,755,814,000 (2010: RMB5,204,923,000) as at December 31, 2011 in respect of mortgage bank loans granted to purchasers of the Group's properties. In the opinion of the directors of the Company, the fair values of these financial guarantee contracts of the Group are insignificant at initial recognition and the directors of the Company consider that the possibility of default of the parties involved is remote, accordingly, no value has been recognised at the inception of the guarantee contracts and at the end of the reporting period as at December 31, 2011 and 2010.

Guarantees are given to banks with respect to loans procured by the purchasers of the Group's properties. Such guarantees will be released by banks upon delivery of the properties to the purchasers and completion of the relevant mortgage properties registration.

		二零一一年 2011 人民幣千元 RMB'000	二零一零年 2010 人民幣千元 <i>RMB'000</i>
按揭擔保	Mortgage guarantees	7,755,814	5,204,923

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39. 以股份為基礎的付款交易

以權益結算的股份獎勵／購股權計劃：

a. 首次公開發售前股份獎勵計劃

本公司的兩項首次公開發售前股份獎勵計劃（「股份獎勵計劃」）分別根據於二零零七年十一月三十日及二零零九年七月三十一日通過的決議案採納。根據股份獎勵計劃，本公司向本公司董事及本集團若干僱員授出本公司股份（「獎勵股份」）。股份獎勵計劃旨在使僱員利益與本公司利益一致、僱員分享所有權榮譽以及獎勵其表現及對本集團的貢獻。

根據於二零零七年十一月三十日採納的計劃，於二零零七年十一月三十日已授出但於二零一一年及二零一零年十二月三十一日仍未歸屬的獎勵股份所涉股份總數分別為16,003,500股（包括向董事授出的1,687,250股股份）及32,007,000股（包括向董事授出的3,374,500股股份），分別佔當日本公司股份0.3%及0.7%。獎勵股份訂有歸屬期，由最終控制股東的信託持有。歸屬期為四或五年，期間授予僱員的獎勵股份將於首個歸屬日期的各週年當日等份歸屬。首個歸屬日期為二零零九年一月一日。

根據二零零九年七月三十一日採納的計劃，於二零零九年七月三十一日已授出但於二零一一年及二零一零年十二月三十一日仍未歸屬的獎勵股份所涉股份分別為15,000,000股（包括向董事授出的3,681,000股股份）及22,500,000股（包括向董事授出的5,522,250股股份），分別佔當日本公司股份0.29%及0.44%。獎勵股份訂有歸屬期，由最終控制股東的信託持有。歸屬期為四年，期間授予僱員的獎勵股份將於首個歸屬日期的各週年當日等份歸屬。首個歸屬日期為二零一零年七月三十一日。

39. SHARE-BASED PAYMENT TRANSACTIONS

Equity-settled share award/share option schemes:

a. Pre-IPO share award schemes

The Company's two Pre-IPO share award schemes (the "Share Award Schemes") were adopted pursuant to a resolution passed on November 30, 2007 and July 31, 2009 respectively. Under the Share Award Schemes, the Company has awarded the Company's shares (the "Awarded Shares") to directors of the Company and certain employees of the Group. The objective of the Share Award Schemes is to align the interests of the employees with those of the Company, to share the pride of ownership among employees and to reward their performance and contribution to the Group.

Under the scheme adopted on November 30, 2007, the total number of shares in respect of which Awarded Shares had been granted on November 30, 2007 and remained outstanding was 16,003,500 (including 1,687,250 shares granted to directors) and 32,007,000 (including 3,374,500 shares granted to directors), representing 0.3% and 0.7% of the shares of the Company at that date, as at December 31, 2011 and 2010. The Awarded Shares, subject to a vesting period, are being held by a trust of the ultimate controlling shareholders. The vesting period is either four or five years during which the award shares granted to employee will vest on each anniversary of the first vesting date in equal portions. The first vesting date is January 1, 2009.

Under the scheme adopted on July 31, 2009, the total number of shares in respect of which Awarded Shares had been granted on July 31, 2009 and remained outstanding was 15,000,000 (including 3,681,000 shares granted to directors) and 22,500,000 (including 5,522,250 shares granted to directors), representing 0.29% and 0.44% of the shares of the Company at that date, as at December 31, 2011 and 2010. The Awarded Shares, subject to a vesting period, are being held by a trust of the ultimate controlling shareholders. The vesting period is four years during which the award shares granted to employee will vest on each anniversary of the first vesting date in equal portions. The first vesting date is July 31, 2010.

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39. 以股份為基礎的付款交易

(續)

以權益結算的股份獎勵／購股權計劃：(續)

a. 首次公開發售前股份獎勵計劃 (續)

於二零零七年十一月三十日及二零零九年七月三十一日所授出股份的加權平均公平值分別為人民幣116,050,000元及人民幣71,250,000元，乃採用資產法及市場法釐定，並採用期權定價模式計算歸屬條件。該模式的主要參數為股份於授出日期的估計公平值、預期派息率、無風險年利率及波動率。波幅乃基於同類聯交所上市公司的往年歷史價格波幅而計算。

截至二零一一年及二零一零年十二月三十一日止年度，本公司就有關本公司獎勵的股份分別確認人民幣23,437,000元及人民幣62,157,000元的支出。本公司獎勵的股份將以最終控制股東信託持有的現有股份結算。因此，有關款項入賬為注資儲備。

39. SHARE-BASED PAYMENT TRANSACTIONS

(Continued)

Equity-settled share award/share option schemes:
(Continued)

a. Pre-IPO share award schemes (Continued)

The weighted average fair values of the shares granted on November 30, 2007 and July 31, 2009 were RMB116,050,000 and RMB71,250,000 respectively and were determined using a mix of asset-based and market approach with option-based pricing model is adopted to account for the vesting condition. The significant inputs into the model were estimated fair value of shares at the grant date, expected dividend pay out rate, annual risk-free rate and volatility rate. The volatility is measured based on past years historical price volatility of similar companies listed on the SEHK.

The Group recognised an expense of RMB23,437,000 and RMB62,157,000 for the years ended December 31, 2011 and 2010 respectively in relation to shares awarded by the Company. The shares awarded by the Company will be settled with the existing shares held by the trust of the ultimate controlling shareholders. Accordingly, the respective amounts were credited to capital contribution reserve.

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39. 以股份為基礎的付款交易

(續)

以權益結算的股份獎勵／購股權計劃：(續)

a. 首次公開發售前股份獎勵計劃
(續)

年內所授出股份獎勵之條款及條件如下：

向董事授出股份獎勵：

Share Awards granted to directors:

- 於二零零七年十一月三十日
- on November 30, 2007

- 於二零零九年七月三十一日
- on July 31, 2009

向僱員授出股份獎勵：

Share Awards granted to employees:

- 於二零零七年十一月三十日
- on November 30, 2007

39. SHARE-BASED PAYMENT TRANSACTIONS

(Continued)

Equity-settled share award/share option schemes:
(Continued)

a. Pre-IPO share award schemes (Continued)

The terms and conditions of the grants that existed during the year are as follows:

股份獎勵數目 Number of share awards	歸屬條件 Vesting Conditions
6,749,000	自授出日期起至二零零九年一月一日為25% 25% from the date of grant to January 1, 2009 自授出日期起至二零一零年一月一日為25% 25% from the date of grant to January 1, 2010 自授出日期起至二零一一年一月一日為25% 25% from the date of grant to January 1, 2011 授出日期起至二零一二年一月一日為25% 25% from the date of grant to January 1, 2012
7,363,000	自授出日期起至二零一零年七月三十一日為25% 25% from the date of grant to July 31, 2010 自授出日期起至二零一一年七月三十一日為25% 25% from the date of grant to July 31, 2011 自授出日期起至二零一二年七月三十一日為25% 25% from the date of grant to July 31, 2012 自授出日期起至二零一三年七月三十一日為25% 25% from the date of grant to July 31, 2013
57,265,000	自授出日期起至二零零九年一月一日為25% 25% from the date of grant to January 1, 2009 自授出日期起至二零一零年一月一日為25% 25% from the date of grant to January 1, 2010 自授出日期起至二零一一年一月一日為25% 25% from the date of grant to January 1, 2011 自授出日期起至二零一二年一月一日為25% 25% from the date of grant to January 1, 2012

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39. 以股份為基礎的付款交易

(續)

以權益結算的股份獎勵／購股權計劃：(續)

a. 首次公開發售前股份獎勵計劃 (續)

39. SHARE-BASED PAYMENT TRANSACTIONS

(Continued)

Equity-settled share award/share option schemes:
(Continued)

a. Pre-IPO share award schemes (Continued)

	股份獎勵數目 Number of share awards	歸屬條件 Vesting Conditions
於二零零九年七月三十一日 - on July 31, 2009	22,637,000	自授出日期起至二零一零年七月三十一日為25% 25% from the date of grant to July 31, 2010 自授出日期起至二零一一年七月三十一日為25% 25% from the date of grant to July 31, 2011 自授出日期起至二零一二年七月三十一日為25% 25% from the date of grant to July 31, 2012 授出日期起至二零一三年七月三十一日為25% 25% from the date of grant to July 31, 2013
<hr/>		
於二零零九年一月一日授出之 股份獎勵總數 Total share awards as at January 1, 2009	94,014,000	
年內已歸屬 Vested during the year	(16,003,500)	
<hr/>		
於二零零九年十二月三十一日仍未歸屬 Outstanding as at December 31, 2009	78,010,500	
年內已歸屬 Vested during the year	(23,503,500)	
<hr/>		
於二零一零年十二月三十一日仍未歸屬 Outstanding as at December 31, 2010	54,507,000	
年內已歸屬 Vested during the year	(23,503,500)	
<hr/>		
於二零一一年十二月三十一日仍未歸屬 Outstanding as at December 31, 2011	31,003,500	

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39. 以股份為基礎的付款交易

(續)

以權益結算的股份獎勵／購股權計劃：(續)

b. 首次公開發售前購股權計劃

本公司的首次公開發售前購股權計劃(「首次公開發售前購股權計劃」)乃根據於二零零七年十一月三十日通過的一項決議案獲採納，主要目的是為本集團董事及合資格僱員提供獎勵，而購股權僅可於二零零七年十一月三十日至本公司股份首次於聯交所開始交易之日(「上市日期」)的前一個營業日止期間發售及授出。根據首次公開發售前購股權計劃，本公司及其附屬公司董事已獲授可認購本公司股份的購股權。首次公開發售前購股權計劃自獲採納之日起為期10年。

於二零零七年十一月三十日，已授出購股權37,940,000份(包括向董事授出15,588,000份購股權)。於二零一一年及二零一零年十二月三十一日根據首次公開發售前購股權計劃已授出而仍未行使的購股權涉及股份數目為32,940,000股(包括向董事授出18,356,000份購股權)，佔二零一一年及二零一零年十二月三十一日本公司股份的0.64%。

因行使根據首次公開發售前購股權計劃及本公司的其他購股權計劃將授出的所有購股權而可能發行的本公司股份總數，不得超過於上市日期本公司已發行股份總數的10%。首次公開發售前購股權計劃的初步行使價為6.46港元，於二零零九年一月一日更改為2.94港元。

39. SHARE-BASED PAYMENT TRANSACTIONS

(Continued)

Equity-settled share award/share option schemes:
(Continued)

b. Pre-IPO share option scheme

The Company's Pre-IPO share option scheme (the "Pre-IPO Share Option Scheme") was adopted pursuant to a resolution passed on November 30, 2007 for the primary purpose of providing incentives to directors and eligible employees of the Group, and options can only be offered and granted from November 30, 2007 until the business date before the date on which dealings in the Company's share first commence on the SEHK ("the Listing Date"). Under the Pre-IPO share Option Scheme, the directors of the Company and its subsidiaries were granted options to subscribe for shares in the Company. The term of the Pre-IPO share Option Scheme is 10 years from the date of adoption.

On November 30, 2007, 37,940,000 share options (including 15,588,000 share options granted to directors) were granted. The number of shares in respect of which options had been granted and remained outstanding under the Pre-IPO Share Option Scheme as at December 31, 2011 and 2010 was 32,940,000 (including 18,356,000 share options granted to directors), representing 0.64% of the shares of the Company as at December, 2011 and 2010.

The total number of the Company's shares which may be issued upon exercise of all options to be granted under the Pre-IPO Share Option Scheme and other share option schemes of the Company shall not exceed 10% of the aggregate of the shares of the Company in issue at the Listing Date. The exercise price of the Pre-IPO Share Option initial at HK\$6.46 and amended to HK\$2.94 effective from January 1, 2009.

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截至二零一一年十二月三十一日止年度
For the year ended December 31, 2011

39. 以股份為基礎的付款交易

(續)

以權益結算的股份獎勵／購股權計劃：(續)

b. 首次公開發售前購股權計劃 (續)

因行使根據首次公開發售前購股權計劃及本公司的其他購股權計劃已授出而仍未行使的所有購股權而可能發行的股份數目的全部限額，不得超過不時已發行股份的30%。

購股權的歸屬期如下：

- 25%: 自授出之日起至
二零零九年一月一日
- 25%: 自授出之日起至
二零一零年一月一日
- 25%: 自授出之日起至
二零一一年一月一日
- 25%: 自授出之日起至
二零一二年一月一日

截至二零一一年十二月三十一日止年度，本集團就本公司授出的首次公開發售前購股權確認總支出人民幣3,273,000元(二零一零年：人民幣11,730,000元)。

39. SHARE-BASED PAYMENT TRANSACTIONS

(Continued)

Equity-settled share award/share option schemes:
(Continued)

b. Pre-IPO share option scheme (Continued)

The overall limit on the number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Pre-IPO Share Option Scheme and other share option scheme of the Company must not exceed 30% of the shares in issue from time to time.

The vesting period of the share options is as follows:

- 25%: from the date of grant to January 1, 2009
- 25%: from the date of grant to January 1, 2010
- 25%: from the date of grant to January 1, 2011
- 25%: from the date of grant to January 1, 2012

The Group recognised the total expense of RMB3,273,000 (2010: RMB11,730,000) for the year ended December 31, 2011 in relation to Pre-IPO share options granted by the Company.

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截至二零一一年十二月三十一日止年度
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39. 以股份為基礎的付款交易

(續)

以權益結算的股份獎勵／購股權計劃：(續)

b. 首次公開發售前購股權計劃

(續)

年內所授出購股權之條款及條件如下：

39. SHARE-BASED PAYMENT TRANSACTIONS

(Continued)

Equity-settled share award/share option schemes:
(Continued)

b. Pre-IPO share option scheme (Continued)

The terms and conditions of the grants that existed during the year are as follows:

	購股權數目 Number of Options	歸屬條件 Vesting Conditions	購股權合約年期 Contractual life of options
向董事授出購股權：			
Share Options granted to directors:			
— 於二零零七年十一月三十日		自授出日期起至二零零九年一月一日為25%	十年
— on November 30, 2007	15,588,000	25% from the date of grant to January 1, 2009	10 years
		自授出日期起至二零一零年一月一日為25%	十年
		25% from the date of grant to January 1, 2010	10 years
		自授出日期起至二零一一年一月一日為25%	十年
		25% from the date of grant to January 1, 2011	10 years
		自授出日期起至二零一二年一月一日為25%	十年
		25% from the date of grant to January 1, 2012	10 years
向僱員授出購股權：			
Share Options granted to employees:			
— 於二零零七年十一月三十日		自授出日期起至二零零九年一月一日為25%	十年
— on November 30, 2007	22,352,000	25% from the date of grant to January 1, 2009	10 years
		自授出日期起至二零一零年一月一日為25%	十年
		25% from the date of grant to January 1, 2010	10 years
		自授出日期起至二零一一年一月一日為25%	十年
		25% from the date of grant to January 1, 2011	10 years
		自授出日期起至二零一二年一月一日為25%	十年
		25% from the date of grant to January 1, 2012	10 years

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截至二零一一年十二月三十一日止年度
For the year ended December 31, 2011

39. 以股份為基礎的付款交易

(續)

以權益結算的股份獎勵／購股權計劃：(續)

b. 首次公開發售前購股權計劃 (續)

	購股權數目 Number of Options	歸屬條件 Vesting Conditions	購股權合約年期 Contractual life of options
於二零零九年十二月三十一日 的購股權總數 Total share options at December 31, 2009	37,940,000		
年內行使(附註) Exercised during the year (Note)	(5,000,000)		
<hr/>			
於二零一零年及二零一一年十二月 三十一日的購股權總數 Total share options at December 31, 2010 and 2011	32,940,000		
<hr/>			
於二零一零年十二月三十一日可行使 Exercisable at December 31, 2010	13,970,000		
<hr/>			
於二零一一年十二月三十一日可行使 Exercisable at December 31, 2011	23,455,000		
<hr/>			

附註：於行使日期的加權平均股價為7.96
港元。

Note: The weighted average share price at the dates of exercise is HK\$
7.96.

c. 首次公開發售後購股權計劃

本公司的首次公開發售後購股權計劃(「首次公開發售後購股權計劃」)乃根據於二零零九年十二月二十三日通過的一項決議案獲採納，主要目的是為本集團董事及合資格僱員提供獎勵。根據首次公開發售後購股權計劃，本公司及其附屬公司董事已獲授可認購本公司股份的購股權。首次公開發售後購股權計劃自獲採納之日起為期10年。

c. Post-IPO share option scheme

The Company's Post-IPO share option scheme (the "Post-IPO Share Option Scheme") was adopted pursuant to a resolution passed on December 23, 2009 for the primary purpose of providing incentives to directors and eligible employees of the Group. Under the Post-IPO Share Option Scheme, the directors of the Company and its subsidiaries were granted options to subscribe for shares in the Company. The term of the Post-IPO Share Option Scheme is 10 years from the date of adoption.

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截至二零一一年十二月三十一日止年度
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39. 以股份為基礎的付款交易

(續)

以權益結算的股份獎勵／購股權計劃：(續)

c. 首次公開發售後購股權計劃 (續)

於二零零九年十二月二十三日，已授出可認購10,600,000股股份的購股權。購股權的行使價為8.44港元。

截至二零一一年十二月三十一日止年度，已於二零一一年一月十七日及二零一一年九月二十八日授出可認購46,000,000股(包括向董事授出3,000,000股股份)及150,000,000股(包括向董事授出59,600,000股股份)股份的購股權。有關日期授出的購股權之估計公平值分別為人民幣195,338,000元及人民幣410,041,000元。

該等公平值乃按二項式模式計算，有關參數如下：

39. SHARE-BASED PAYMENT TRANSACTIONS

(Continued)

Equity-settled share award/share option schemes:
(Continued)

c. Post-IPO share option scheme (Continued)

On December 23, 2009, options to subscribe 10,600,000 shares (including 9,600,000 shares granted to directors) were granted. The exercise price of the option is HK\$8.44.

During the year ended December 31, 2011, options to subscribe 46,000,000 shares (including 3,000,000 shares granted to directors) and 150,000,000 shares (including 59,600,000 shares granted to directors) were granted on January 17, 2011 and September 28, 2011. The estimated fair values of the options granted on those dates are RMB 195,338,000 and RMB410,041,000 respectively.

These fair values were calculated using the binomial model. The inputs into the model were as follows:

		於以下日期授出的購股權	
		Share options granted on	
		二零一一年	二零一一年
		一月十七日	九月二十八日
		January 17,	September 28,
		2011	2011
授出日期股價	Grant date share price	12.52 港元 HK\$12.52	8.28 港元 HK\$8.28
行使價	Exercise price	12.528 港元 HK\$12.528	8.28 港元 HK\$8.28
預期年期	Expected life	附註 Note	附註 Note
預期波幅	Expected volatility	41%	42%
股息率	Dividend yield	1%	1%
無風險利率	Risk-free interest rate	2.72%	1.36%

附註：購股權之預期年期按(歸屬期+行使期)／2計算。

Note: Expected life of the option is calculated by the formula of (vesting period + exercise period)/2.

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截至二零一一年十二月三十一日止年度
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39. 以股份為基礎的付款交易

(續)

以權益結算的股份獎勵／購股權計劃：(續)

c. 首次公開發售後購股權計劃 (續)

預期波幅基於本公司過去幾年股價之過往波幅確定。該模式使用的預期年期已基於管理層之最佳估計就不可轉讓性、行使限制及行為考慮因素進行調整。

於二零一一年及二零一零年十二月三十一日，根據首次公開發售後購股權計劃已授出但未行使的購股權所涉股份數目為206,550,000股及10,600,000股，佔本公司二零一一年及二零一零年十二月三十一日股份的4%及0.21%。

因行使根據該計劃及本公司的其他購股權計劃將予授出的所有購股權而可能發行的本公司股份總數，不得超過於上市日期本公司已發行股份總數的10%。

因行使根據首次公開發售後購股權計劃及本公司的其他購股權計劃已授出而仍未行使的所有購股權而可能發行的股份數目的全部限額，不得超過不時已發行股份30%。

39. SHARE-BASED PAYMENT TRANSACTIONS

(Continued)

Equity-settled share award/share option schemes:
(Continued)

c. Post-IPO share option scheme (Continued)

Expected volatility was determined by using the historical volatility of the Company's share price over the past few years. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

The number of shares in respect of which options had been granted and remained outstanding under the Post-IPO Share Option Scheme as at December 31, 2011 and 2010 was 206,550,000 and 10,600,000, representing 4% and 0.21% of the shares of the Company as at December 31, 2011 and 2010.

The total number of the Company's shares which may be issued upon exercise of all options to be granted under the scheme and other share option schemes of the Company shall not exceed 10% of the aggregate of the shares of the Company in issue at the Listing Date.

The overall limit on the number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Post-IPO Share Option Scheme and other share option scheme of the Company must not exceed 30% of the shares in issue from time to time.

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截至二零一一年十二月三十一日止年度
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39. 以股份為基礎的付款交易

(續)

以權益結算的股份獎勵／購股權計劃：(續)

c. 首次公開發售後購股權計劃 (續)

購股權的歸屬期如下：

於二零零九年十二月二十三日授出的購股權

25%: 自授出之日起至二零一零年十二月二十三日

25%: 自授出之日起至二零一一年十二月二十三日

25%: 自授出之日起至二零一二年十二月二十三日

25%: 自授出之日起至二零一三年十二月二十三日

於二零一一年一月十七日授出的購股權

25%: 自授出之日起至二零一二年一月十七日

25%: 自授出之日起至二零一三年一月十七日

25%: 自授出之日起至二零一四年一月十七日

25%: 自授出之日起至二零一五年一月十七日

39. SHARE-BASED PAYMENT TRANSACTIONS

(Continued)

Equity-settled share award/share option schemes:
(Continued)

c. Post-IPO share option scheme (Continued)

The vesting period of the share options is as follows:

Share options granted on December 23, 2009

25%: from the date of grant to December 23, 2010

25%: from the date of grant to December 23, 2011

25%: from the date of grant to December 23, 2012

25%: from the date of grant to December 23, 2013

Share options granted on December January 17, 2011

25%: from the date of grant to January 17, 2012

25%: from the date of grant to January 17, 2013

25%: from the date of grant to January 17, 2014

25%: from the date of grant to January 17, 2015

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39. 以股份為基礎的付款交易

(續)

以權益結算的股份獎勵／購股權計劃：(續)

c. 首次公開發售後購股權計劃 (續)

於二零一一年九月二十八日授出的
140,000,000份購股權

10%：自授出之日起至二零一三年
九月二十八日

30%：自授出之日起至二零一四年
九月二十八日

30%：自授出之日起至二零一五年
九月二十八日

30%：自授出之日起至二零一六年
九月二十八日

於二零一一年九月二十八日授出的
10,000,000份購股權

100%：自授出之日起至二零一七年
九月二十八日

截至二零一一年十二月三十一日止
年度，本集團就本公司授出的購股
權確認總支出人民幣139,071,000元
(二零一零年：人民幣20,880,000
元)。

39. SHARE-BASED PAYMENT TRANSACTIONS

(Continued)

Equity-settled share award/share option schemes:
(Continued)

c. Post-IPO share option scheme (Continued)

140,000,000 share options granted on September 28, 2011

10%: from the date of grant to September 28, 2013

30%: from the date of grant to September 28, 2014

30%: from the date of grant to September 28, 2015

30%: from the date of grant to September 28, 2016

10,000,000 share options granted on September 28, 2011

100% from the date of grant to September 28, 2017

The Group recognised the total expense of
RMB139,071,000 (2010: RMB20,880,000) for the year
ended December 31, 2011 in relation to share options
granted by the Company.

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39. 以股份為基礎的付款交易

(續)

以權益結算的股份獎勵／購股權計劃：(續)

c. 首次公開發售後購股權計劃 (續)

年內所授出購股權之條款及條件如下：

39. SHARE-BASED PAYMENT TRANSACTIONS

(Continued)

Equity-settled share award/share option schemes:
(Continued)

c. Post-IPO share option scheme (Continued)

The terms and conditions of the grants that existed during the year are as follows:

	購股權數目 Number of Options	歸屬條件 Vesting Conditions	購股權合約年期 Contractual life of options
向董事授出購股權：			
Share Options granted to directors:			
– 於二零零九年十二月二十三日		自授出日期起至二零一零年十二月二十三日為25%	十年
– on December 23, 2009	9,600,000	25% from the date of grant to December 23, 2010	10 years
		自授出日期起至二零一一年十二月二十三日為25%	十年
		25% from the date of grant to December 23, 2011	10 years
		自授出日期起至二零一二年十二月二十三日為25%	十年
		25% from the date of grant to December 23, 2012	10 years
		自授出日期起至二零一三年十二月二十三日為25%	十年
		25% from the date of grant to December 23, 2013	10 years
向僱員授出購股權：			
Share Options granted to employees:			
– 於二零零九年十二月二十三日		自授出日期起至二零一零年十二月二十三日為25%	十年
– on December 23, 2009	1,000,000	25% from the date of grant to December 23, 2010	10 years
		自授出日期起至二零一一年十二月二十三日為25%	十年
		25% from the date of grant to December 23, 2011	10 years
		自授出日期起至二零一二年十二月二十三日為25%	十年
		25% from the date of grant to December 23, 2012	10 years
		自授出日期起至二零一三年十二月二十三日為25%	十年
		25% from the date of grant to December 23, 2013	10 years
於二零一零年十二月的購股權總數			
Total share options at December			
2010	10,600,000		

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截至二零一一年十二月三十一日止年度
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39. 以股份為基礎的付款交易

(續)

以權益結算的股份獎勵／購股權計劃：(續)

c. 首次公開發售後購股權計劃 (續)

39. SHARE-BASED PAYMENT TRANSACTIONS

(Continued)

Equity-settled share award/share option schemes:
(Continued)

c. Post-IPO share option scheme (Continued)

年內授出：	購股權數目	歸屬條件	購股權合約年期
Granted during the year:	Number of	Vesting Conditions	Contractual
向董事授出購股權：	Options	Options	life of
Share Options granted to directors:			options
- 於二零一一年一月十七日		自授出之日起至二零一二年一月十七日為25%	十年
- on January 17, 2011	3,000,000	25% from the date of grant to January 17, 2012	10 years
		自授出之日起至二零一三年一月十七日為25%	十年
		25% from the date of grant to January 17, 2013	10 years
		自授出之日起至二零一四年一月十七日為25%	十年
		25% from the date of grant to January 17, 2014	10 years
		自授出之日起至二零一五年一月十七日為25%	十年
		25% from the date of grant to January 17, 2015	10 years
- 於二零一一年九月二十八日		自授出之日起至二零一三年九月二十八日為10%	十年
- on September 28, 2011	49,600,000	10% From the date of grant to September 28, 2013	10 years
		自授出之日起至二零一四年九月二十八日為30%	十年
		30% From the date of grant to September 28, 2014	10 years
		自授出之日起至二零一五年九月二十八日為30%	十年
		30% From the date of grant to September 28, 2015	10 years
		自授出之日起至二零一六年九月二十八日為30%	十年
		30% From the date of grant to September 28, 2016	10 years
- 於二零一一年九月二十八日		自授出之日起至二零一七年九月二十八日為100%	十年
- on September 28, 2011	10,000,000	100% from the date of grant to September 28, 2017	10 years

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39. 以股份為基礎的付款交易

(續)

以權益結算的股份獎勵／購股權計劃：(續)

c. 首次公開發售後購股權計劃 (續)

39. SHARE-BASED PAYMENT TRANSACTIONS

(Continued)

Equity-settled share award/share option schemes:
(Continued)

c. Post-IPO share option scheme (Continued)

	購股權數目 Number of Options	歸屬條件 Vesting Conditions	購股權合約年期 Contractual life of options
向僱員授出購股權：			
Share Options granted to employees:			
— 於二零一一年一月十七日 — on January 17, 2011	43,000,000	自授出之日起至二零一二年一月十七日為25% 25% from the date of grant to January 17, 2012 自授出之日起至二零一三年一月十七日為25% 25% from the date of grant to January 17, 2013 自授出之日起至二零一四年一月十七日為25% 25% from the date of grant to January 17, 2014 自授出之日起至二零一五年一月十七日為25% 25% from the date of grant to January 17, 2015	十年 10 years 十年 10 years 十年 10 years 十年 10 years
— 於二零一一年九月二十八日 — on September 28, 2011	90,400,000	自授出之日起至二零一三年九月二十八日為10% 10% from the date of granted to September 28, 2013 自授出之日起至二零一四年九月二十八日為30% 30% from the date of granted to September 28, 2014 自授出之日起至二零一五年九月二十八日為30% 30% from the date of granted to September 28, 2015 自授出之日起至二零一六年九月二十八日為30% 30% from the date of granted to September 28, 2016	十年 10 years 十年 10 years 十年 10 years 十年 10 years
年內行使 (附註) Exercised during the year (Note)	(50,000)		
於二零一一年十二月三十一日的購股權總數 Total share options at December 31, 2011	206,550,000		
於二零一零年十二月三十一日可行使 Exercisable at December 31, 2010	2,650,000		
於二零一一年十二月三十一日可行使 Exercisable at December 31, 2011	5,250,000		

附註：行使日期的加權平均股價為12.54港元。

Note: The weighted average share price at the date of exercise is HK\$12.54.

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40. 關連方交易

除載於綜合財務狀況報表及附註24及27的關連方結餘外，年內，本集團與其關連方訂立以下重大交易：

(a) 共同控制實體

原材料銷售	Sales of materials
諮詢費收入	Consultancy fee income
物業管理收入	Property management income

40. RELATED PARTY TRANSACTIONS

Apart from the balances with related parties set out in the consolidated statement of financial position, and in notes 24 and 27, during the year, the Group entered into the following significant transactions with its related parties:

(a) Jointly controlled entities

		二零一一年 2011 人民幣千元 <i>RMB'000</i>	二零一零年 2010 人民幣千元 <i>RMB'000</i>
		1,007	1,744
		—	13,588
		10,880	7,013

(b) 主要管理層及股東

主要管理層：	Key management:
銷售物業	Sales of properties
股東：	Shareholders:
銷售物業	Sales of properties

(b) Key management and shareholders

		二零一一年 2011 人民幣千元 <i>RMB'000</i>	二零一零年 2010 人民幣千元 <i>RMB'000</i>
		31,206	10,417
		64,000	8,514

(c) 年內已付及應付本公司主要管理層(亦為本公司的董事)的薪酬載於附註11。

(c) The remuneration paid and payable to the key management of the Company, who are the directors of the Company, for the year is set out in note 11.

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41. 資本風險管理

本集團管理資本以確保本集團的實體能持續經營，同時透過優化債務及股本結餘為股東帶來最大回報。

本集團的資本結構包括債務淨額(包括分別於附註28及29披露的借款及優先票據)、現金及現金等價物淨額以及本公司擁有人應佔權益(包括已發行股本、儲備及保留盈利)。

本公司董事定期審閱資本架構。作為該審閱的一部分，本公司董事考慮資本成本及與各類資本有關的風險，並採取適當措施平衡整體資本架構。

42. 金融工具

a. 金融工具類別

金融資產	Financial assets
可供出售投資	Available-for-sale investments
貸款及應收款項(包括現金及現金等價物)	Loans and receivables (including cash and cash equivalents)
金融負債	Financial liabilities
攤銷成本	Amortised cost

41. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of net debt, which includes, where appropriate, the borrowings and senior notes disclosed in notes 28 and 29 respectively, net of cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital, reserves and retained earnings.

The directors of the Company review the capital structure on a regular basis. As part of this review, the directors of the Company consider the cost of capital and the risks associated with each class of capital, and take appropriate actions to balance its overall capital structure.

42. FINANCIAL INSTRUMENTS

a. Categories of financial instruments

	二零一一年 2011 人民幣千元 RMB'000	二零一零年 2010 人民幣千元 RMB'000
可供出售投資	8,600	8,600
貸款及應收款項(包括現金及現金等價物)	15,591,670	11,257,000
攤銷成本	30,517,923	22,745,641

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42. 金融工具 (續)

b. 金融風險管理目標及政策

本集團的主要金融工具包括應收賬款及其他應收款項、應收(應付)關連方款項、已抵押銀行存款、銀行結餘及現金、應付賬款、銀行及其他借款以及優先票據。該等金融工具的詳情載於各相應附註。與該等金融工具相關的風險及減低該等風險的政策載於下文。管理層管理及監控該等風險以確保能適時有效地採取適當措施。

c. 市場風險

本集團的業務主要面對利率變動、外幣匯率變動風險及其他價格風險的市場風險(見下文)。

本集團於年內面對的市場風險或其管理及計量該等風險的方法概無重大變動。

利率風險管理

由於銀行結餘與銀行及其他借款(按現行市場利率及根據中國人民銀行所報利率計算的浮動利率計息)的現行市場利率波動,因此本集團面對現金流量利率風險。

本集團的公平值利率風險主要與已抵押銀行存款以及按固定利率計息之銀行及其他借款及優先票據有關。本集團現時並無利用任何衍生工具合約對沖其面對的利率風險。然而,管理層於有需要時會考慮對沖重大利率風險。

本集團面對與金融負債有關的利率風險,詳情載於本附註流動資金風險管理一節。

42. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies

The Group's major financial instruments include accounts and other receivables, amounts due from (to) related parties, pledged bank deposits, bank balances and cash, accounts payable, bank and other borrowings and senior notes. Details of these financial instruments are set out in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

c. Market risk

The Group's activities expose primarily to the market risks of changes in interest rates, foreign currency exchange rates risks and other price risk (see below).

There has been no significant change to the Group's exposure to market risks or the manner in which it manages and measures the risk over the year.

Interest rate risk management

The Group is exposed to cash flow interest rate risk due to the fluctuation of the prevailing market interest rate on bank balances and bank and other borrowings which carried at prevailing market interest rates and variable rate based on the interest rates quoted by the People's Bank of China.

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

The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note.

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42. 金融工具 (續)

c. 市場風險 (續)

利率敏感度

以下敏感度分析乃基於報告期末面對的以浮動利率計息之非衍生工具(銀行結餘與銀行及其他借款)利率風險以及假設於報告期末未償還的金融工具於整年未償還而作出。公司內部向主要管理人員匯報利率風險時會以升跌200個基點(就銀行及其他借款而言)及升跌100個基點(就銀行結餘而言)為基準，即管理人員分別評估銀行及其他借款以及銀行結餘利率的可能變動。

於報告期末，倘利率上升/下降200個基點(就銀行及其他借款而言)，而所有其他變數維持不變，則本集團截至二零一一年十二月三十一日止年度溢利增加/減少約人民幣10,296,000元(二零一零年：零)。

此外，倘利率上升/下降100個基點(就銀行存款而言)，而所有其他變數維持不變，則本集團截至二零一一年十二月三十一日止年度溢利將增加/減少約人民幣105,907,000元(二零一零年：人民幣73,973,000元)。

42. FINANCIAL INSTRUMENTS (Continued)

c. Market risk (Continued)

Interest rate sensitivity

The sensitivity analyses below have been prepared based on the exposure to interest rates for non-derivative instruments carried at variable rates (bank balances and bank and other borrowings) at the end of the reporting period and assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. A 200 basis point increase or decrease for bank and other borrowings and a 100 basis point increase or decrease for bank balances are used when reporting interest rate risk internally to key management personnel and represent management's assessment of the possible change in interest rate in respect of bank and other borrowings and bank balances respectively.

At the end of the reporting period, if interest rates had been increased/decreased by 200 basis points in respect of bank and other borrowings and all other variables were held constant, the Group's profit for the year would increase/decrease by approximately RMB10,296,000 (2010: Nil) for the year ended December 31, 2011.

In addition, if interest rate had been increase/decrease of 100 basis points in respect of bank deposits, with all other variables held constant, the Group's profit for the year would increase/decrease by approximately RMB105,907,000 (2010: RMB73,973,000) for the years ended December 31, 2011.

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42. 金融工具 (續)

c. 市場風險 (續)

外幣風險管理

本集團的全部收入均以人民幣收款，且大部分開支(包括物業銷售所致的開支)以及資本開支亦以人民幣計值。

本集團進行若干以外幣計值的交易，因此面對匯率波動風險。本集團現時並無外幣對沖政策。然而，管理層監督外匯風險並於有需要時會考慮對沖重大外幣風險。

本集團於各呈報日期以外幣計值的貨幣資產及貨幣負債的賬面值如下：

		二零一一年 2011 人民幣千元 RMB'000	二零一零年 2010 人民幣千元 RMB'000
資產	Assets		
美元	USD	1,622,500	69,040
港元	HKD	24,586	361,272
負債	Liabilities		
美元	USD	4,740,473	—
港元	HKD	3,684,774	2,657,729

42. FINANCIAL INSTRUMENTS (Continued)

c. Market risk (Continued)

Foreign currency risk management

The Group collects all of its revenue in RMB and most of the expenditures including expenditures incurred in property sales as well as capital expenditures are also denominated in RMB.

The Group undertakes certain transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations arises. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

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

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42. 金融工具 (續)

c. 市場風險 (續)

外幣風險管理

外幣敏感度分析

本集團主要面對美元及港元兌人民幣的匯率波動風險。

下表詳述本集團有關人民幣兌相關外幣匯率增加及減少5%的敏感度。敏感度分析僅包括未換算的外幣計值貨幣項目，並於年末調整其換算以反映外匯匯率的5%變動。5%為用於向主要管理層人員內部報告外幣風險的敏感度利率，並為管理層對外匯匯率合理可能變動的評估。敏感度分析包括以外幣計值的銀行借款以及銀行結餘及已抵押銀行存款。正數／(負數)表示人民幣兌相關外幣升值時年度溢利的增加／(減少)。倘人民幣兌相關外幣貶值5%，則對年度溢利帶來同等的負面影響。

42. FINANCIAL INSTRUMENTS (Continued)

c. Market risk (Continued)

Foreign currency risk management (Continued)

Foreign currency sensitivity analysis

The Group mainly exposes to foreign exchange fluctuation of USD and HKD against RMB.

The following table details of the Group's sensitivity to a 5% increase and decrease in RMB against the relevant foreign currencies. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 5% change in foreign currency rates. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes bank borrowings as well as bank balances and pledged bank deposits denominated in foreign currencies. A positive/(negative) number indicates an increase/(decrease) in profit for the year where the RMB strengthens against the relevant currencies. For a 5% weakening of RMB against the relevant currency, there would be an equal and opposite impact on the profit for the year.

		二零一一年 2011 人民幣千元 RMB'000	二零一零年 2010 人民幣千元 RMB'000
美元	USD		
年度溢利	Profit for the year	155,899	(3,452)
港元	HKD		
年度溢利	Profit for the year	183,009	114,823

其他價格風險

本集團因可供出售投資面對股價波動風險。然而，管理層認為本公司面對的股價波動風險甚微。

Other price risks

The Group is exposed to equity price risks through its available-for-sale investments. However, the management considers that the Company's exposure to fluctuation in equity price is minimal.

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42. 金融工具 (續)

d. 信貸風險管理

於各報告期末，本集團所面對並因對手方未能履行責任及本集團發出金融擔保而導致本集團產生財務虧損的最大信貸風險，乃產生自綜合財務狀況報表內所列各已確認金融資產的賬面值，以及附註38所披露的或然負債金額。為將信貸風險降至最低，已執行監管程序確保採取跟進行動收回過期債務。此外，本集團於報告期末定期審閱每項個別貿易及其他應收款項以及應收關連方款項的可收回金額。呈列於綜合財務狀況報表中的金額乃扣除呆壞賬撥備，並由本集團管理層基於過往經驗及其對現時經濟環境的評估進行估算。

由於對手方均為國際評級機構給予高信貸評級的銀行或中國的國有銀行，故流動資金信貸風險有限。

除存於多家高信貸評級銀行的流動資金及應收共同控制實體款項有信貸風險集中的情況外，本集團的風險分佈於多個對手方及客戶，故並無重大集中信貸風險。

42. FINANCIAL INSTRUMENTS (Continued)

d. Credit risk management

At each of the end of the reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties and financial guarantees issued by the Group is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position and the amount of contingent liabilities disclosed in note 38. In order to minimise the credit risk, monitoring procedures are carried out 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 and other receivables and amounts due from related parties at the end of the reporting period. The amounts presented in the consolidated statement of financial position are net of allowances for bad and doubtful debts, estimated by the Group's management based on prior experience and their assessment of the current economic environment.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies or state-owned banks in the PRC.

Other than concentration of credit risk on liquid funds which are deposited with several banks with high credit ratings and amounts due from jointly controlled entities, the Group has no significant concentration of credit risk, in which exposure is spread over a number of counterparties and customers.

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42. 金融工具 (續)

d. 信貸風險管理 (續)

就已預售但未竣工的物業而言，本集團通常就客戶借入按揭貸款以為購買物業籌集資金而向銀行提供擔保，擔保金額最高為個別物業購買價的70%。倘買方於擔保期間未能償還按揭，則持有按揭的銀行可要求本集團償還未償還貸款及任何有關應計利息。在此情況下，本集團可沒收已收銷售按金並轉售收回的物業。因此，管理層認為本集團將有可能收回擔保引致的任何虧損。管理層認為，由於該等融資以物業擔保而物業的市價高於擔保金額，故提供予置業者的金融擔保面對的信貸風險有限。就此而言，本公司董事認為，本集團的信貸風險已大幅降低。

e. 流動資金風險

本集團的目標是在持續取得資金與靈活使用借款之間維持平衡。本公司董事密切監察流動資金狀況，預期會有足夠資金來源來為本集團的項目及經營提供融資。

下表詳列本集團非衍生金融負債基於協定還款期的預期剩餘合約到期日。該表按本集團可能須付款的最早日期的金融負債之未貼現現金流量編製。表中包括利息及本金現金流量。

42. FINANCIAL INSTRUMENTS (Continued)

d. Credit risk management (Continued)

For properties that are presold but development has not been completed, 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 purchase price of the individual property. If a purchaser defaults on the payment of its mortgage during the period of guarantee, the bank holding the mortgage may demand the Group to repay the outstanding loan and any interest accrued thereon. Under such circumstances, the Group is able to forfeit the sales deposit received and resell the repossessed properties. Therefore, the management considers the Group would likely recover any loss incurred arising from the guarantees. The management considers the credit risk exposure to financial guarantees provided to property purchasers is limited because the facilities are secured by the properties and the market price of the properties is higher than the guaranteed amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

e. Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and the flexibility through the use of borrowings. The directors of the Company closely monitor the liquidity position and expect to have adequate sources of funding to finance the Group's projects and operations.

The following table details the Group's expected remaining contractual maturity for its non-derivative financial liabilities based on agreed repayment terms. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

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Notes to the Consolidated Financial Statements

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42. 金融工具 (續)

e. 流動資金風險 (續)

倘利息按浮動利率計算，則已貼現金額按報告期末當時的利率計算。

42. FINANCIAL INSTRUMENTS (Continued)

e. Liquidity risk (Continued)

To the extent that interest flows are floating rate, the discounted amount is derived from existing at rates at the end of the reporting period.

		於二零一一年十二月三十一日							未貼現現金流量總額	
		加權平均利率	Carrying amount at	0至60日	61至180日	181至365日	1至2年	2至3年	超過3年	undiscounted cash flows
		Weighted average interest rate	December 31, 2011	0-60 days	61 to 180 days	181 to 365 days	1-2 years	2-3 years	Over 3 years	Total
			人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
			RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
不計息	Non-interest bearing	—	6,551,198	302,348	2,258,729	3,678,451	311,670	—	—	6,551,198
定息工具	Fixed interest rate instruments	8.40%	7,116,302	159,222	182,488	1,182,451	1,040,501	1,356,348	5,319,667	9,240,677
浮息工具	Variable interest rate instruments	6.17%	16,850,423	99,567	336,385	3,139,557	6,571,834	5,482,110	3,693,610	19,323,063
財務擔保合約	Financial guarantee contract	—	—	—	—	7,755,814	—	—	—	7,755,814
			30,517,923	561,137	2,777,602	15,756,273	7,924,005	6,838,458	9,013,277	42,870,752

		於二零一零年十二月三十一日							未貼現現金流量總額	
		加權平均利率	Carrying amount at	0至60日	61至180日	181至365日	1至2年	2至3年	超過3年	undiscounted cash flows
		Weighted average interest rate	December 31, 2010	0-60 days	61 to 180 days	181 to 365 days	1-2 years	2-3 years	Over 3 years	Total
			人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
			RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
不計息	Non-interest bearing		5,421,282	664,982	1,669,444	2,966,855	120,001	—	—	5,421,282
定息工具	Fixed interest rate instruments	4.94%	5,465,269	251,776	1,295,711	967,036	515,099	703,311	2,557,737	6,290,670
浮息工具	Variable interest rate instruments	5.33%	11,859,090	116,416	182,896	917,497	4,709,923	6,850,655	463,068	13,240,455
財務擔保合約	Financial guarantee contract		—	—	—	5,204,923	—	—	—	5,204,923
			22,745,641	1,033,174	3,148,051	10,056,311	5,345,023	7,553,966	3,020,805	30,157,330

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42. 金融工具 (續)

e. 流動資金風險 (續)

上述非衍生金融負債之浮息工具金額會因浮動利率變動不同於報告期末所釐定的利率估計變動而調整。

計入上述財務擔保合約之金額為倘擔保的交易方索償，本集團根據安排須清償的全部擔保的最高金額。基於報告期末的預計，本集團認為根據該安排很有可能並無應付款項。然而，此估計視乎交易方根據擔保索償的可能性而改變，而提出索償之可能性則取決於交易方所持獲擔保金融應收款項遭受信貸損失的可能性。

f. 公平值

金融資產及金融負債的公平值根據以下方式釐定：

- 初步確認時財務擔保合約的公平值乃基於違約時預計付款額的現值釐定，當中主要假設為根據市場信貸資料推斷特定交易對手違約之可能性及違約時的虧損額；及
- 其他金融資產及金融負債的公平值按公認定價模式基於貼現現金流量分析釐定。

除分別於附註28及29披露的註有公平值的債券及優先票據外，本公司董事認為，報告期末於綜合財務狀況報表內以攤銷成本列賬之金融資產及金融負債的賬面值與其公平值相若。

42. FINANCIAL INSTRUMENTS (Continued)

e. Liquidity risk (Continued)

The amounts included above for variable interest rate instruments for non-derivative financial liabilities are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

The amounts included above for financial guarantee contracts are the maximum amounts the Group could be required to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the end of the reporting period, the Group considers that it is more likely than not that no amount will be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

f. Fair value

The fair values of financial assets and financial liabilities are determined as follows:

- the fair value of financial guarantee contracts on initial recognition is determined based on the present value of expected payments when default, where the main assumptions are the probability of default by the specified counterparty extrapolated from market-based credit information and the amount of loss, given the default; and
- the fair value of other financial assets and financial liabilities is determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

Except for the bond and senior notes with fair value disclosed in notes 28 and 29 respectively, the directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated statement of financial positions approximate their respective fair values at the end of the reporting period.

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43. 本公司財務資料

(a) 本公司財務狀況之財務資料：

43. FINANCIAL INFORMATION OF THE COMPANY

(a) Financial information of the financial position of the Company:

		二零一一年 2011 人民幣千元 RMB'000	二零一零年 2010 人民幣千元 RMB'000
非流動資產	NON-CURRENT ASSETS		
應收附屬公司款項	Amounts due from subsidiaries	11,352,634	7,291,685
投資附屬公司	Investments in subsidiaries	3,816,731	3,255,495
		15,169,365	10,547,180
流動資產	CURRENT ASSETS		
應收賬款及其他應收款項、按金及預付款項	Accounts and other receivables, deposits and prepayments	1,114	527
銀行結餘及現金	Bank balances and cash	566,335	357,480
		567,449	358,007
流動負債	CURRENT LIABILITIES		
應付賬款、已收按金及應計開支	Accounts payable, deposits received and accrued charges	4,417	5,413
應付附屬公司款項	Amounts due to subsidiaries	3,455	1,792
銀行及其他借款－一年內到期	Bank and other borrowings - due within one year	416,088	—
		423,960	7,205
流動資產淨值	NET CURRENT ASSETS	143,489	350,802
總資產減流動負債	TOTAL ASSETS LESS CURRENT LIABILITIES	15,312,854	10,897,982

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Notes to the Consolidated Financial Statements

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43. 本公司財務資料 (續)

(a) 本公司財務狀況之財務資料：(續)

43. FINANCIAL INFORMATION OF THE COMPANY

(Continued)

(a) Financial information of the financial position of the Company: (Continued)

		二零一一年 2011 人民幣千元 RMB'000	二零一零年 2010 人民幣千元 RMB'000
股本及儲備	CAPITAL AND RESERVES		
股本	Share capital	453,415	453,410
儲備	Reserves	7,439,238	8,654,815
總權益	TOTAL EQUITY	7,892,653	9,108,225
非流動負債	NON-CURRENT LIABILITIES		
銀行及其他借款－ 一年後到期	Bank and other borrowings - due after one year	2,679,728	1,789,757
優先票據	Senior notes	4,740,473	—
		7,420,201	1,789,757
		15,312,854	10,897,982

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截至二零一一年十二月三十一日止年度
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43. 本公司財務資料 (續)

43. FINANCIAL INFORMATION OF THE COMPANY (Continued)

(b) 本公司股本及儲備變動：

(b) Movement of capital and reserves of the Company:

		本公司擁有人應佔					累計虧損	總計
		股本	股份溢價	股本儲備	購股權儲備	注資儲備		
		Share capital	Share premium	Capital reserve	Share option reserve	Capital contribution reserve	Accumulated losses	Total
		人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000
於二零一零年一月一日	At January 1, 2010	452,972	6,740,494	2,523,930	26,884	91,530	(124,608)	9,711,202
年內虧損及全面開支總額	Loss and total comprehensive expense for the year	—	—	—	—	—	(386,117)	(386,117)
確認以權益結算及股份為基礎的付款	Recognition of equity-settled share-based payments	—	—	—	32,610	62,157	—	94,767
確認為分派的股息	Dividend recognised as distribution	—	(324,450)	—	—	—	—	(324,450)
行使購股權發行股份	Issue of shares on exercise of share options	438	16,860	—	(4,475)	—	—	12,823
於二零一零年十二月三十一日	At December 31, 2010	453,410	6,432,904	2,523,930	55,019	153,687	(510,725)	9,108,225
年內虧損及全面開支總額	Loss and total comprehensive expense for the year	—	—	—	—	—	(866,229)	(866,229)
確認以權益結算及股份為基礎的付款	Recognition of equity-settled share-based payments	—	—	—	142,344	23,437	—	165,781
確認為分派的股息	Dividend recognised as distribution	—	(515,505)	—	—	—	—	(515,505)
行使購股權發行股份	Issue of shares on exercise of share options	5	562	—	(186)	—	—	381
於二零一一年十二月三十一日	At December 31, 2011	453,415	5,917,961	2,523,930	197,177	177,124	(1,376,954)	7,892,653

(c) 投資附屬公司

(c) Investments in subsidiaries

		二零一一年 2011 人民幣千元 RMB'000	二零一零年 2010 人民幣千元 RMB'000
非上市股份，按成本	Unlisted shares, at cost	3,816,731	3,255,495

(d) 應收(應付)附屬公司款項

(d) Amounts due from (to) subsidiaries

應收(應付)附屬公司款項為無抵押、免息且須於要求時償還。

The amounts due from (to) subsidiaries are unsecured, interest-free and are repayable on demand.

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44. 附屬公司、共同控制實體及聯營公司的詳情

於二零一一年及二零一零年十二月三十一日，本公司主要附屬公司、共同控制實體及聯營公司詳情如下：

44. PARTICULARS OF SUBSIDIARIES, JOINTLY CONTROLLED ENTITIES AND ASSOCIATES

Particulars of the Company's principal subsidiaries, jointly controlled entities and associates at December 31, 2011 and 2010 are as follows:

公司名稱 Name of company	註冊成立/ 成立地點 Place of incorporation/ establishment	本集團應佔股權 Equity interest attributable to the Group		已發行及繳足 股本/註冊資本 Issued and fully paid share capital/ registered capital	經營地點 Place of operation	主要業務 Principal activities
		二零一一年 2011	二零一零年 2010			
附屬公司 Subsidiary						
北京德卓貿易有限公司 (附註 a) Beijing Dezhuo Trade Company Limited (note a)	中國 PRC	93.5%	93.5%	註冊資本人民幣 20,000,000 元 繳足股本人民幣 20,000,000 元 Registered RMB20,000,000 Paid up capital RMB20,000,000	中國 PRC	建材貿易 Trading of construction materials
北京匯晟投資有限公司 (附註 b) Beijing Huicheng Investment Limited (note b)	中國 PRC	91.3%	91.3%	註冊資本人民幣 10,000,000 元 繳足股本人民幣 10,000,000 元 Registered RMB10,000,000 Paid up capital RMB10,000,000	中國 PRC	物業發展 Properties development
北京龍湖成恆裝飾有限公司 (附註 a) Beijing Longhu Chengheng Decoration Company Limited (note a)	中國 PRC	91.3%	91.3%	註冊資本人民幣 2,000,000 元 繳足股本人民幣 2,000,000 元 Registered RMB2,000,000 Paid up capital RMB2,000,000	中國 PRC	房屋裝修 House decoration

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44. 附屬公司、共同控制實體 及聯營公司的詳情 (續)

44. PARTICULARS OF SUBSIDIARIES, JOINTLY CONTROLLED ENTITIES AND ASSOCIATES (Continued)

公司名稱 Name of company	註冊成立/ 成立地點 Place of incorporation/ establishment	本集團應佔股權 Equity interest attributable to the Group		已發行及繳足 股本/註冊資本 Issued and fully paid share capital/ registered capital	經營地點 Place of operation	主要業務 Principal activities
		二零一一年 2011	二零一零年 2010			
附屬公司 (續) Subsidiary (Continued)						
北京龍湖置業有限公司 (附註 b) Beijing Longhu Properties Company Limited (note b)	中國 PRC	89.9%	89.9%	註冊資本人民幣 1,000,000,000 元 繳足股本人民幣 1,000,000,000 元 Registered RMB1,000,000,000 Paid up capital RMB1,000,000,000	中國 PRC	物業發展及提供諮詢服務 Properties development provision of and consultancy service
北京龍湖物業服務有限公司 (附註 a) Beijing Longhu Property Service Company Limited (note a)	中國 PRC	90.0%	90.0%	註冊資本人民幣 5,000,000 元 繳足股本人民幣 5,000,000 元 Registered RMB5,000,000 Paid up capital RMB5,000,000	中國 PRC	物業管理 Properties management
北京龍湖慶華置業有限公司 (附註 b) Beijing Longhu Qinghua Property Company Limited (note b)	中國 PRC	91.3%	91.3%	註冊資本人民幣 500,000,000 元 繳足股本人民幣 500,000,000 元 Registered RMB500,000,000 Paid up capital RMB500,000,000	中國 PRC	物業發展 Properties development

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44. 附屬公司、共同控制實體 及聯營公司的詳情 (續)

44. PARTICULARS OF SUBSIDIARIES, JOINTLY CONTROLLED ENTITIES AND ASSOCIATES (Continued)

公司名稱 Name of company	註冊成立/ 成立地點 Place of incorporation/ establishment	本集團應佔股權 Equity interest attributable to the Group		已發行及繳足 股本/註冊資本 Issued and fully paid share capital/ registered capital	經營地點 Place of operation	主要業務 Principal activities
		二零一一年 2011	二零一零年 2010			
附屬公司 (續) Subsidiary (Continued)						
北京龍湖時代置業有限公司 (附註 a) Beijing Longhu Shidai Properties Company Limited (note a)	中國 PRC	91.3%	91.3%	註冊資本人民幣 1,400,000,000 元 繳足股本人民幣 1,400,000,000 元 Registered RMB1,400,000,000 Paid up capital RMB1,400,000,000	中國 PRC	物業發展 Properties development
北京龍湖天行置業有限公司 (附註 a) Beijing Longhu Tianxing Properties Company Limited (note a)	中國 PRC	91.3%	91.3%	註冊資本人民幣 600,000,000 元 繳足股本人民幣 600,000,000 元 Registered RMB600,000,000 Paid up capital RMB600,000,000	中國 PRC	物業發展 Properties development
北京龍湖中佰置業有限公司 (附註 a) Beijing Longhu Zhongbai Properties Company Limited (note a)	中國 PRC	91.3%	91.3%	註冊資本人民幣 1,500,000,000 元 繳足股本人民幣 1,500,000,000 元 Registered RMB1,500,000,000 Paid up capital RMB1,500,000,000	中國 PRC	物業發展 Properties development

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44. 附屬公司、共同控制實體 及聯營公司的詳情 (續)

44. PARTICULARS OF SUBSIDIARIES, JOINTLY CONTROLLED ENTITIES AND ASSOCIATES (Continued)

公司名稱 Name of company	註冊成立/ 成立地點 Place of incorporation/ establishment	本集團應佔股權 Equity interest attributable to the Group		已發行及繳足 股本/註冊資本 Issued and fully paid share capital/ registered capital	經營地點 Place of operation	主要業務 Principal activities
		二零一一年 2011	二零一零年 2010			
附屬公司 (續) Subsidiary (Continued)						
北京盟科置業有限公司 (附註 a) Beijing Mengke Properties Co., Ltd. (note a)	中國 PRC	91.3%	91.3%	註冊資本人民幣 600,000,000 元 繳足股本人民幣 600,000,000 元 Registered RMB600,000,000 Paid up capital RMB600,000,000	中國 PRC	物業發展及提供諮詢服務 Properties development and provision of consultancy service
常州嘉南置業有限公司 (附註 a) Changzhou Jia'nan Properties Co., Ltd. (note a)	中國 PRC	93.5%	93.4%	註冊資本人民幣 370,000,000 元 繳足股本人民幣 370,000,000 元 Registered RMB370,000,000 Paid up capital RMB370,000,000	中國 PRC	物業發展 Properties development
成都佳遜投資有限公司中國 (「成都佳遜」) (附註 b) Chengdu Jiaxun Investment Company Limited ("Chengdu Jiaxun") (note b)	中國 PRC	91.3%	91.3%	註冊資本人民幣 30,000,000 元 繳足股本人民幣 30,000,000 元 Registered RMB30,000,000 Paid up capital RMB30,000,000	中國 PRC	物業發展 Properties development

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44. 附屬公司、共同控制實體 及聯營公司的詳情 (續)

44. PARTICULARS OF SUBSIDIARIES, JOINTLY CONTROLLED ENTITIES AND ASSOCIATES (Continued)

公司名稱 Name of company	註冊成立/ 成立地點 Place of incorporation/ establishment	本集團應佔股權 Equity interest attributable to the Group		已發行及繳足 股本/註冊資本 Issued and fully paid share capital/ registered capital	經營地點 Place of operation	主要業務 Principal activities
		二零一一年 2011	二零一零年 2010			
附屬公司 (續) Subsidiary (Continued)						
成都錦騰貿易公司 (附註 a) Chengdu Jinteng Trade Company Limited (note a)	中國 PRC	93.5%	93.5%	註冊資本人民幣 20,000,000 元 繳足股本人民幣 20,000,000 元 Registered RMB20,000,000 Paid up capital RMB20,000,000	中國 PRC	建材貿易 Trading of construction materials
成都龍湖錦華置業有限公司 (附註 b) Chengdu Longhu Jinhua Real Estate Company Limited (note b) 成都龍湖錦華置業有限公司	中國 PRC	94.2%	94.2%	註冊資本人民幣 100,000,000 元 繳足股本人民幣 100,000,000 元 Registered RMB100,000,000 Paid up capital RMB100,000,000	中國 PRC	物業發展 Properties development
成都龍湖物業服務有限公司 (附註 a) Chengdu Longhu Property Services Company Limited (note a)	中國 PRC	91.04%	91.04%	註冊資本人民幣 5,000,000 元 繳足股本人民幣 5,000,000 元 Registered RMB5,000,000 Paid up capital RMB5,000,000	中國 PRC	物業管理 Properties management

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44. 附屬公司、共同控制實體 及聯營公司的詳情 (續)

44. PARTICULARS OF SUBSIDIARIES, JOINTLY CONTROLLED ENTITIES AND ASSOCIATES (Continued)

公司名稱 Name of company	註冊成立/ 成立地點 Place of incorporation/ establishment	本集團應佔股權 Equity interest attributable to the Group		已發行及繳足 股本/註冊資本 Issued and fully paid share capital/ registered capital	經營地點 Place of operation	主要業務 Principal activities
		二零一一年 2011	二零一零年 2010			
附屬公司 (續) Subsidiary (Continued)						
成都龍湖同晉置業有限公司 (附註 b) Chengdu Longhu Tongjin Real Estate Company Limited (note b)	中國 PRC	93.5%	93.5%	註冊資本人民幣 966,549,865 元 繳足股本人民幣 966,549,865 元 Registered RMB966,549,865 Paid up capital RMB966,549,865	中國 PRC	物業發展 Properties development
成都西璽置業有限公司 (附註 a) Chengdu Xixi Real Estate Company Limited (note a)	中國 PRC	91.3%	91.3%	註冊資本人民幣 335,660,000 元 繳足股本人民幣 335,660,000 元 Registered RMB335,660,000 Paid up capital RMB335,660,000	中國 PRC	物業發展 Properties development
成都西祥置業有限公司 (附註 a) Chengdu Xixiang Real Estate Company Limited (note a)	中國 PRC	91.3%	91.3%	註冊資本人民幣 436,370,000 元 繳足股本人民幣 436,370,000 元 Registered RMB436,370,000 Paid up capital RMB436,370,000	中國 PRC	物業發展 Properties development

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44. 附屬公司、共同控制實體 及聯營公司的詳情 (續)

44. PARTICULARS OF SUBSIDIARIES, JOINTLY CONTROLLED ENTITIES AND ASSOCIATES (Continued)

公司名稱 Name of company	註冊成立/ 成立地點 Place of incorporation/ establishment	本集團應佔股權 Equity interest attributable to the Group		已發行及繳足 股本/註冊資本 Issued and fully paid share capital/ registered capital	經營地點 Place of operation	主要業務 Principal activities
		二零一一年 2011	二零一零年 2010			
附屬公司 (續) Subsidiary (Continued)						
成都元博苗木有限公司 (附註 a) Chengdu Yuanbo Gardening Co., Ltd (note a)	中國 PRC	93.5%	93.5%	註冊資本人民幣 20,000,000 元 繳足股本人民幣 20,000,000 元 Registered RMB20,000,000 Paid up capital RMB20,000,000	中國 PRC	樹苗培育 Nursery of seeding tree
重慶北龍湖置地發展有限公司 (附註 b) Chongqing Beilonghu Property Company Limited (note b)	中國 PRC	91.3%	91.3%	註冊資本人民幣 700,000,000 元 繳足股本人民幣 700,000,000 元 Registered RMB700,000,000 Paid up capital RMB700,000,000	中國 PRC	物業發展 Properties development
重慶恒弘投資有限公司 (附註 b) Chongqing Henghong Investment Inc. (note b)	中國 PRC	91.3%	91.3%	註冊資本人民幣 10,000,000 元 繳足股本人民幣 10,000,000 元 Registered RMB10,000,000 Paid up capital RMB10,000,000	中國 PRC	物業發展 Properties development

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44. 附屬公司、共同控制實體 及聯營公司的詳情 (續)

44. PARTICULARS OF SUBSIDIARIES, JOINTLY CONTROLLED ENTITIES AND ASSOCIATES (Continued)

公司名稱 Name of company	註冊成立/ 成立地點 Place of incorporation/ establishment	本集團應佔股權 Equity interest attributable to the Group		已發行及繳足 股本/註冊資本 Issued and fully paid share capital/ registered capital	經營地點 Place of operation	主要業務 Principal activities
		二零一一年 2011	二零一零年 2010			
附屬公司 (續) Subsidiary (Continued)						
重慶嘉遜地產開發有限公司 (附註 b) Chongqing Juntion Real Estate Development Inc. (note b)	中國 PRC	93.5%	93.5%	註冊資本人民幣 778,000,000 元 繳足股本人民幣 778,000,000 元 Registered RMB778,000,000 Paid up capital RMB778,000,000	中國 PRC	物業發展 Properties development
重慶龍湖成恒地產發展有限公司 (附註 a) Chongqing Longhu Chengheng Real Estate Development Inc. (note a)	中國 PRC	91.3%	91.3%	註冊資本人民幣 1,000,000,000 元 繳足股本人民幣 1,000,000,000 元 Registered RMB1,000,000,000 Paid up capital RMB1,000,000,000	中國 PRC	物業發展 Properties development
重慶龍湖企業拓展有限公司 (附註 b) Chongqing Longhu Development Company Limited (note b)	中國 PRC	91.3%	91.3%	註冊資本人民幣 1,308,000,000 元 繳足股本人民幣 1,308,000 元 Registered RMB1,308,000,000 Paid up capital RMB1,308,000	中國 PRC	物業發展及投資 Properties development and investment

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44. 附屬公司、共同控制實體 及聯營公司的詳情 (續)

44. PARTICULARS OF SUBSIDIARIES, JOINTLY CONTROLLED ENTITIES AND ASSOCIATES (Continued)

公司名稱 Name of company	註冊成立/ 成立地點 Place of incorporation/ establishment	本集團應佔股權 Equity interest attributable to the Group		已發行及繳足 股本/註冊資本 Issued and fully paid share capital/ registered capital	經營地點 Place of operation	主要業務 Principal activities
		二零一一年 2011	二零一零年 2010			
附屬公司 (續) Subsidiary (Continued)						
重慶龍湖恒尚地產發展有限公司 (附註 a) Chongqing Longhu Hengshang Real Estate Company Limited (note a)	中國 PRC	91.3%	91.3%	註冊資本人民幣 30,000,000 元 繳足股本人民幣 30,000,000 元 Registered RMB30,000,000 Paid up capital RMB30,000,000	中國 PRC	物業發展 Properties development
重慶龍湖凱安地產發展有限公司 (附註 b) Chongqing Longhu Kaian Real Estate Development Co., Ltd. (note b)	中國 PRC	95.6%	95.6%	註冊資本人民幣 1,278,000,000 元 繳足股本人民幣 1,278,000,000 元 Registered RMB1,278,000,000 Paid up capital RMB1,278,000,000	中國 PRC	物業發展 Properties development
重慶龍湖地產發展有限公司 (附註 b) Chongqing Longhu Properties Company Limited (note b)	中國 PRC	91.3%	91.3%	註冊資本人民幣 1,544,912,450 元 繳足股本人民幣 1,544,912,450 元 Registered RMB1,544,912,450 Paid up capital RMB1,544,912,450	中國 PRC	物業發展及投資 Properties development and investment

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44. 附屬公司、共同控制實體 及聯營公司的詳情 (續)

44. PARTICULARS OF SUBSIDIARIES, JOINTLY CONTROLLED ENTITIES AND ASSOCIATES (Continued)

公司名稱 Name of company	註冊成立/ 成立地點 Place of incorporation/ establishment	本集團應佔股權 Equity interest attributable to the Group		已發行及繳足 股本/註冊資本 Issued and fully paid share capital/ registered capital	經營地點 Place of operation	主要業務 Principal activities
		二零一一年 2011	二零一零年 2010			
附屬公司 (續) Subsidiary (Continued)						
重慶龍湖西街置業有限公司 (附註 a) Chongqing Longhu Xijie Real Estate Company Limited (note a)	中國 PRC	91.3%	91.3%	註冊資本人民幣 624,000,000 元 繳足股本人民幣 624,000,000 元 Registered RMB624,000,000 Paid up capital RMB624,000,000	中國 PRC	物業發展及投資 Properties development and investment
重慶龍湖宜恒地產發展有限公司 (附註 b) Chongqing Longhu Yiheng Estate Development Co., Ltd. (note b)	中國 PRC	95.6%	*46.6%	註冊資本人民幣 360,000,000 元 繳足股本人民幣 360,000,000 元 Registered RMB360,000,000 Paid up capital RMB360,000,000	中國 PRC	物業發展 Properties development
重慶融凱實業有限公司 (附註 b) Chongqing Rongkai Industrial Company Limited (note b)	中國 PRC	93.5%	93.5%	註冊資本人民幣 698,000,000 元 繳足股本人民幣 698,000,000 元 Registered RMB698,000,000 Paid up capital RMB698,000,000	中國 PRC	物業發展 Properties development

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44. 附屬公司、共同控制實體 及聯營公司的詳情 (續)

44. PARTICULARS OF SUBSIDIARIES, JOINTLY CONTROLLED ENTITIES AND ASSOCIATES (Continued)

公司名稱 Name of company	註冊成立/ 成立地點 Place of incorporation/ establishment	本集團應佔股權 Equity interest attributable to the Group		已發行及繳足 股本/註冊資本 Issued and fully paid share capital/ registered capital	經營地點 Place of operation	主要業務 Principal activities
		二零一一年 2011	二零一零年 2010			
附屬公司 (續) Subsidiary (Continued)						
重慶天卓投資有限公司 (附註 a) Chongqing Tianzhuo Investment Company Limited (note a)	中國 PRC	93.5%	93.5%	註冊資本人民幣 20,000,000 元 繳足股本人民幣 20,000,000 元 Registered RMB20,000,000 Paid up capital RMB20,000,000	中國 PRC	物業發展 Properties development
重慶天朗農業發展有限公司 (附註 a) Chongqing Tianlang Agriculture Development Company Limited (note a)	中國 PRC	93.5%	93.5%	註冊資本人民幣 10,000,000 元 繳足股本人民幣 10,000,000 元 Registered RMB10,000,000 Paid up capital RMB10,000,000	中國 PRC	樹苗培育 Nursery of seeding tree
重慶新龍湖物業服務有限公司 (附註 a) Chongqing Xinlonghu Properties Services Company Limited (note a)	中國 PRC	91.3%	91.3%	註冊資本人民幣 5,000,000 元 繳足股本人民幣 5,000,000 元 Registered RMB5,000,000 Paid up capital RMB5,000,000	中國 PRC	物業管理 Properties development

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44. 附屬公司、共同控制實體 及聯營公司的詳情 (續)

44. PARTICULARS OF SUBSIDIARIES, JOINTLY CONTROLLED ENTITIES AND ASSOCIATES (Continued)

公司名稱 Name of company	註冊成立/ 成立地點 Place of incorporation/ establishment	本集團應佔股權 Equity interest attributable to the Group		已發行及繳足 股本/註冊資本 Issued and fully paid share capital/ registered capital	經營地點 Place of operation	主要業務 Principal activities
		二零一一年 2011	二零一零年 2010			
附屬公司 (續) Subsidiary (Continued)						
杭州龍湖房地產開發有限公司 (附註 c) Hangzhou Longhu Real Estate Development Co., Ltd. (note c)	中國 PRC	100%	100%	註冊資本 179,400,000 美元 繳足股本 179,400,000 美元 Registered USD179,400,000 Paid up capital USD179,400,000	中國 PRC	物業發展 Properties development
上海恒馳房地產有限公司 (附註 a) Shanghai Hengchi Real Estate Company Limited (note a)	中國 PRC	93.5%	93.5%	註冊資本人民幣 1,000,000,000 元 繳足股本人民幣 1,000,000,000 元 Registered RMB1,000,000,000 Paid up capital RMB1,000,000,000	中國 PRC	物業發展 Properties management
上海龍湖物業管理有限公司 (附註 a) Shanghai Longhu Property Management Company Limited (note a)	中國 PRC	91.3%	91.3%	註冊資本人民幣 5,000,000 元 繳足股本人民幣 5,000,000 元 Registered RMB5,000,000 Paid up capital RMB5,000,000	中國 PRC	物業管理 Properties management

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44. 附屬公司、共同控制實體 及聯營公司的詳情 (續)

44. PARTICULARS OF SUBSIDIARIES, JOINTLY CONTROLLED ENTITIES AND ASSOCIATES (Continued)

公司名稱 Name of company	註冊成立/ 成立地點 Place of incorporation/ establishment	本集團應佔股權 Equity interest attributable to the Group		已發行及繳足 股本/註冊資本 Issued and fully paid share capital/ registered capital	經營地點 Place of operation	主要業務 Principal activities
		二零一一年 2011	二零一零年 2010			
附屬公司 (續) Subsidiary (Continued)						
上海龍湖置業發展有限公司 (附註 a) Shanghai Longhu Real Estate Co. Ltd. (note a)	中國 PRC	91.3%	91.3%	註冊資本人民幣 100,000,000 元 繳足股本人民幣 100,000,000 元 Registered RMB100,000,000 Paid up capital RMB100,000,000	中國 PRC	物業發展 Properties development
上海莘潤園林綠化有限公司 (附註 a) Shanghai Xinrun Garden Virescence Company Limited (note a)	中國 PRC	93.5%	93.5%	註冊資本人民幣 12,000,000 元 繳足股本人民幣 12,000,000 元 Registered RMB12,000,000 Paid up capital RMB12,000,000	中國 PRC	樹苗培育 Nursery of seeding tree
上海渝久實業有限公司 (附註 b) Shanghai Yujiu Industrial Company Limited (note b)	中國 PRC	93.5%	93.5%	註冊資本人民幣 20,000,000 元 繳足股本人民幣 20,000,000 元 Registered RMB20,000,000 Paid up capital RMB20,000,000	中國 PRC	建材貿易 Trading of construction materials

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44. 附屬公司、共同控制實體 及聯營公司的詳情 (續)

44. PARTICULARS OF SUBSIDIARIES, JOINTLY CONTROLLED ENTITIES AND ASSOCIATES (Continued)

公司名稱 Name of company	註冊成立/ 成立地點 Place of incorporation/ establishment	本集團應佔股權 Equity interest attributable to the Group		已發行及繳足 股本/註冊資本 Issued and fully paid share capital/ registered capital	經營地點 Place of operation	主要業務 Principal activities
		二零一一年 2011	二零一零年 2010			
附屬公司 (續) Subsidiary (Continued)						
瀋陽龍湖房地產拓展有限公司 (附註 b) Shenyang Longhu Estate Development Co., Ltd. (note b)	中國 PRC	93.5%	93.5%	註冊資本 65,000,000 美元 繳足股本 65,000,000 美元 Registered USD65,000,000 Paid up capital USD65,000,000	中國 PRC	物業發展 Properties development
四川龍湖地產發展有限公司 (附註 b) Sichuan Longhu Real Estate Development Company Limited (note b)	中國 PRC	93.5%	93.5%	註冊資本人民幣 50,000,000 元 繳足股本人民幣 50,000,000 元 Registered RMB50,000,000 Paid up capital RMB50,000,000	中國 PRC	物業發展 Properties development
西安龍湖錦城置業有限公司 (附註 a) Xi'an Longhu Jincheng Company Limited (note a)	中國 PRC	91.3%	91.3%	註冊資本人民幣 430,000,000 元 繳足股本人民幣 430,000,000 元 Registered RMB430,000,000 Paid up capital RMB430,000,000	中國 PRC	物業發展 Properties development

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44. 附屬公司、共同控制實體 及聯營公司的詳情 (續)

44. PARTICULARS OF SUBSIDIARIES, JOINTLY CONTROLLED ENTITIES AND ASSOCIATES (Continued)

公司名稱 Name of company	註冊成立/ 成立地點 Place of incorporation/ establishment	本集團應佔股權 Equity interest attributable to the Group		已發行及繳足 股本/註冊資本 Issued and fully paid share capital/ registered capital	經營地點 Place of operation	主要業務 Principal activities
		二零一一年 2011	二零一零年 2010			
附屬公司 (續) Subsidiary (Continued)						
西安龍湖物業服務有限公司 (附註 a) Xi'an Longhu Property Service Company Limited (note a)	中國 PRC	91.3%	91.3%	註冊資本人民幣 3,000,000 元 繳足股本人民幣 3,000,000 元 Registered RMB3,000,000 Paid up capital RMB3,000,000	中國 PRC	物業發展 Properties development
西安龍湖地產發展有限公司 (附註 a) Xi'an Longhu Real Estate Inc. (note a)	中國 PRC	91.3%	91.3%	註冊資本人民幣 50,000,000 元 繳足股本人民幣 50,000,000 元 Registered RMB50,000,000 Paid up capital RMB50,000,000	中國 PRC	物業發展 Properties development
西安龍湖興城置業有限公司 (附註 a) Xi'an Longhu Xingcheng Estate Co. Ltd. (note a)	中國 PRC	91.3%	91.3%	註冊資本人民幣 219,610,000 元 繳足股本人民幣 219,610,000 元 Registered RMB219,610,000 Paid up capital RMB219,610,000	中國 PRC	物業發展 Properties development

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44. 附屬公司、共同控制實體 及聯營公司的詳情 (續)

44. PARTICULARS OF SUBSIDIARIES, JOINTLY CONTROLLED ENTITIES AND ASSOCIATES (Continued)

公司名稱 Name of company	註冊成立/ 成立地點 Place of incorporation/ establishment	本集團應佔股權 Equity interest attributable to the Group		已發行及繳足 股本/註冊資本 Issued and fully paid share capital/ registered capital	經營地點 Place of operation	主要業務 Principal activities
		二零一一年 2011	二零一零年 2010			
附屬公司 (續) Subsidiary (Continued)						
西安業恒實業有限公司 (附註 a) Xi'an Yeheng Industrial Company Limited (note a)	中國 PRC	91.3%	91.3%	註冊資本人民幣 20,000,000 元 繳足股本人民幣 20,000,000 元 Registered RMB20,000,000 Paid up capital RMB20,000,000	中國 PRC	建材貿易 Trading of construction materials
無錫龍湖置業有限公司 (附註 a) Wuxi Longhu Real Estate Inc. (note a)	中國 PRC	91.3%	91.3%	註冊資本人民幣 615,200,000 元 繳足股本人民幣 615,200,000 元 Registered RMB615,200,000 Paid up capital RMB615,200,000	中國 PRC	物業發展 Properties development
Jasmine Spread Investment Limited	英屬維爾京群島 (「英屬維爾京群島」) The British Virgin Islands (the "BVI")	100%	100%	法定股本 50,000 美元 繳足股本 2 美元 Authorised USD50,000 Paid up capital USD2	香港 HK	投資控股 Investment holding
Join Dragon Limited	英屬維爾京群島 BVI	100%	100%	法定股本 50,000 美元 繳足股本 2 美元 Authorised USD50,000 Paid up capital USD2	香港 HK	投資控股 Investment holding

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44. 附屬公司、共同控制實體 及聯營公司的詳情 (續)

44. PARTICULARS OF SUBSIDIARIES, JOINTLY CONTROLLED ENTITIES AND ASSOCIATES (Continued)

公司名稱 Name of company	註冊成立/ 成立地點 Place of incorporation/ establishment	本集團應佔股權 Equity interest attributable to the Group		已發行及繳足 股本/註冊資本 Issued and fully paid share capital/ registered capital	經營地點 Place of operation	主要業務 Principal activities
		二零一一年 2011	二零一零年 2010			
附屬公司 (續) Subsidiary (Continued)						
Longfor Investment Co. Ltd. (附註 f) Longfor Investment Co. Ltd. (note f)	英屬維爾京群島 BVI	100%	100%	法定股本 1 美元 繳足股本 1 美元 Authorised USD1 Paid up capital USD1	香港 HK	投資控股 Investment holding
Silver Oak Enterprises Limited	英屬維爾京群島 BVI	100%	100%	法定股本 50,000 美元 繳足股本 2 美元 Authorised USD50,000 Paid up capital USD2	香港 HK	投資控股 Investment holding
富煌發展有限公司 Fortune Glister Development Limited	香港 (「香港」) Hong Kong ("HK")	100%	100%	法定股本 10,000 港元 繳足股本 1 港元 Authorised HKD10,000 Paid up capital HKD1	香港 HK	投資控股 Investment holding
寶欣貿易有限公司 Joy Wealth Trading Limited	香港 HK	91.3%	91.3%	法定股本 100,000,000 港元 繳足股本 69,687,000 港元 Authorised HKD100,000,000 Paid up capital HKD69,687,000	香港 HK	投資控股 Investment holding

綜合財務報表附註

Notes to the Consolidated Financial Statements

截至二零一一年十二月三十一日止年度
For the year ended December 31, 2011

44. 附屬公司、共同控制實體 及聯營公司的詳情 (續)

44. PARTICULARS OF SUBSIDIARIES, JOINTLY CONTROLLED ENTITIES AND ASSOCIATES (Continued)

公司名稱 Name of company	註冊成立/ 成立地點 Place of incorporation/ establishment	本集團應佔股權 Equity interest attributable to the Group		已發行及繳足 股本/註冊資本 Issued and fully paid share capital/ registered capital	經營地點 Place of operation	主要業務 Principal activities
		二零一一年 2011	二零一零年 2010			
附屬公司 (續) Subsidiary (Continued)						
順嘉有限公司 Joyline Corporation Limited	香港 HK	100%	100%	法定股本 10,000 港元 繳足股本 1 港元 Authorised HKD10,000 Paid up capital HKD1	香港 HK	投資控股 Investment holding
嘉遜發展香港 (控股) 有限公司 Juntion Development Hong Kong (Holding) Limited	香港 HK	100%	100%	法定股本 2,000,000 港元 繳足股本 2,000,000 港元 Authorised HK\$2,000,000 Paid up capital HK\$2,000,000	香港 HK	投資控股 Investment holding
Longfor Company Limited	香港 HK	100%	100%	法定股本 10,000 港元 繳足股本 1 港元 Authorised HKD10,000 Paid up capital HKD1	香港 HK	投資控股 Investment holding
定邦有限公司 Treasure State Limited	香港 HK	100%	100%	註冊股本 10,000 港元 繳足股本 1 港元 Registered HKD10,000 Paid up capital HKD1	香港 HK	投資控股 Investment holding

綜合財務報表附註

Notes to the Consolidated Financial Statements

截至二零一一年十二月三十一日止年度
For the year ended December 31, 2011

44. 附屬公司、共同控制實體 及聯營公司的詳情 (續)

44. PARTICULARS OF SUBSIDIARIES, JOINTLY CONTROLLED ENTITIES AND ASSOCIATES (Continued)

公司名稱 Name of company	註冊成立/ 成立地點 Place of incorporation/ establishment	本集團應佔股權 Equity interest attributable to the Group		已發行及繳足 股本/註冊資本 Issued and fully paid share capital/ registered capital	經營地點 Place of operation	主要業務 Principal activities
		二零一一年 2011	二零一零年 2010			
共同控制實體 Jointly Controlled Entity						
成都匯新置業有限公司 (「成都匯新」) (附註 d) Chengdu Huixin Real Estate Company Limited ("Chengdu Huixin") (note d)	中國 PRC	59.2%#+	59.2%#+	註冊資本人民幣 629,993,500 元 繳足股本人民幣 629,993,500 元 Registered RMB629,993,500 Paid up capital RMB629,993,500	中國 PRC	物業發展 Properties development
成都嘉南置業有限公司 (「成都嘉南」) (附註 d) Chengdu Jia'nan Real Estate Company Limited ("Chengdu Jia'nan") (note d)	中國 PRC	47.7% #+	47.7% #+	註冊資本人民幣 382,890,100 元 繳足股本人民幣 382,890,100 元 Registered RMB382,890,100 Paid up capital RMB382,890,100	中國 PRC	物業發展 Properties development
成都景匯置業有限公司 (「成都景匯」) (附註 d) Chengdu Jinghui Real Estate Company Limited ("Chengdu Jinghui") (note d)	中國 PRC	46.2%#+	46.2%#+	註冊資本人民幣 653,275,800 元 繳足股本人民幣 653,275,800 元 Registered RMB653,275,800 Paid up capital RMB653,275,800	中國 PRC	物業發展 Properties development

綜合財務報表附註

Notes to the Consolidated Financial Statements

截至二零一一年十二月三十一日止年度
For the year ended December 31, 2011

44. 附屬公司、共同控制實體 及聯營公司的詳情 (續)

44. PARTICULARS OF SUBSIDIARIES, JOINTLY CONTROLLED ENTITIES AND ASSOCIATES (Continued)

公司名稱 Name of company	註冊成立/ 成立地點 Place of incorporation/ establishment	本集團應佔股權 Equity interest attributable to the Group		已發行及繳足 股本/註冊資本 Issued and fully paid share capital/ registered capital	經營地點 Place of operation	主要業務 Principal activities
		二零一一年 2011	二零一零年 2010			
共同控制實體 (續) Jointly Controlled Entity (Continued)						
成都拓晟置業有限公司 (「成都拓晟」) (附註 d) Chengdu Tuocheng Real Estate Company Limited ("Chengdu Tuocheng") (note d)	中國 PRC	46.2%#	46.2%#	註冊資本人民幣 633,495,100 元 繳足股本人民幣 633,495,100 元 Registered RMB633,495,100 Paid up capital RMB633,495,100	中國 PRC	物業發展 Properties development
重慶興龍湖置地發展 有限公司 (附註 d) Longhu Land Limited (note d)	中國 PRC	50%#	50%#	註冊資本 27,000,000 美元 繳足股本 27,000,000 美元 Registered USD27,000,000 Paid up capital USD27,000,000	中國 PRC	物業發展 Properties development
Northpole Intermediary Limited (「Northpole」) Northpole Intermediary Limited ("Northpole")	開曼群島 Cayman Islands	44.4%#	44.4%#	註冊資本 200 美元 繳足股本 200 美元 Registered USD200 Paid up capital USD200	開曼群島 Cayman Islands	投資控股 Investment holding

綜合財務報表附註

Notes to the Consolidated Financial Statements

截至二零一一年十二月三十一日止年度
For the year ended December 31, 2011

44. 附屬公司、共同控制實體 及聯營公司的詳情 (續)

44. PARTICULARS OF SUBSIDIARIES, JOINTLY CONTROLLED ENTITIES AND ASSOCIATES (Continued)

公司名稱 Name of company	註冊成立/ 成立地點 Place of incorporation/ establishment	本集團應佔股權 Equity interest attributable to the Group		已發行及繳足 股本/註冊資本 Issued and fully paid share capital/ registered capital	經營地點 Place of operation	主要業務 Principal activities
		二零一一年 2011	二零一零年 2010			
共同控制實體 (續) Jointly Controlled Entity (Continued)						
高宏國際企業有限公司 Top Grand International Enterprise Limited	香港 HK	50%#	50%#	註冊資本 10,000 港元 繳足股本 10,000 港元 Registered HKD10,000 Paid up capital HKD10,000	香港 HK	投資控股 Investment holding
聯營公司 Associate						
埃克爾空調技術(無錫) 有限公司(附註e) Ar Ke Er (note e)	中國 PRC	20%	20%	註冊資本 1,250,000 美元 繳足股本 100 美元 Registered USD1,250,000 Paid up capital USD100	中國 PRC	生產空調 Production of air conditioners
嘉遜置地(中國)有限公司 Jiaxun Land (China) Company Limited	英屬維爾京群島 BVI	47.4%	47.4%	法定股本 50,000 美元 繳足資本 100 美元 Authorised USD50,000 Paid up capital USD100	香港 HK	投資控股 Investment holding

綜合財務報表附註

Notes to the Consolidated Financial Statements

截至二零一一年十二月三十一日止年度
For the year ended December 31, 2011

44. 附屬公司、共同控制實體及聯營公司的詳情 (續)

附註：

- (a) 該附屬公司為於中國成立之國內全資附屬企業。
- (b) 該附屬公司為於中國成立之合資企業。
- (c) 該附屬公司為於中國成立之全外資企業。
- (d) 該共同控制實體為於中國成立之合資企業。
- (e) 該聯營公司為於中國成立之全外資企業。
- (f) 該附屬公司為本公司直接全資附屬公司，而其他附屬公司由本公司間接持有。

董事認為，上表列示主要影響本集團業績或資產之本集團附屬公司、共同控制實體及聯營公司。董事認為描述其他附屬公司、共同控制實體及聯營公司詳情會令篇幅過於冗長。

概無附屬公司於二零一一年十二月三十一日發行任何債務證券，重慶龍湖企業拓展有限公司發行而本公司並無持有權益之人民幣1,400,000,000元債券除外。

44. PARTICULARS OF SUBSIDIARIES, JOINTLY CONTROLLED ENTITIES AND ASSOCIATES (Continued)

Notes:

- (a) The subsidiary is a domestic wholly-owned enterprise established in the PRC.
- (b) The subsidiary is an equity joint venture established in the PRC.
- (c) The subsidiary is a wholly foreign owned enterprise established in the PRC.
- (d) The jointly controlled entity is an equity joint venture established in the PRC.
- (e) The associate is a wholly foreign owned enterprise established in the PRC.
- (f) The subsidiary is a wholly and directly owned enterprise by the Company. All other subsidiaries are indirectly held by the Company.

The above table lists the subsidiaries, jointly controlled entities and associates of the Group which, in the opinion of the Directors, principally affected the results or assets of the Group. To give details of other subsidiaries, jointly controlled entities and associates would, in the opinion of the directors, result in particulars of excessive length.

None of the subsidiaries had issued any debt securities at December 31, 2011, except for Chongqing Longhu Development Company Limited which has issued RMB1,400 million bonds, in which the Group has no interest.

綜合財務報表附註

Notes to the Consolidated Financial Statements

截至二零一一年十二月三十一日止年度
For the year ended December 31, 2011

44. 附屬公司、共同控制實體 及聯營公司的詳情 (續)

- * 該公司為重慶龍湖企業拓展(本公司於二零一一年及二零一零年十二月三十一日持有其91.3%股權的一間附屬公司)持有的附屬公司。該公司為本公司的間接控制附屬公司。因此，儘管根據二零一零年的實際權益持有百分比計算，本公司應佔該公司的有效實際權益少於50%，但本公司仍可透過重慶龍湖企業拓展對該公司行使控制權。
- # 該等公司於各期間結算日根據各公司組織章程大綱及細則入賬列為共同控制實體，該等公司主要財務及經營政策須獲全體董事一致同意。
- + 成都佳遜(本集團附屬公司)分別直接持有成都嘉南、成都拓晟、成都景匯及成都匯新7.84%、4.74%、4.50%及32.05%的權益，而Northpole(本集團共同控制實體)分別直接持有成都嘉南、成都拓晟、成都景匯及成都匯新92.16%、95.26%、95.41%及67.95%的權益。根據相關合營協議，該等公司主要財務及經營政策須獲全體合營夥伴一致同意。本集團透過附屬公司及共同控制實體實際享有該等共同控制實體49.13%的溢利。

44. PARTICULARS OF SUBSIDIARIES, JOINTLY CONTROLLED ENTITIES AND ASSOCIATES (Continued)

- * This company is a subsidiary held by Chongqing Longhu Development, a subsidiary in which the Company has 91.3% equity interest at December 31, 2011 and 2010. This company is indirectly controlled subsidiary of the Company. Therefore, the Company could exercise the control over this company through Chongqing Longhu Development, though the effective beneficial interests attributable to the Company in this company are calculated at less than 50% based on the effective interest holding percentage in 2010.
- # These companies were accounted for as jointly controlled entities as at respective period end date as in accordance with the memorandum and the articles of the companies, major financial and operating policies of these companies required the unanimous consent of all the directors.
- + The interests in Chengdu Jia'nán, Chengdu Tuocheng, Chengdu Jinghui and Chengdu Huixin directly held by Chengdu Jiaxun (a subsidiary of the Group) and Northpole (a jointly controlled entity of the Group) are 7.84%, 4.74%, 4.50% and 32.05% and 92.16%, 95.26%, 95.41% and 67.95% respectively. Pursuant to the relevant joint venture agreements, major financial and operating policies of these companies required the unanimous consent of all joint venture partners. The Group is effectively entitled to 49.13% of profit of these jointly controlled entities through its subsidiary and jointly controlled entity.

獨立核數師報告 Independent Auditor's Report

Deloitte. 德勤

致龍湖地產有限公司全體股東

(於開曼群島註冊成立的有限公司)

吾等已審核第67至198頁所載龍湖地產有限公司(「貴公司」)及其附屬公司(統稱「貴集團」)的綜合財務報表,包括於二零一零年十二月三十一日的綜合財務狀況報表與截至該日止年度的綜合全面收益表、綜合權益變動表及綜合現金流量表,以及重大會計政策概要及其他說明資料。

董事就綜合財務報表須承擔的 責任

貴公司董事負責根據國際會計準則理事會頒佈的國際財務報告準則及香港公司條例的披露規定編製真實公平呈報的綜合財務報表,並實施彼等認為必要的內部控制,避免綜合財務報表因欺詐或錯誤而導致重大失實陳述。

核數師的責任

吾等的責任是基於吾等的審核對該等綜合財務報表發表意見,並按照委聘之協定條款僅向作為實體之閣下報告,除此之外本報告不作其他用途。吾等概不就本報告的內容對任何其他人士負責或承擔責任。吾等按照香港會計師公會頒佈的香港核數準則進行審核。該等準則規定吾等須遵守道德規範,並計劃及執行審核,以合理確定該等綜合財務報表是否不存在重大錯報陳述。

TO THE MEMBERS OF LONGFOR PROPERTIES CO. LTD.

龍湖地產有限公司

(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Longfor Properties Co. Ltd. (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 67 to 198, which comprise the consolidated statement of financial position as at December 31, 2010, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal controls as the directors determine are necessary to enable the preparation of consolidated financial statements that are free from material misstatements, 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, in accordance with our agreed terms of engagement, 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.

獨立核數師報告

Independent Auditor's Report

審核涉及執程序以獲取與綜合財務報表所載金額及披露事項有關的審核憑證。所選定的程序取決於核數師判斷，包括評估綜合財務報表有否因欺詐或錯誤而出現重大錯誤陳述的風險。核數師評估該等風險時考慮貴集團編製真實公平呈報之綜合財務報表相關的內部控制，以設計適合該等情況下使用的審核程序，但並非對貴集團內部控制是否有效發表意見。審核亦包括評估貴公司董事所採用的會計政策是否合適及所作出的會計估計是否合理，以及綜合財務報表的整體呈報方式。

吾等相信，吾等已獲取充分適當的審核憑證，為審核意見提供基礎。

意見

吾等認為，綜合財務報表已按照國際財務報告準則真實公平反映貴集團於二零一零年十二月三十一日的財務狀況及貴集團截至該日止年度的溢利及現金流量，並已按照香港公司條例的披露規定妥為編製。

德勤•關黃陳方會計師行
執業會計師
香港
二零一一年三月二十一日

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 Group's preparation of the 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 Group's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of the Company, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

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

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
March 21, 2011

綜合全面收益表

Consolidated Statement of Comprehensive Income

截至二零一零年十二月三十一日止年度
For the year ended December 31, 2010

		附註 NOTES	二零一零年 2010 人民幣千元 RMB'000	二零零九年 2009 人民幣千元 RMB'000
收入	Revenue	5	15,093,122	11,373,962
銷售成本	Cost of sales		(9,995,934)	(8,042,326)
毛利	Gross profit		5,097,188	3,331,636
其他收入	Other income	6	91,531	421,188
其他收益及虧損	Other gains and losses	7	34,652	13,990
轉撥為投資物業的 公平值收益	Fair value gain upon transfer to investment properties		777,023	—
投資物業公平值變動	Change in fair value of investment properties		1,713,090	920,945
銷售及市場推廣開支	Selling and marketing expenses		(327,880)	(314,119)
行政開支	Administrative expenses		(433,488)	(421,099)
融資成本	Finance costs	8	(66,677)	(27,499)
應佔共同控制 實體業績	Share of results of jointly controlled entities		183,035	135,998
除稅前溢利	Profit before taxation		7,068,474	4,061,040
所得稅開支	Income tax expense	9	(2,051,101)	(1,568,581)
年度溢利及年度 全面收入總額	Profit for the year and total comprehensive income for the year	10	5,017,373	2,492,459
以下應佔溢利：	Profit attributable to:			
本公司擁有人	Owners of the Company		4,130,155	2,209,207
非控制權益	Non-controlling interests		887,218	283,252
			5,017,373	2,492,459
每股盈利(人民幣分)	Earnings per share, in RMB cents			
基本	Basic	13	80.2	53.5
攤薄	Diluted	13	79.8	53.2

綜合財務狀況報表

Consolidated Statement of Financial Position

二零一零年十二月三十一日

At December 31, 2010

		附註 NOTES	二零一零年 2010 人民幣千元 RMB'000	二零零九年 2009 人民幣千元 RMB'000
非流動資產	NON-CURRENT ASSETS			
投資物業	Investment properties	14	8,041,000	4,698,300
物業、廠房及設備	Property, plant and equipment	15	171,741	171,861
預付租賃款項	Prepaid lease payments	16	7,882,002	3,194,207
於聯營公司的權益	Interests in associates	17	1	1
於共同控制實體的權益	Interests in jointly controlled entities	18	2,464,099	2,373,834
可供出售投資	Available-for-sale investments	19	8,600	8,600
就購入土地使用權已付的按金	Deposits paid for acquisition of land use rights		4,274,216	3,264,561
就收購一間附屬公司的 額外權益已付的按金	Deposits paid for acquisition of additional interest in a subsidiary		—	34,000
遞延稅項資產	Deferred taxation assets	30	436,035	227,702
			23,277,694	13,973,066
流動資產	CURRENT ASSETS			
存貨	Inventories	20	415,939	301,048
發展中待售物業	Properties under development for sales	21	31,590,625	18,312,478
持作出售物業	Properties held for sales	22	3,004,066	1,008,296
應收賬款及其他應收款項、 按金及預付款項	Accounts and other receivables, deposits and prepayments	23	2,516,293	1,382,897
應收共同控制實體款項	Amounts due from jointly controlled entities	24	7,362	35,271
可收回稅項	Taxation recoverable		539,034	134,265
已抵押銀行存款	Pledged bank deposits	25	499,419	496,208
銀行結餘及現金	Bank balances and cash	25	9,863,132	6,801,573
			48,435,870	28,472,036

綜合財務狀況報表

Consolidated Statement of Financial Position

二零一零年十二月三十一日
At December 31, 2010

	附註 NOTES	二零一零年 2010 人民幣千元 RMB'000	二零零九年 2009 人民幣千元 RMB'000
流動負債			
應付賬項、已收按金及 應計費用	26	31,474,867	16,362,320
應付共同控制實體款項	27	1,319,490	363,879
應付稅項		2,635,182	1,616,029
銀行及其他借款－ 一年內到期	28	2,859,870	3,710,200
		38,289,409	22,052,428
流動資產淨額		10,146,461	6,419,608
總資產減流動負債		33,424,155	20,392,674
資本及儲備			
股本	29	453,410	452,972
儲備		15,526,846	11,685,706
本公司擁有人應佔權益		15,980,256	12,138,678
非控制權益		1,385,564	1,099,884
權益總額		17,365,820	13,238,562
非流動負債			
銀行及其他借款－ 一年後到期	28	14,464,489	6,055,305
遞延稅項負債	30	1,593,846	1,098,807
		16,058,335	7,154,112
		33,424,155	20,392,674

第67至198頁之綜合財務報表於二零一一年三月二十一日獲董事會批准及授權刊發，並由以下人士代表簽署：

董事
DIRECTOR

The consolidated financial statements on pages 67 to 198 were approved and authorised for issue by the Board of Directors on March 21, 2011 and are signed on its behalf by:

董事
DIRECTOR

綜合權益變動表

Consolidated Statement of Changes in Equity

截至二零一零年十二月三十一日止年度
For the year ended December 31, 2010

	本公司擁有人應佔 Attributable to owners of the Company										非控制 權益 Non- controlling interests	總計 Total	
	股本 Share capital	股份溢價 Share premium	資本儲備 Capital reserve	特別儲備 Special reserve	其他儲備 Other reserve	法定盈餘 儲備 Statutory surplus reserve	匯兌儲備 Exchange reserve	購股權 儲備 Share option reserve	注資儲備 Capital contribution reserve	保留盈利 Retained earnings			本公司 擁有人應佔 Attributable to owners of the controlling Company
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
於二零一零年一月一日	351,668	—	(349,328)	620,672	—	131,313	(1,654)	13,513	51,669	2,304,708	3,122,561	821,673	3,944,234
年度溢利及全面收入總額	—	—	—	—	—	—	—	—	—	2,209,207	2,209,207	283,252	2,492,459
非控制股東注資	—	—	—	—	—	—	—	—	—	—	—	35,000	35,000
確認為權益結算及股份為基礎的付款	—	—	—	—	—	—	—	13,371	39,861	—	53,232	—	53,232
向非控制股東支付的股息	—	—	—	—	—	—	—	—	—	—	—	(9,541)	(9,541)
收購附屬公司的額外權益	—	—	—	—	—	—	—	—	—	—	—	(30,500)	(30,500)
確認為分派的股息	—	—	(88,120)	—	—	—	—	—	—	—	(88,120)	—	(88,120)
根據本公司首次公開募股發行普通股	101,304	7,060,854	—	—	—	—	—	—	—	7,162,158	—	—	7,162,158
發行新普通股應佔交易成本	—	(320,360)	—	—	—	—	—	—	—	(320,360)	—	—	(320,360)
撥作儲備	—	—	—	—	124,212	—	—	—	—	(124,212)	—	—	—
於二零一零年十二月三十一日	452,972	6,740,494	(437,448)	620,672	—	255,525	(1,654)	26,884	91,530	4,389,703	12,138,678	1,099,884	13,238,562
年度溢利及全面收入總額	—	—	—	—	—	—	—	—	—	4,130,155	4,130,155	887,218	5,017,373
確認為權益結算及股份為基礎的付款	—	—	—	—	—	—	—	32,610	62,157	—	94,767	—	94,767
向非控制股東支付的股息	—	—	—	—	—	—	—	—	—	—	—	(24,425)	(24,425)
收購附屬公司的額外權益	—	—	—	—	(71,717)	—	—	—	—	(71,717)	(71,717)	(577,113)	(648,830)
確認為分派的股息	—	(324,450)	—	—	—	—	—	—	—	—	(324,450)	—	(324,450)
行使購股權發行的股份	488	16,860	—	—	—	—	—	(4,475)	—	12,833	12,833	—	12,833
撥作儲備	—	—	—	—	—	77,583	—	—	—	(77,583)	—	—	—
於二零一零年十二月三十一日	453,410	6,432,904	(437,448)	620,672	(71,717)	333,108	(1,654)	55,019	153,687	8,442,275	15,980,256	1,385,564	17,365,820

綜合現金流量表

Consolidated Statement of Cash Flows

截至二零一零年十二月三十一日止年度
For the year ended December 31, 2010

		二零一零年 2010 人民幣千元 RMB'000	二零零九年 2009 人民幣千元 RMB'000
經營活動	OPERATING ACTIVITIES		
除稅前溢利	Profit before taxation	7,068,474	4,061,040
經以下調整：	Adjustments for:		
融資成本	Finance costs	66,677	27,499
收回壞賬	Bad debt recovery	—	(16,000)
其他應收款項 減值虧損撥回	Reversal of impairment loss on other receivables	—	(5,000)
物業、廠房及 設備折舊	Depreciation of property, plant and equipment	24,019	21,863
轉撥至投資物業的 公平值收益	Fair value gain upon transfer to investment properties	(777,023)	—
投資物業的公平值增加	Increase in fair value of investment properties	(1,713,090)	(920,945)
應佔共同控制實體業績	Share of results of jointly controlled entities	(183,035)	(135,998)
出售物業、廠房及 設備的收益	Gain on disposal of property, plant and equipment	(434)	(33)
自一級開發項目收取的 超額賠償	Excess compensation received from primary development project	—	(306,000)
出售一間附屬公司的虧損	Loss on disposal of a subsidiary	—	10,533
利息收入	Interest income	(60,092)	(47,620)
可供出售非上市投資的 股息收入	Dividend income from available- for-sale investments, unlisted	(1,098)	(685)
以股份為基礎的付款開支	Share-based payments expenses	94,767	53,232
營運資金變動前的 經營現金流量	Operating cash flows before movements in working capital	4,519,165	2,741,886
存貨增加	Increase in inventories	(114,891)	(162,396)
發展中物業及持作 出售物業(增加)減少	(Increase) decrease in properties under development and properties held for sales	(8,688,150)	958,187
應收賬款及其他應收款項、 按金及預付款項(增加)減少	(Increase) decrease in accounts and other receivables, deposits and prepayments	(1,133,396)	365,193
應收共同控制實體款項減少	Decrease in amounts due from jointly controlled entities	27,909	71,823
應付賬款、已收按金及 應計費用增加	Increase in accounts payable, deposits received and accrued charges	15,017,216	2,271,485

綜合現金流量表

Consolidated Statement of Cash Flows

截至二零一零年十二月三十一日止年度
For the year ended December 31, 2010

		二零一零年 2010 人民幣千元 RMB'000	二零零九年 2009 人民幣千元 RMB'000
經營產生的現金	Cash from operations	9,627,853	6,246,178
已付中國所得稅	PRC income tax paid	(1,150,011)	(400,386)
經營活動所得現金淨額	NET CASH FROM OPERATING ACTIVITIES	8,477,842	5,845,792
投資活動	INVESTING ACTIVITIES		
預付租賃款項增加	Additions to prepaid lease payments	(8,311,383)	(1,411,125)
投資物業增加	Additions to investment properties	(458,709)	(23,745)
收購土地使用權所支付的按金	Deposits paid for acquisition of land use rights	(3,447,858)	(3,212,781)
透過收購附屬公司 收購資產及承擔負債/ 償付應付代價	Acquisition of assets and assumption of liabilities through acquisition of subsidiaries/settlement of consideration payable	—	(507,250)
收購共同控制實體的 額外權益	Acquisition of additional interest in jointly controlled entities	—	(537,796)
收購共同控制實體 向共同控制實體注資	Acquisition of a jointly controlled entity Capital injection to a jointly controlled entity	—	(1,037,018)
已收共同控制實體的股息	Dividend received from a jointly controlled entity	92,774	40,263
存入已抵押銀行存款	Placement of pledged bank deposits	(102,514)	(369,776)
提取已抵押銀行存款	Withdrawal of pledged bank deposits	99,303	478,947
購入物業、廠房及設備	Purchase of property, plant and equipment	(26,805)	(13,644)
已收利息	Interest received	60,092	47,620
出售附屬公司的淨現金流入	Net cash inflow on disposal of subsidiaries	—	56,691
出售物業、廠房及 設備所得款項	Proceeds from disposal of property, plant and equipment	3,340	4,559
出售投資物業所得款項	Proceeds from disposal of investment properties	—	5,490
自一級開發項目收取的賠償	Compensation received from primary development project	—	1,100,000
自可供出售投資收取的股息	Dividend received from available-for-sale investments	1,098	685
投資活動所用現金淨額	NET CASH USED IN INVESTING ACTIVITIES	(12,090,666)	(5,378,880)

綜合現金流量表

Consolidated Statement of Cash Flows

截至二零一零年十二月三十一日止年度
For the year ended December 31, 2010

		二零一零年 2010 人民幣千元 RMB'000	二零零九年 2009 人民幣千元 RMB'000
融資活動	FINANCING ACTIVITIES		
收購附屬公司的 額外權益／償付代價	Acquisition of additional interest in subsidiaries/settlement of consideration	31 (644,830)	(55,500)
就收購附屬公司額外權益 所支付的按金	Deposits paid for acquisition of additional interest in subsidiaries	—	(34,000)
償還銀行及其他貸款	Repayment of bank and other loans	(5,031,392)	(9,250,051)
已付利息	Interest paid	(857,401)	(590,595)
新增銀行及其他貸款	New bank and other loans raised	12,588,447	4,609,610
發行債券所得款項	Proceeds from issuance of a bond	—	1,384,931
非控制股東注資	Capital injected from non-controlling interests	—	35,000
共同控制實體墊款	Advances from jointly controlled entities	955,611	343,922
退款予董事	Repayments to directors	—	(81,590)
發行股份所得淨額	Net proceeds from issue of shares	12,823	7,162,158
股份發行開支	Share issue expenses	—	(320,360)
已向非控制股東支付的股息	Dividend paid to non-controlling interests	(24,425)	(9,541)
已付股息	Dividend paid	(324,450)	(88,120)
融資活動所得現金淨額	NET CASH FROM FINANCING ACTIVITIES	6,674,383	3,105,864
現金及現金等價物增加淨額	NET INCREASE IN CASH AND CASH EQUIVALENTS	3,061,559	3,572,776
年初的現金及現金等價物	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	6,801,573	3,228,797
年末的現金及現金等價物	CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	9,863,132	6,801,573
現金及現金等價物結餘分析	ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS		
銀行結餘及現金	Bank balances and cash	9,863,132	6,801,573

綜合財務報表附註

Notes to the Consolidated Financial Statements

截至二零一零年十二月三十一日止年度
For the year ended December 31, 2010

1. 一般資料

本公司於二零零七年十二月二十一日在開曼群島根據開曼群島公司法(一九六一年第三號法律第22章,經綜合及修訂)註冊成立為獲豁免有限公司。本公司股份於香港聯合交易所有限公司(「聯交所」)主板上市,註冊辦事處地址為Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands。本公司於中華人民共和國(「中國」)及香港的主要營業地點的地址分別為北京市朝陽區惠新東街4號富盛大廈2座7樓及香港中環都爹利街1號15樓。

本公司之最終控制方為吳氏家族信託及蔡氏家族信託。吳氏家族信託及蔡氏家族信託之受託人的主要營業地點為香港皇后大道中1號13樓。

本公司乃投資控股公司,其附屬公司主要業務活動的詳情載於附註41。

綜合財務報表以本公司及其主要附屬公司的功能貨幣人民幣(「人民幣」)呈報。

1. GENERAL INFORMATION

The Company was incorporated on December 21, 2007 as an exempted company with limited liability in the Cayman Islands under the Companies Law Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The shares of the Company are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "SEHK"). The address of the registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The addresses of the principal place of business of the Company in the People's Republic of China (the "PRC") and Hong Kong are 7/F, Tower 2, FuSheng Building, No. 4 Huixin East Street, Chaoyang District, Beijing, and 15/F, 1 Duddell Street, Central, Hong Kong, respectively.

The ultimate controlling party of the Company is the Wu Family Trust and the Cai Family Trust. The principal place of business of the trustee of Wu Family Trust and Cai Family Trust is Level 13, 1 Queen's Road Central Hong Kong.

The Company acts as an investment holding company. Details of the principal activities of its subsidiaries are set out in note 41.

The consolidated financial statements are presented in Renminbi ("RMB"), which is the functional currency of the Company and its major subsidiaries.

綜合財務報表附註

Notes to the Consolidated Financial Statements

截至二零一零年十二月三十一日止年度
For the year ended December 31, 2010

2. 採納新訂及經修訂國際財務報告準則

本集團已採納由國際會計準則委員會頒佈並於二零一零年一月一日開始的本集團財政年度強制生效的所有準則、修訂及詮釋（「新訂及經修訂國際財務報告準則」）。

國際會計準則第27號（二零零八年經修訂）綜合及獨立財務報表

採納國際會計準則第27號（二零零八年經修訂）導致本集團有關於本集團附屬公司所有權權益增加或減少的會計政策改變。於過往年度，基於國際財務報告準則（「國際財務報告準則」）並無特別規定，故收購附屬公司額外權益並非業務，有關代價與所收購額外權益應佔相關資產及負債的賬面值之差額會計入相關資產的賬面值或從中扣除（視情況而定）。不導致失去控制權的附屬公司權益減少之影響（即已收代價與所出售資產淨值的賬面值的差額）則於損益確認。根據國際會計準則第27號（二零零八年經修訂），所有該等權益之增加或減少須於權益入賬處理，且不會影響商譽或損益。

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRSs”)

The Group has applied all the standards, amendments and interpretations (“new and revised IFRSs”) issued by the International Accounting Standards Board, which are mandatorily effective for the Group’s financial year beginning January 1, 2010.

IAS 27 (Revised 2008) Consolidated and Separate Financial Statements

The application of IAS 27 (Revised 2008) has resulted in changes in the Group’s accounting policies regarding increases or decreases in ownership interests in subsidiaries of the Group. In prior years, in the absence of specific requirements in the International Financial Reporting Standards (“IFRSs”), for acquisition of additional interests in subsidiaries which are not business, the difference between the consideration and the carrying values of the underlying assets and liabilities attributable to the additional interests acquired is added to or deducted from the carrying values of the relevant assets, where appropriate. The impact of decreases in interests in subsidiaries that did not involve loss of control (being the difference between the consideration received and the carrying amount of the share of net assets disposed of) was recognised in profit or loss. Under IAS 27 (Revised 2008), all increases or decreases in such interests are dealt with in equity, with no impact on goodwill or profit or loss.

綜合財務報表附註

Notes to the Consolidated Financial Statements

截至二零一零年十二月三十一日止年度
For the year ended December 31, 2010

2. 採納新訂及經修訂國際財務報告準則 (續)

倘本集團因交易、任何事件或其他情況而失去附屬公司控制權，根據經修訂準則，本集團須按賬面值解除確認所有相關資產、負債及非控制權益。於前附屬公司的任何保留權益於失去控制權當日按公平值確認。失去控制權的收益或虧損於損益賬按所得款項(如有)與該等調整的差額確認。對於期內收購若干附屬公司額外權益，政策改變的影響為已付及應付代價之間的差額人民幣71,718,000元，而非控制權益賬面值減少已於權益(「其他儲備」)直接確認。倘沿用之前的會計政策，有關金額則應確認為相關資產之部分賬面值。

採用其他新訂及經修訂國際財務報告準則對本集團目前或過往會計期間的綜合財務報表呈報金額及／或該等綜合財務報表所載披露資料並無重大影響。

本集團並無提早應用下列已頒佈但尚未生效的新訂及經修訂準則、修訂及詮釋。

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRSs”) (Continued)

When control of a subsidiary is lost as a result of a transaction, event or other circumstance, the revised standard requires that the Group derecognises all assets, liabilities and non-controlling interests at their carrying amount. Any retained interest in the former subsidiary is recognised at its fair value at the date the control is lost. A gain or loss on loss of control is recognised in profit or loss as the difference between the proceeds, if any, and these adjustments. In respect of the acquisition of additional interests in certain subsidiaries during the period, the impact of the change in policy has been that the difference of RMB71,718,000 between the consideration paid and payable and the decrease in the carrying amount of the non-controlling interests has been recognised directly in equity (“other reserve”). Had the previous accounting policy been applied, this amount would have been recognised as part of the carrying values of the relevant assets.

The adoption of other new and revised IFRSs had no material effect on the amounts reported in these consolidated financial statements of the Group for the current or prior accounting periods and/or the disclosures set out in these consolidated financial statements.

The Group has not early applied the following new or revised standards, amendments and interpretation that have been issued but are not yet effective.

綜合財務報表附註

Notes to the Consolidated Financial Statements

截至二零一零年十二月三十一日止年度
For the year ended December 31, 2010

2. 採納新訂及經修訂國際財務報告準則 (續)

國際財務報告準則 (修訂本)	二零一零年頒佈的國際財務報告準則改進 ¹
國際財務報告準則第7號 (修訂本)	披露－轉讓金融資產 ³
國際財務報告準則第9號	金融工具 ⁴
國際會計準則第12號 (修訂本)	遞延稅項：收回相關資產 ⁵
國際會計準則第24號 (經修訂)	關連人士披露 ⁶
國際會計準則第32號 (修訂本)	供股的分類 ⁷
國際財務報告詮釋委員會詮釋第14號 (修訂本)	最低資本規定之預付款項 ⁶
國際財務報告詮釋委員會詮釋第19號	以股本工具抵銷金融負債 ²

- ¹ 於二零一零年七月一日及二零一一年一月一日 (如適用) 或之後開始之年度期間生效
- ² 於二零一零年七月一日或之後開始之年度期間生效
- ³ 於二零一一年七月一日或之後開始之年度期間生效
- ⁴ 於二零一三年一月一日或之後開始之年度期間生效
- ⁵ 於二零一二年一月一日或之後開始之年度期間生效
- ⁶ 於二零一一年一月一日或之後開始之年度期間生效
- ⁷ 於二零一零年二月一日或之後開始之年度期間生效

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRSs”) (Continued)

IFRSs (Amendments)	Improvements to IFRSs 2010 ¹
IFRS 7 (Amendments)	Disclosures - Transfers of Financial Assets ³
IFRS 9	Financial Instruments ⁴
IAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets ⁵
IAS 24 (Revised)	Related Party Disclosures ⁶
IAS 32 (Amendments)	Classification of Rights Issues ⁷
IFRIC 14 (Amendments)	Prepayments of a Minimum Funding Requirement ⁶
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments ²

- ¹ Effective for annual periods beginning on or after July 1, 2010 and January 1, 2011, as appropriate
- ² Effective for annual periods beginning on or after July 1, 2010
- ³ Effective for annual periods beginning on or after July 1, 2011
- ⁴ Effective for annual periods beginning on or after January 1, 2013
- ⁵ Effective for annual periods beginning on or after January 1, 2012
- ⁶ Effective for annual periods beginning on or after January 1, 2011
- ⁷ Effective for annual periods beginning on or after February 1, 2010

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2. 採納新訂及經修訂國際財務報告準則 (續)

國際財務報告準則第9號金融工具 (於二零零九年十一月頒佈) 引入對金融資產之分類及計量之新規定。國際財務報告準則第9號金融工具 (於二零一零年十月修訂) 增加金融負債及解除確認之規定。

根據國際財務報告準則第9號，國際會計準則第39號金融工具：確認及計量範疇之所有已確認金融資產其後按攤銷成本或公平值計量。特別是，根據業務模式以收取合約現金流量為目的所持有的債務投資，及僅為支付本金額及未償還本金額之利息而產生合約現金流量的債務投資一般於其後的會計期末按攤銷成本計量。所有其他債務投資及股本投資於其後的會計期末按公平值計量。

就金融負債而言，重大變動乃有關指定為透過損益按公平值列賬的金融負債。具體而言，根據國際財務報告準則第9號，就指定為透過損益按公平值列賬的金融負債而言，該負債的信貸風險變動應佔的金融負債公平值變動數額乃於其他全面收入呈列，除非於其他全面收入內呈列該負債的信貸風險的變動影響將造成或擴大於損益內的會計錯配。一項金融負債的信貸風險應佔的公平值變動其後不會重新分類至損益內。過往，根據國際會計準則第39號，指定為透過損益按公平值列賬的金融負債的公平值變動的全部數額均於損益內呈列。

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRSs”) (Continued)

IFRS 9 *Financial Instruments (as issued in November 2009)* introduces new requirements for the classification and measurement of financial assets. IFRS 9 *Financial Instruments (as revised in October 2010)* adds requirements for financial liabilities and for derecognition.

Under IFRS 9, all recognised financial assets that are within the scope of *IAS 39 Financial Instruments: Recognition and Measurement* are subsequently measured at either amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods.

In relation to financial liabilities, the significant change relates to financial liabilities that are designated as at fair value through profit or loss. Specifically, under IFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the presentation of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under IAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

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2. 採納新訂及經修訂國際財務報告準則 (續)

國際財務報告準則第9號於二零一三年一月一日或之後開始的年度期間生效，並容許提前應用。

董事預計，本集團截至二零一三年十二月三十一日止財政年度的綜合財務報表將採用國際財務報告準則第9號，而應用該新準則可能對有關本集團金融資產及金融負債的呈報金額有重大影響。

國際會計準則第12號(修訂本) 遞延稅項：收回相關資產主要是處理根據國際會計準則第40號投資物業按公平值模式計量的投資物業遞延稅項之計量。根據修訂，為了計量採用公平值模式計算投資物業之遞延稅項負債和遞延稅項資產，投資物業的賬面值假設是要通過買賣收回，除非在某些情況下這假設被推翻。

董事預計，應用國際會計準則第12號(修訂本)可能對投資物業按公平值模式確認遞延稅項產生重大影響。

董事預計採用其他新訂及經修訂準則、修訂及詮釋對本集團業績及財務狀況並無重大影響。

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRSs”) (Continued)

IFRS 9 is effective for annual periods beginning on or after January 1, 2013, with earlier application permitted.

The directors anticipate that IFRS 9 that will be adopted in the Group’s consolidated financial statements for the financial year ending December 31, 2013 and that the application of the new Standard may have a significant impact on amounts reported in respect of the Groups’ financial assets and financial liabilities.

The amendments to IAS 12 titled *Deferred Tax: Recovery of Underlying Assets* mainly deal with the measurement of deferred taxation for investment properties that are measured using the fair value model in accordance with IAS 40 *Investment Property*. Based on the amendments, for the purposes of measuring deferred taxation liabilities and deferred taxation assets for investment properties measured using the fair value model, the carrying amounts of the investment properties are presumed to be recovered through sale, unless the presumption is rebutted in certain circumstances.

The directors anticipate that the application of the amendments to IAS 12 may have a significant impact on deferred taxation recognised for investment properties that are measured using the fair value model.

The directors anticipate that the application of the other new or revised standards, amendments and interpretations will have no material impact on the results and the financial position of the Group.

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3. 主要會計政策

綜合財務報表乃根據國際財務報告準則編製。此外，綜合財務報表載有聯交所證券上市規則及香港公司條例所規定的適用披露事項。

綜合財務報表乃根據歷史成本法（投資物業按公平值計量除外）編製。

主要會計政策載列如下。

合併基準

綜合財務報表包括本公司及本公司控制的實體（其附屬公司）的財務報表。倘本公司有權力規管一家實體的財務及經營政策，以從該實體的業務中獲得利益，即視為對該實體擁有控制權。

年內所購入或出售的附屬公司業績按自收購生效日期直至出售生效日期（倘適用）起計入綜合全面收益表內。

附屬公司的財務報表於有需要時作出調整，以使其會計政策與本集團其他成員公司所採用者一致。

集團內公司間所有交易、結餘及收支乃於合併賬目時悉數對銷。

附屬公司的非控股權益與本集團於該等公司的權益分開呈列。

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with IFRSs. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the SEHK and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis, except for the investment properties which are measured at fair value.

The principal accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein.

綜合財務報表附註

Notes to the Consolidated Financial Statements

截至二零一零年十二月三十一日止年度
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3. 主要會計政策 (續)

合併基準 (續)

全面收益總額分配至非控股權益

一家附屬公司的全面收益及開支總額歸屬於本公司擁有人及非控股權益，即使這將導致非控股權益產生虧損結餘。

於二零一零年一月一日或之後本集團於現有附屬公司的所有權權益變動

本集團於附屬公司的所有權權益出現並無導致本集團失去該等附屬公司控制權的變動均以權益交易入賬。本集團之權益與非控制權益之賬面值均予以調整，以反映彼等於附屬公司之相關權益變動。非控制權益所調整之款額與所付或所收代價之公平值兩者之間的差額，均直接於權益確認並歸屬於本公司擁有人。

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of consolidation (Continued)

Allocation of total comprehensive income to non-controlling interests.

Total comprehensive income and expense of a subsidiary is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in existing subsidiaries on or after January 1, 2010

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

綜合財務報表附註

Notes to the Consolidated Financial Statements

截至二零一零年十二月三十一日止年度
For the year ended December 31, 2010

3. 主要會計政策 (續)

合併基準 (續)

於二零一零年一月一日或之後本集團於現有附屬公司的所有權權益變動 (續)

倘本集團失去附屬公司控制權，則出售產生之損益按下述兩者之間的差額計算 (i) 所收代價公平值及任何保留權益之公平值總額與 (ii) 該附屬公司之資產 (包括商譽) 和負債及任何非控制權益之原有賬面值。倘該附屬公司之若干資產按重估金額或公平值計量，而相關累計損益已於其他全面收益中確認並累計入權益，則先前於其他全面收益確認並累計入權益之款額，會按猶如本集團已直接出售相關資產入賬 (即重新分類至損益或直接轉撥至保留盈利)。於失去控制權當日在前附屬公司保留之任何投資的公平值，會根據國際會計準則第39號金融工具：確認及計量在其後入賬時被列作首次確認之公平值，或 (如適用) 首次確認於聯營公司或共同控制實體之投資成本。

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of consolidation (Continued)

Changes in the Group's ownership interests in existing subsidiaries on or after January 1, 2010 (Continued)

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill) and liabilities of the subsidiary and any non-controlling interests. Where certain assets of the subsidiary are measured at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Group had directly disposed of the related assets (i.e. reclassified to profit or loss or transferred directly to retained earnings). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39 *Financial Instruments: Recognition and Measurement* or, when applicable, the cost on initial recognition of an investment in an associate or a jointly controlled entity.

綜合財務報表附註

Notes to the Consolidated Financial Statements

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3. 主要會計政策 (續)

合併基準 (續)

於二零一零年一月一日前本集團於現有附屬公司的所有權權益變動

- \ 於現有附屬公司權益的增加按與收購附屬公司之相同方式進行會計處理，並於適當時確認商譽或議價收購收益。對於所持附屬公司權益的減少，則不論出售會否導致本集團失去附屬公司的控制權，已收代價與非控制權益調整的差額於損益確認。

於收購附屬公司的額外權益(因附屬公司不屬業務而視為收購資產及負債的額外權益)時，有關代價與所收購額外權益應佔相關資產及負債的賬面值之間的差額計入相關資產的賬面值或自該等賬面值扣除(如適用)。

業務合併

於二零一零年一月一日前發生的業務合併

收購業務乃使用收購法列賬。收購成本按本集團為換取被收購公司的控制權而於交換日期所給予資產、所產生或承擔的負債及發行的股本工具的公平值，另加業務合併直接應佔的任何成本計量。若被收購公司的可識別資產、負債及或然負債符合有關確認條件，則一般按收購日期的公平值確認。

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of consolidation (Continued)

Changes in the Group's ownership interests in existing subsidiaries prior to January 1, 2010

Increases in interests in existing subsidiaries were treated in the same manner as the acquisition of subsidiaries, with goodwill or a bargain purchase gain being recognised where appropriate. For decreases in interests in subsidiaries, regardless of whether the disposals would result in the Group losing control over the subsidiaries, the difference between the consideration received and the adjustment to the non-controlling interests was recognised in profit or loss.

On acquisition of additional interests in subsidiaries which are regarded as acquisition of additional interests in assets and liabilities as the subsidiaries are not business, the difference between the consideration and the carrying values of the underlying assets and liabilities attributable to the additional interests acquired is added to or deducted from the carrying values of the relevant assets, where appropriate.

Business combinations

Business combinations that took place prior to January 1, 2010

Acquisition of businesses was accounted for using the purchase method. The cost of the acquisition was measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that met the relevant conditions for recognition were generally recognised at their fair value at the acquisition date.

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3. 主要會計政策 (續)

業務合併 (續)

於二零一零年一月一日前發生的業務合併 (續)

收購產生的商譽確認為資產並按成本(即收購成本超出本集團於已確認可識別資產、負債及或然負債的已確認金額之差額)初步計量。於重新評估後,倘本集團於被收購公司的可識別資產、負債及或然負債的已確認金額高於收購成本,則該差額即時於損益確認。

被收購公司的少數股東權益最初按少數股東於被收購公司資產、負債及或然負債的之已確認金額比例計算。

倘及僅於或然代價可能及能夠可靠計量時方予以確認。或然代價的其後調整於收購成本確認。

分期實現的業務合併分階段單獨入賬,並於各階段釐定商譽。任何額外收購並不影響之前確認的商譽。

收入確認

收入按已收或應收代價的公平值計算,指一般業務過程中出售貨物及提供服務的應收款項扣除折扣及銷售相關稅項後的金額。

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Business combinations (Continued)

Business combinations that took place prior to January 1, 2010 (Continued)

Goodwill arising on acquisition was recognised as an asset and initially measured at cost, being the excess of the cost of the acquisition over the Group's interest in the recognised amounts of the identifiable assets, liabilities and contingent liabilities recognised. If, after assessment, the Group's interest in the recognised amounts of the acquiree's identifiable assets, liabilities and contingent liabilities exceeded the cost of the acquisition, the excess was recognised immediately in profit or loss.

The minority interest in the acquiree was initially measured at the minority interest's proportionate share of the recognised amounts of the assets, liabilities and contingent liabilities of the acquiree.

Contingent consideration was recognised, if and only if, the contingent consideration was probable and could be measured reliably. Subsequent adjustments to contingent consideration were recognised against the cost of the acquisition.

Business combinations achieved in stages were accounted for as separate steps. Goodwill was determined at each step. Any additional acquisition did not affect the previously recognised goodwill.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold and services provided in the normal course of business, net of discounts and sales related taxes.

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3. 主要會計政策 (續)

收入確認 (續)

日常業務過程中銷售物業的收入須滿足下列標準時方予確認：

- 物業所有權的重大風險及回報已轉移至買方；
- 不再保留對物業施加通常與擁有權相關的持續管理參與及實際控制權；
- 有關收入能可靠計量；
- 與交易相關的經濟利益很可能流入本集團；及
- 有關交易所產生或將產生的成本能可靠計量。

在符合上述收入確認標準前從買方所收取的訂金及分期付款，計入綜合財務狀況報表流動負債項下。

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition (Continued)

Revenue from sale of properties in the ordinary course of business is recognised when all of the following criteria are satisfied:

- the significant risks and rewards of ownership of the properties are transferred to buyers;
- neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the properties are retained;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Deposits and installments received from purchasers prior to meeting the above criteria of revenue recognition are included in the consolidated statement of financial position under current liabilities.

綜合財務報表附註

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3. 主要會計政策 (續)

收入確認 (續)

來自經營租賃的租金收入，於有關租賃期內按直線法確認。

物業管理及相關服務費於提供服務的期間確認。

顧問費用收入於提供服務時確認。

金融資產的利息收入乃參考尚未償還本金額採用適用實際利率，按時間基準累計，實際利率乃將金融資產於整個預期期限的估計未來現金收入準確折現至該資產賬面淨值的利率。

投資所得股息收入於股東收取款項的權利獲確立時確認。

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition (Continued)

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

Property management and related service fees are recognised in the period in which the services are rendered.

Consultancy fee income is recognised when the services are provided.

Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

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3. 主要會計政策 (續)

投資物業

於初步確認時，投資物業以成本(包括任何直接應佔開支)計量。於初步確認後，投資物業採用公平值模式按公平值計量。投資物業公平值變動所產生的盈虧於產生期間計入損益中。

在建或開發日後作投資物業用途的物業分類為發展中投資物業。倘無法可靠地釐定公平值，則發展中投資物業將按成本計量，直至公平值可以釐定或發展項目完工為止，屆時公平值與賬面值之間的差額將在期內的損益表中確認。

投資物業於出售或永久終止使用或預期於出售不再產生日後經濟利益時解除確認。解除確認資產所產生的任何盈虧(按該資產的出售所得款項淨額與資產賬面值的差額計算)於該項目解除確認期間計入損益中。

倘有證據顯示對另一方之經營租賃開始，則發展中待售物業及持作出售物業轉撥至在建投資物業及已落成投資物業。有關物業於轉讓當日之公平值與其以往賬面值間的任何差額於損益確認。

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investment properties

On initial recognition, investment properties are measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair values using the fair value model. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise.

Property under construction or development for future use as an investment property is classified as investment property under development. If the fair value cannot be reliably determined, the investment property under development will be measured at cost until such time as fair value can be determined or development is completed, in which time any difference between the fair value and the carrying amount will be recognised in profit or loss in that period.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use or no future economic benefits are expected from its disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the period in which the item is derecognised.

Properties under development for sales and properties held for sales are transferred to investment properties under construction and completed investment properties when it is evidenced by the commencement of an operating lease to another party. Any difference between the fair value of the property at the date of transfer and its previous carrying amount shall be recognised in profit or loss.

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3. 主要會計政策 (續)

物業、廠房及設備

物業、廠房及設備按成本減其後累計折舊及任何累計減值虧損列賬。

物業、廠房及設備項目經計及其估計剩餘價值後，使用直線法於估計可使用年內期內確認折舊以撇銷成本。

物業、廠房及設備項目於出售或預期日後繼續使用有關資產不會產生經濟利益時解除確認。解除確認資產所產生的任何盈虧(按該項目的出售所得款項淨額與項目賬面值的差額計算)於該項目解除確認期間計入損益中。

當租賃土地及樓宇處於發展作生產、租賃或行政用途的過程中，租賃土地部分歸類為預付租賃款項，並按直線法於租期撥回。於工程進行期間，撥回租賃土地計入為發展中物業成本的一部分。不作出售用途的發展中物業以成本減任何已識別減值虧損列賬。擬持作自用或因具投資潛力而持有的發展中物業列為非流動資產。

預付租賃款項

預付租賃款項指土地使用權的預付款項，初步按成本確認及於租期內以直線法轉撥至損益表內，惟分類及入賬列為擬持作出售的發展中物業則除外。

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, plant and equipment

Property, plant and equipment are stated at cost less subsequent accumulated depreciation and any accumulated impairment loss.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment over their estimated useful lives after taking into account of their estimated residual values, using the straight-line method.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the period in which the item is derecognised.

When the leasehold land and buildings are in the course of development for production, rental or for administrative purposes, the leasehold land component which is classified as a prepaid lease payment and released over a straight-line basis over the lease term. During the construction period, the release of the leasehold land is included as part of the costs of the properties under development. Properties under development not for sale are carried at cost, less any identified impairment losses. Properties under development which are intended to be held for own use or their investment potential are shown as non-current assets.

Prepaid lease payments

The prepaid lease payments represent upfront payments for land use rights and are initially recognised at cost and released to profit or loss over the lease term on a straight-line basis, except for those that are classified and accounted for as properties under development intended to be held for sale.

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3. 主要會計政策 (續)

於聯營公司的權益

聯營公司為投資者可對其有重大影響力，且並非附屬公司或於合營企業的權益的實體。重大影響力指參與被投資公司的財務及營運決策的權力，但並非控制或共同控制該等政策的制訂。

聯營公司的業績、資產及負債按權益會計法列入該等綜合財務報表內。根據權益法，於聯營公司的投資先按成本，再根據本集團應佔損益及聯營公司的全面收入進行調整後，減任何已識別的減值虧損於綜合財務狀況報表列賬。當本集團應佔聯營公司的虧損相等於或超出其於該聯營公司的權益(包括實質上組成本集團於該聯營公司的投資淨額的任何長期權益)，則本集團不再確認其應佔的進一步虧損。額外應佔虧損會計提撥備並確認為負債，惟僅以本集團已產生法定或推定責任或代表該聯營公司支付的款項為限。

任何收購成本超出於收購日期本集團應佔聯營公司已確認可識別資產及負債公平淨值之差額，均確認為商譽，計入投資賬面值。

當集團實體與本集團聯營公司進行交易時，與該聯營公司交易所產生之損益僅會在有關聯營公司之權益與本集團無關的情況下，方會在本集團綜合財務報表確認。

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Interests in associates

An associate is an entity over which the investor has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over these policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, investments in associates are carried in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and comprehensive income of the associates, less any identified impairment loss. When the Group's share of losses of an associate equals or exceeds its interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. An additional share of losses is provided for and a liability is recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets and liabilities of an associate recognised at the date of acquisition is recognised as goodwill, which is included within the carrying amount of the investment.

When a group entity transacts with its associate, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

綜合財務報表附註

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3. 主要會計政策 (續)

於共同控制實體的投資

合營企業安排涉及成立獨立實體，而當中各經營方對該實體的經濟活動擁有共同控制權者乃列作共同控制實體。

共同控制實體的業績及資產與負債按權益會計法列入綜合財務報表。根據權益法，於共同控制實體的投資先按成本，再根據本集團應佔損益及聯營公司的全面收入進行調整後，減任何已識別的減值虧損於綜合財務狀況報表列賬。當本集團應佔共同控制實體的虧損相等於或超出其於該共同控制實體的權益(包括實質上組成本集團於該共同控制實體的投資淨額的任何長期權益)，則本集團不再確認其應佔的進一步虧損。額外應佔虧損會計提撥備並確認為負債，惟僅以本集團已產生法定或推定責任或代表該共同控制實體支付的款項為限。

任何收購成本超出於收購日期本集團應佔共同控制實體已確認可識別資產及負債公平淨值之差額，均確認為商譽，計入投資賬面值。

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments in jointly controlled entities

Joint venture arrangements that involve the establishment of a separate entity in which venturers have joint control over the economic activity of the entity are referred to as jointly controlled entities.

The results and assets and liabilities of jointly controlled entities are incorporated in the consolidated financial statements using the equity method of accounting. Under the equity method, investments in jointly controlled entities are carried in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the jointly controlled entities, less any identified impairment loss. When the Group's share of losses of a jointly controlled entity equals or exceeds its interest in that jointly controlled entity (which includes any long-term interests that, in substance, form part of the Group's net investment in the jointly controlled entity), the Group discontinues recognising its share of further losses. An additional share of losses is provided for and a liability is recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that jointly controlled entity.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets and liabilities of a jointly controlled entity recognised at the date of acquisition is recognised as goodwill, which is included within the carrying amount of the investment.

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3. 主要會計政策 (續)

於共同控制實體的投資 (續)

倘於重新評估後本集團應佔可識別資產及負債公平淨值超出收購成本，則差額即時於損益確認。

國際會計準則第39號的規定適用於釐定有否必要確認本集團於共同控制實體投資之減值虧損，如有必要，則將投資的全部賬面值(包括商譽)作為單一資產根據國際會計準則第36號資產減值透過比較其可收回金額(使用價值與公平值減銷售成本之較高者)與賬面值測試有否減值。任何確認之減值虧損屬投資賬面值的一部分。倘其後投資的可收回金額增加，則根據國際會計準則第36號確認該減值虧損的撥回。

當集團實體與本集團共同控制實體進行交易時，盈虧將會撇銷，惟以本集團於該共同控制實體的權益為限。

發展中待售物業

擬於發展完成後出售的發展中物業列為流動資產，以成本或可變現淨值兩者中較低者列賬。成本包括相關土地成本、所產生的發展開支及已資本化的借貸成本(倘適用)。

發展中待售物業於落成後轉撥至持作出售物業。

持作出售物業

持作出售物業按成本或可變現淨值兩者之較低者列賬。成本包括土地成本、產生的發展開支及已資本化的借貸成本(倘適用)。可變現淨值按當時市況釐定。

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments in jointly controlled entities (Continued)

Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

The requirements of IAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in a jointly controlled entity. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When a group entity transacts with a jointly controlled entity of the Group, profits and losses are eliminated to the extent of the Group's interest in the jointly controlled entity.

Properties under development for sales

Properties under development which are intended to be sold upon completion of development are classified as current assets, and carried at the lower of cost and net realisable value. Cost include the related land cost, development expenditure incurred and, where appropriate, borrowing costs capitalised.

Properties under development for sales are transferred to properties held for sales upon completion.

Properties held for sales

Properties held for sales are stated at the lower of cost and net realisable value. Cost includes the costs of land, development expenditure incurred and, where appropriate, borrowing costs capitalised. Net realised value is determined based on prevailing market conditions.

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3. 主要會計政策 (續)

存貨

存貨按成本或可變現淨值兩者之較低者列賬。成本按加權平均法計算。

金融工具

當一間集團公司成為工具合約條文的訂約方時，金融資產及金融負債於綜合財務狀況報表內確認。金融資產及金融負債初步按公平值計量。收購或發行金融資產及金融負債直接應佔的交易成本(按公平值計入損益的金融資產及金融負債除外)於初步確認時加入或從金融資產或金融負債的公平值扣除(倘適用)。收購或發行按公平值計入損益的金融資產或金融負債直接應佔的交易成本即時於損益內確認。

金融資產

本集團的金融資產分為貸款及應收款項或可供出售金融資產。

實際利率法

實際利率法為計算金融資產的攤銷成本及按有關期間攤分利息收入的方法。實際利率是將金融資產於預計年期或(倘適用)較短期間的估計未來現金收入(包括所有費用、構成實際利率不可分割部分的已支付或收取基點、交易成本及其他溢價或折價)準確折現至初步確認的賬面淨值的利率。

債務工具的利息收入按實際利率基準確認。

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average method.

Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition or issue of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

The Group's financial assets are classified as loans and receivables or available-for-sale financial assets.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees, points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments.

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Notes to the Consolidated Financial Statements

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3. 主要會計政策 (續)

金融工具 (續)

金融資產 (續)

貸款及應收款項

貸款及應收款項為無活躍市場報價而附帶固定或可釐定付款的非衍生金融資產。於初步確認後，貸款及應收款項(包括應收賬款及其他應收款項、按金、應收共同控制實體款項、已抵押銀行存款及銀行結餘及現金)採用實際利率法按攤銷成本減任何已識別減值虧損列賬(請參閱下文有關金融資產減值虧損的會計政策)。

可供出售金融資產

可供出售金融資產為指定或未分類為按公平值計入損益的金融資產、貸款及應收款項或持至到期投資的非衍生工具。

對於在活躍市場並無市場報價及其公平值無法可靠計量的可供出售股本投資，於各報告期末按成本減任何已識別減值虧損計量(請參閱下文有關金融資產減值虧損的會計政策)。

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including accounts and other receivables and deposits, amounts due from jointly controlled entities, pledged bank deposits and bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment loss on financial assets below).

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated or not classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments.

For available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, they are measured at cost less any identified impairment losses at the end of the reporting period (see accounting policy on impairment loss on financial assets below).

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3. 主要會計政策 (續)

金融工具 (續)

金融資產 (續)

金融資產的減值

金融資產會於各報告期末評定是否有減值跡象。金融資產於有客觀證據顯示金融資產的估計未來現金流量因於初步確認該金融資產後發生之一項或多項事件而受到影響時減值。

就可供出售股本投資而言，其公平值大幅或持續下跌至低於其成本，視為減值的客觀證據。

就所有其他金融資產而言，減值的客觀證據可包括：

- 發行人或對手方出現重大財政困難；或
- 拖欠或延遲償還利息或本金；
- 借款人可能會破產或進行財務重組；或
- 由於財政困難，金融資產的活躍市場消失。

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of the reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

For an available-for-sale equity investment, a significant or prolonged decline in the fair value of that investment below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

綜合財務報表附註

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3. 主要會計政策 (續)

金融工具 (續)

金融資產 (續)

金融資產的減值 (續)

就若干類別的金融資產(如應收賬款)而言,評估為不會單獨減值的資產會於其後一併評估減值。應收款項組合出現減值的客觀證據包括本集團過往收款記錄、組合延遲付款(超逾信貸期)數目增加、國家或地方經濟狀況出現明顯變動導致應收款項未能償還。

就按已攤銷成本列賬的金融資產而言,當有客觀證據證明資產已減值時於損益中確認減值虧損,並按資產賬面值與按原實際利率貼現的估計未來現金流量現值之間的差額計算。

就按成本列賬的金融資產而言,減值虧損的金額按該資產的賬面值與估計未來現金流量按類似金融資產現時市場回報率折現的現值之間的差額計量。該等減值虧損不會於其後期間撥回。

就所有金融資產而言,減值虧損直接於金融資產的賬面值扣減,惟應收賬款及其他應收款項除外,其賬面值會透過使用撥備賬作出扣減。撥備賬內的賬面值變動會於損益中確認。當應收賬款及其他應收款項視為不可收回時,會於撥備賬內撇銷。之前已撇銷的款項如其後收回,會計入損益內。

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

For certain categories of financial asset, such as accounts receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the credit period, observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, an impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of accounts and other receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When an account and other receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

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3. 主要會計政策 (續)

金融工具 (續)

金融資產 (續)

金融資產的減值 (續)

就按已攤銷成本計量的金融資產而言，如在隨後期間減值虧損金額減少，而有關減少在客觀上與確認減值虧損後發生的事件有關，則先前已確認的減值虧損將透過損益撥回，惟該資產於減值撥回當日的賬面值不得超過未確認減值時應有的已攤銷成本。

金融負債及股本工具

本集團發行的金融負債及股本工具根據所訂立合約安排的內容及金融負債與股本工具的定義分類。

股本工具為顯示本集團資產經扣除其所有負債後的剩餘權益的任何合約。

實際利率法

實際利率法為計算金融負債的攤銷成本及按有關期間分配利息支出的方法。實際利率是將金融負債於整個預計年期或(倘適用)較短期間的估計未來現金付款(包括所有費用、構成實際利率不可分割部分的已支付或收取基點、交易成本及其他溢價或折價)準確折現至首次確認時的賬面淨值的利率。

債務工具的利息開支按實際利息基準確認。

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity instruments

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees, points paid and received that form an integral part of the effective rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis for debt instruments.

綜合財務報表附註

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3. 主要會計政策 (續)

金融工具 (續)

金融負債及股本工具 (續)

金融負債

金融負債 (包括應付賬款、應付共同控制實體款項、銀行及其他借款) 其後使用實際利率法按攤銷成本計量。

股本工具

集團公司發行的股本工具按已收所得款項扣除直接發行成本後記錄。

財務擔保合約

財務擔保合約指因指定債務人未能按債務工具的原有或經修訂條款如期付款時，發行人須支付指定金額予持有人以補償其所遭受損失的合約。本集團所發行而並無指定按公平值計入損益的財務擔保合約初步以公平值減發行財務擔保合約直接應佔的交易成本確認。於初步確認後，本集團以(i)按照國際會計準則第37號「撥備、或然負債及或然資產」釐定的金額；或(ii)初步確認的金額減按照國際會計準則第18號「收入」確認的累計攤銷 (如適用) 兩者中的較高者計量財務擔保合約。

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

Financial liabilities

Financial liabilities (including accounts payable, amounts due to jointly controlled entities and bank and other borrowings) are subsequently measured at amortised cost using effective interest method.

Equity instruments

Equity instruments issued by the group entities are recorded at the proceeds received, net of direct issue costs.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. A financial guarantee contract issued by the Group and not designated as at fair value through profit or loss is recognised initially at its fair value less transaction costs that are directly attributable to the issue of the financial guarantee contract. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount determined in accordance with IAS 37 "Provisions, Contingent Liabilities and Contingent Assets"; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with IAS 18 "Revenue".

綜合財務報表附註

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3. 主要會計政策 (續)

金融工具 (續)

解除確認

從資產收取現金流量的權利已屆滿，或金融資產已轉讓及本集團已轉讓金融資產擁有權的絕大部分風險及回報時，金融資產將解除確認。於全面解除確認金融資產時，資產賬面值與已收及應收代價及於其他全面收益確認的累計盈虧總和之間的差額，將於損益內確認。

倘於有關合約的特定責任獲解除、取消或屆滿時，金融負債將解除確認。已解除確認的金融負債之賬面值與已付及應付代價的差額，將於損益內確認。

有形資產的減值虧損

本集團於各報告期末審閱其有形資產的賬面值，以釐定有關資產是否出現任何減值虧損跡象。若資產的可收回金額估計低於其賬面值，則資產的賬面值下調至其可收回金額。減值虧損會即時確認為開支。

倘其後撥回減值虧損，則資產賬面值調高至其經修訂的估計可收回金額，惟增加後的賬面值不得高於倘該資產往年並無確認減值虧損時而應釐定的賬面值。撥回的減值虧損會即時確認為收入。

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Impairment losses on tangible assets

At the end of the reporting period, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

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3. 主要會計政策 (續)

租賃

當租賃條款轉移所有權絕大部分風險及回報至承租人，則有關租賃分類為融資租賃。所有其他租賃分類為經營租賃。

本集團作為出租人

經營租賃的租金收入於相關租賃年期按直線法於損益內確認。

本集團作為承租人

經營租賃付款於有關租賃年期按直線法確認為開支。已收及應收作為訂立經營租賃獎勵的利益於租期內按直線基準確認為租金開支減少。

租賃土地及樓宇

當一項租賃包括土地及樓宇部分，本集團會根據各部份的所有權絕大部分風險及回報是否轉移至本集團，獨立評估各部份分類為融資或經營租賃。特別是，最低租賃款項(包括任何一次性預付款)於租賃開始時，按出租人自租賃土地與樓宇所獲利益公平值的比例在土地與樓宇部分間分配。

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease.

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expense over the lease term on a straight-line basis.

Leasehold land and building

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

綜合財務報表附註

Notes to the Consolidated Financial Statements

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3. 主要會計政策 (續)

租賃土地及樓宇 (續)

租賃款項能夠可靠分配時，土地租賃權益作為經營租約在綜合財務狀況報表中列作「預付租賃款項」，並於租期內按直線基準撥回，惟按公平值模式分類及入賬列作投資物業者除外。當租賃款項無法於土地與樓宇部分間可靠分配，整份租約一般視作融資租約處理，並入賬列作物業、廠房及設備，惟兩部份均為經營租約，整份租約視作經營租約處理除外。

借貸成本

由於收購、建設或生產未完成資產而直接產生的借貸成本乃資本化作為該等資產成本的一部分。當此等資產大致上可作擬定用途或出售時，該等借貸成本將停止資本化。特定借款在未用於未完成資產開支之暫時投資所得投資收入，會從可撥作資本化的借貸成本中扣除。

所有其他借貸成本均於產生期間於損益內確認。

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leasehold land and building (Continued)

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as “prepaid lease payments” in the consolidated statement of financial position and is released over the lease term on a straight-line basis except for those that are classified and accounted for as investment properties under the fair value model. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease and accounted for as property, plant and equipment, unless it is clear that both elements are operating leases, in which case the entire lease is classified as an operating lease.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, are capitalised as part of the cost of those assets. Capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

綜合財務報表附註

Notes to the Consolidated Financial Statements

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3. 主要會計政策 (續)

外幣

編製各個別集團實體的財務報表時，以該實體功能貨幣以外貨幣(外幣)進行的交易，以各自功能貨幣(即實體經營所在主要經濟環境的貨幣)按交易日的匯率記錄。於報告期末，以外幣列值的貨幣項目按該日的現行匯率重新換算。按過往成本以外幣計量的非貨幣項目毋須重新換算。

結算貨幣項目及重新換算貨幣項目所產生的匯兌差額於產生期間確認。

稅項

所得稅開支指現時應付稅項及遞延稅項的總和。

現時應付稅項按年度應課稅溢利計算。應課稅溢利有別於綜合全面收益表所報溢利，乃因其不包括其他年度的應課稅收入或可扣減支出項目，亦不包括毋須課稅或不可扣減項目。本集團的即期稅項負債按報告期末已實施或實質上已實施的稅率計算。

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in the period in which they arise.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred taxation.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

綜合財務報表附註

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3. 主要會計政策 (續)

稅項 (續)

遞延稅項按綜合財務報表內資產及負債的賬面值與計算應課稅溢利所用相應稅基間的差額確認。遞延稅項負債通常會就所有應課稅暫時差額確認，而遞延稅項資產則按可能出現可利用暫時差額扣稅之應課稅溢利時確認。倘因商譽或初步確認一項交易(業務合併情況下除外)的其他資產及負債而引致的暫時差額既不影響應課稅溢利亦不影響會計溢利，則不會確認該等資產及負債。

遞延稅項負債確認來自投資附屬公司及聯營公司與合營企業權益的應課稅暫時差額，惟倘本集團可控制撥回暫時差額及該暫時差額可能不會於可見將來撥回則除外。有關該投資及權益可扣稅暫時差額產生的遞延稅項資產，僅以可能有足夠應課稅溢利可抵銷暫時差額利益，且預期暫時性差額於可見將來撥回時確認。

遞延稅項資產的賬面值於各報告期末進行檢討，會一直扣減至不再有足夠應課稅溢利可收回全部或部分資產為止。

遞延稅項資產及負債基於各報告期末已頒佈或實質頒佈的稅率(及稅法)按清償負債或變現資產期間的預期適用稅率計算。

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxation (Continued)

Deferred taxation is recognised on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred taxation liabilities are generally recognised for all taxable temporary differences and deferred taxation assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred taxation liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred taxation assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred taxation assets is reviewed at each end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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

綜合財務報表附註

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3. 主要會計政策 (續)

稅項 (續)

遞延稅項負債及資產的計量反映本集團預期於各報告期末收回或結算資產及負債賬面值的方式產生的稅務影響。遞延稅項於損益確認，惟倘遞延稅項與其他全面收益或直接於權益確認的項目有關時，則遞延稅項亦分別於其他全面收益或直接在權益確認。

政府資助

政府資助於本集團確認支銷相關費用且政府資助擬作賠償時有系統地於損益表確認。應收政府資助作賠償已產生之開支或虧損或用作即時本集團財政支持且於未來並無費用，於應收期間於損益表確認。

退休福利成本

強制性公積金計劃的供款為定額供款，於僱員就其提供服務可享有供款時列為開支。倘本集團根據國營退休福利計劃的責任與定額供款退休福利計劃所產生者相等，則該計劃供款視為定額供款退休福利計劃的供款處理。

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxation (Continued)

The measurement of deferred taxation liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred taxation is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case the deferred taxation is also recognised in other comprehensive income or directly in equity respectively.

Government grants

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Retirement benefit costs

Payments to the Mandatory Provident Fund Scheme which is defined contribution are charged as an expense when employees have rendered service entitling them to the contributions. Payments made to state-managed retirement benefit schemes are dealt with as payments to defined contribution plans where the Group's obligations under the schemes are equivalent to those arising in a defined contribution retirement benefit plan.

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3. 主要會計政策 (續)

以股份為基礎的付款交易

以權益結算及股份為基礎的付款交易

向僱員提供的購股權／股份獎勵

所獲服務之公平值參考購股權於授出日期之公平值釐定，在購股權歸屬期間以直線法列作開支，並於權益作相應增加。

於報告期末，本集團修訂對預期最終歸屬購股權數目的估計。修訂估計之影響（如有）於損益確認，並對儲備作出相應調整。

購股權獲行使時，過往於購股權儲備中確認之款項將轉入股份溢價。倘購股權於歸屬日期後被沒收或於屆滿日仍未行使，則過往於購股權儲備中確認之款項將轉入保留盈利。

已授出購股權的條款及條件如作出任何修訂，則授出的新增公平值按經修訂購股權公平值與原購股權公平值之間的差額（均於修訂日期估計）釐定。

倘修訂於歸屬期間作出，則授出的新增公平值則計入修訂日期至經修訂購股權歸屬當日期間就已獲提供服務確認的金額（連同按授出日期的原有購股權公平值計算且於原有歸屬期的餘下時間確認的金額）。

倘修訂於歸屬日期後作出，則授出的新增公平值即時於損益確認。

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Share-based payment transactions

Equity-settled share-based payment transactions

Share options/share awards to employees

The fair value of services received determined by reference to the fair value of share options or shares granted at the grant date is expensed on a straight-line basis over the vesting period with a corresponding increase in equity.

At the end of the reporting period, the Group revises its estimates of the number of options or shares that are expected to ultimately vest. The impact of the revision of the estimates, if any, is recognised in profit or loss, a correspondence adjustment to reserve.

At the time when the share options are exercised, the amount previously recognised in share options reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share option reserve will be transferred to retained earnings.

For any modification to the terms and conditions of share options granted, the incremental fair value granted is determined at the difference between the fair value of the modified share options and that of the original share options, both estimated as at the date of the modification.

If the modification occurs during the vesting period, the incremental fair value granted is included in the measurement of the amount recognised for services received over the period from the modification date until the date when the modified share options vest, in addition to the amount based on the grant date fair value of the original share options, which is recognised over the remainder of the original vesting period.

If the modification occurs after vesting date, the incremental fair value granted is recognised in profit or loss immediately.

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4. 估計不明朗因素的主要來源

於採用附註3所述本集團會計政策時，本公司董事須就不能透過其他來源明顯確定的資產及負債的賬面值作出判斷、估計及假設。估計及相關假設乃根據過往經驗及視為相關的其他因素作出。實際結果可能有別於該等估計。

估計及相關假設會持續檢討。對會計估計進行修訂時，若修訂會計估計僅影響修訂估計期間，則會在該段期間確認有關修訂；若修訂影響到現行修訂期間及未來期間，則在現行以及未來期間確認有關修訂。

投資物業

投資物業根據獨立專業估值師進行的估值按公平值列賬。釐定公平值時，估值師以涉及對若干市況估計的估值法計算。在依賴估值報告時，本公司董事已作出判斷，並信納估值所用的假設能反映現時市況。該等假設的任何變動會導致本集團投資物業的公平值發生變動，並須對損益表所報盈虧金額作出相應調整。

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the process of applying the Group's accounting policies, which are described in note 3, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Investment properties

Investment properties are stated at fair values based on the valuation performed by independent professional valuers. In determining the fair values, the valuers have based on a method of valuation which involves certain estimates of market condition. In relying on the valuation report, the directors of the Company have exercised their judgement and are satisfied that the assumptions used in the valuation are reflective of the current market conditions. Changes to these assumptions would result in changes in the fair values of the Group's investment properties and the corresponding adjustments to the amount of gain or loss reported in profit or loss.

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4. 估計不明朗因素的主要來源

(續)

所得稅開支

按附註30所載，於二零一零年十二月三十一日，主要與稅項虧損、土地增值稅撥備、呆賬撥備、政府資助、集團內購買的未變現溢利及其他項目相關的遞延稅項資產人民幣436,035,000元(二零零九年：人民幣227,702,000元)經抵銷若干遞延稅項負債後已予確認。遞延稅項資產能否變現主要視乎未來有無足夠可供動用的未來溢利或應課稅暫時差額。本公司董事釐定遞延稅項資產乃基於已頒佈或實質已頒佈的稅率，以及本集團預期動用遞延稅項資產的未來數年所作的最佳溢利預測。本公司董事會於報告期末前審閱假設及溢利預測。倘所產生的實際未來溢利高於或低於預期，則可能須額外確認或撥回遞延稅項資產，並於確認或撥回期間於損益表內確認。

土地增值稅

本集團在中國須繳付土地增值稅。然而，有關稅項的執行及繳納因中國不同城市的不同稅務司法權區而各異，且本集團若干項目尚未與中國任何地區稅務機關確認土地增值稅的計算及付款方法。因此，本集團於釐定土地增值及其相關所得稅撥備的金額時須作出重大判斷。本集團根據管理層的最佳估計確認土地增值稅。最後稅務結果可能有別於最初記錄的金額，而相關差額會於本集團與地方稅務機關落實有關稅項期間對所得稅開支及相關所得稅撥備造成影響。

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

(Continued)

Income tax expense

Deferred taxation assets of RMB436,035,000 (2009: RMB227,702,000) mainly in relation to tax losses, land appreciation tax provisions, allowance for doubtful debts, government grants, unrealised profit on intra-group purchases and others have been recognised at December 31, 2010, after offsetting certain deferred taxation liabilities as set out in note 30. The realisability of the deferred taxation assets mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. The directors of the Company determine the deferred taxation assets based on the enacted or substantially enacted tax rates and the best knowledge of profit projections of the Group for coming years during which the deferred taxation assets are expected to be utilised. The directors of the Company will review the assumptions and profit projections by the end of the reporting period. In cases where the actual future profits generated are more or less than expected, an additional recognition or a reversal of deferred taxation assets may arise, which would be recognised in profit or loss for the period in which such a recognition or reversal takes place.

Land appreciation tax

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

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5. 分部資料

本集團根據主要經營決策人(即本公司董事會)為按分部配置資源及評估其表現而定期檢討的有關本集團組成部分的內部報告,釐定其經營分部。

本集團按活動類別組成業務單元,為配置資源及評估表現目的而按此編製及向本集團主要經營決策人呈報資料。本集團根據國際財務報告準則第8號經營分部編製的經營分部可分為以下三項主要業務:

- 物業發展:該分部發展及銷售辦公樓、商業及住宅物業。本集團在中國開展所有這方面的業務。
- 物業投資:該分部租賃本集團發展的投資物業,以賺取租金收入並長期從物業增值中獲取收益。本集團目前的投資物業組合全部位於中國。
- 物業管理及相關服務:該分部主要透過物業管理產生收入。本集團目前在中國開展這方面的業務。

(a) 分部業績、資產及負債

就評估分部表現及在各分部之間配置資源而言,本公司董事會按以下基準監督各經營分部應佔的收入、業績、資產及負債:

5. SEGMENT INFORMATION

The Group determines its operating segments based on internal reports about components of the Group that are regularly reviewed by the chief operating decision maker (i.e. the board of directors of the Company) in order to allocate resources to the segment and to assess its performance.

The Group is organised into business units based on their types of activities, based on which information is prepared and reported to the Group's chief operating decision maker for the purposes of resource allocation and assessment of performance. The Group's operating segments under IFRS 8 *Operating Segments* are identified as three main operations:

- Property development: this segment develops and sells office premises, commercial and residential properties. All the Group's activities in this regard are carried out in the PRC.
- Property investment: this segment leases investment properties, which are developed by the Group to generate rental income and to gain from the appreciation in the properties' values in the long term. Currently the Group's investment property portfolio is located entirely in the PRC.
- Property management and related services: this segment mainly represented the income generated from property management. Currently the group's activities in this regard are carried out in PRC.

(a) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Company's board of directors monitors the revenue, results, assets and liabilities attributable to each operating segment on the following bases:

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5. 分部資料 (續)

(a) 分部業績、資產及負債 (續)

分部資產包括所有分部直接相關的有形資產及流動資產，惟物業、廠房及設備、於聯營公司的權益、於共同控制實體的權益、可供出售投資、遞延稅項資產、可收回稅項及其他公司資產除外。由於其他公司資產為總部資產或由本集團集中管理，因此並無分配至經營分部。主要經營決策人評估時，計入分部資產的投資物業以成本列賬。分部負債包括貿易應付款項及建設應計開支、應付票據、已收按金、物業銷售預收款以及其他應付款項，惟應付稅項、遞延稅項負債、銀行及其他借款以及其他公司負債除外。由於其他公司負債為總部負債或由集團整體管理，因此並無分配至經營分部。

收入及支出根據分部的銷售收入及產生的相關支出分配至報告分部。分部溢利不包括本集團應佔共同控制實體業務活動產生的業績。

呈報分部溢利所採用的指標為未計利息、稅項、折舊、投資物業公平價值變動及融資成本的經調整盈利（「經調整盈利」），此處所指的「利息」包括投資收入，而「折舊」則視為包括非流動資產的減值虧損。為確定經調整盈利，本集團的盈利會就未具體劃撥至個別分部的項目，如董事及核數師薪酬、其他總部或公司行政開支，作進一步調整。

5. SEGMENT INFORMATION (Continued)

(a) Segment results, assets and liabilities (Continued)

Segment assets include all tangible assets and current assets directly attributable to each segment with the exception of property, plant and equipment, interests in associates, interests in jointly controlled entities, available-for-sale investments, deferred taxation assets, taxation recoverable and other corporate assets. Other corporate assets are not allocated to the operating segment because they are head office assets or assets which are managed centrally by the Group. The investment properties included in segment assets are stated at cost when assessed by the chief operating decision maker. Segment liabilities include trade payables and accrued expenditure on construction, bills payable, deposits received and receipt in advance from property sales, and other payables with exception of taxation payable, deferred taxation liabilities, bank and other borrowings and other corporate liabilities. Other corporate liabilities are not allocated to the operating segment because they are head office liabilities or liabilities which are managed on group basis.

Revenue and expenses are allocated to the operating segments with reference to sales generated by those segments and the expenses incurred by those segments. Segment profit does not include the Group's share of results arising from the activities of the Group's jointly controlled entities.

The measure used for reporting segment profit is adjusted earnings before interest, taxes, depreciation, change in fair value of investment properties and finance costs ("Adjusted Earnings"), where "interest" is regarded as including investment income and "depreciation" is regarded as including impairment losses on non-current assets. To arrive at Adjusted Earnings the Group's earnings are further adjusted for items not specifically attributed to individual segments, such as directors' and auditor's remuneration and other head office or corporate administration costs.

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5. 分部資料 (續)

(a) 分部業績、資產及負債 (續)

除獲取有關分部溢利的分部資料外，管理層獲取各分部的相關資訊，包括收入(包括分部間銷售)及分部用於經營業務的新增非流動分部資產。分部間銷售乃參照同類服務對外部客戶的售價而定價。

有關本集團經營分部的資料列示如下。

5. SEGMENT INFORMATION (Continued)

(a) Segment results, assets and liabilities (Continued)

In addition to receiving segment information concerning segment profits, management is provided with segment information concerning revenue (including inter-segment sales) and additions to non-current segment assets used by the segments in their operations. Intersegment sales are priced with reference to prices charged to external parties for similar service.

Information regarding the Group's operating segments is set out below.

		截至二零一零年十二月三十一日止年度 Year ended December 31, 2010			
		物業發展 Property development 人民幣千元 RMB'000	物業投資 Property investment 人民幣千元 RMB'000	物業管理及 相關服務 Property management and related services 人民幣千元 RMB'000	總計 Total 人民幣千元 RMB'000
來自外部客戶的收入	Revenue from external customers	14,596,701	287,281	209,140	15,093,122
分部間收入	Inter-segment revenue	—	—	36,678	36,678
分部收入	Segment revenue	14,596,701	287,281	245,818	15,129,800
分部溢利(經調整盈利)	Segment profit (Adjusted Earnings)	4,498,483	220,346	50,479	4,769,308
分部資產	Segment assets	49,288,258	3,049,476	9,356	52,347,090
分部負債	Segment liabilities	28,826,325	23,534	66,030	28,915,889

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5. 分部資料 (續)

(a) 分部業績、資產及負債 (續)

5. SEGMENT INFORMATION (Continued)

(a) Segment results, assets and liabilities (Continued)

截至二零零九年十二月三十一日止年度

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		物業發展 Property development 人民幣千元 RMB'000	物業投資 Property investment 人民幣千元 RMB'000	物業管理及 相關服務 Property management and related services 人民幣千元 RMB'000	總計 Total 人民幣千元 RMB'000
來自外部客戶的收入	Revenue from external customers	11,029,310	197,975	146,677	11,373,962
分部間收入	Inter-segment revenue	—	—	17,395	17,395
分部收入	Segment revenue	11,029,310	197,975	164,072	11,391,357
分部溢利 (經調整盈利)	Segment profit (Adjusted Earnings)	2,797,455	146,888	36,489	2,980,832
分部資產	Segment assets	27,457,370	2,196,888	5,477	29,659,735
分部負債	Segment liabilities	14,891,370	52,003	51,638	14,995,011

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5. 分部資料 (續)

(a) 分部業績、資產及負債 (續)

其他分部資料

5. SEGMENT INFORMATION (Continued)

(a) Segment results, assets and liabilities (Continued)

Other segment information

		物業發展 Property development	物業投資 Property investment	物業管理及 相關服務 management and related services	總計 Total
		人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000
計量分部資產時 所涉之款項：	Amounts included in the measure of segment assets:				
二零一零年	2010				
添置非流動資產(附註)	Additions to non-current assets (Note)	11,759,241	458,709	—	12,217,950
二零零九年	2009				
添置非流動資產(附註)	Additions to non-current assets (Note)	4,623,906	23,745	—	4,647,651

附註：款項包括添置投資物業、預付租賃款項及收購土地使用權所支付的按金。

Note: Amounts include additions to investment properties, prepaid lease payments and deposits paid for acquisition of land use rights.

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5. 分部資料 (續)

(a) 分部業績、資產及負債 (續)

其他分部資料 (續)

除獲取有關分部溢利的分部資料外，主要經營決策人獲提供有關本集團綜合款項的資料，綜合款項包括於聯營公司的權益及應佔相關業績、於共同控制實體的權益及應佔相關業績、投資物業的公平值變動、銀行結餘的利息收入、借款產生的融資成本、折舊以及不可分配至營運分部的減值虧損。

(b) 報告分部收入、損益、資產及負債的對賬

5. SEGMENT INFORMATION (Continued)

(a) Segment results, assets and liabilities (Continued)

Other segment information (Continued)

In addition to receiving segment information concerning segment profits, the chief operating decision maker is provided with information concerning the Group's consolidated amount of interests in associates and related share of results, interest in jointly controlled entities and related share of results, changes in fair value of investment properties, interest income from bank balances, finance costs from borrowings, depreciation and impairment losses which are not allocated to operating segments.

(b) Reconciliations of reportable segment revenues, profit or loss, assets and liabilities

		二零一零年 2010 人民幣千元 RMB'000	二零零九年 2009 人民幣千元 RMB'000
收入	Revenue		
分部收入	Segment revenue	15,129,800	11,391,357
分部間收入對銷	Elimination of inter-segment revenue	(36,678)	(17,395)
綜合收入	Consolidated revenue	15,093,122	11,373,962
溢利	Profit		
分部溢利	Segment profit	4,769,308	2,980,832
其他收入	Other income	91,531	421,188
其他收益及虧損	Other gains and losses	34,652	3,523
轉撥為投資物業的 公平值收益	Fair value gain upon transfer to investment properties	777,023	—
投資物業的公平值變動	Change in fair value of investment properties	1,713,090	920,945
融資成本	Finance costs	(66,677)	(27,499)
應佔共同控制實體業績	Share of results of jointly controlled entities	183,035	135,998
折舊	Depreciation	(24,019)	(21,863)
未分配開支	Unallocated expenses	(409,469)	(352,084)
綜合除稅前溢利	Consolidated profit before taxation	7,068,474	4,061,040

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5. 分部資料 (續)

(b) 報告分部收入、損益、資產及負債的對賬 (續)

5. SEGMENT INFORMATION (Continued)

(b) Reconciliations of reportable segment revenues, profit or loss, assets and liabilities (Continued)

		二零一零年 2010 人民幣千元 RMB'000	二零零九年 2009 人民幣千元 RMB'000
資產			
分部資產	Segment assets	52,347,090	29,659,735
投資物業的公平值 累計變動	Cumulative change in fair value of investment properties	4,991,525	2,501,412
於聯營公司的權益	Interests in associates	1	1
於共同控制實體的權益	Interests in jointly controlled entities	2,464,099	2,373,834
可供出售投資	Available-for-sales investments	8,600	8,600
遞延稅項資產	Deferred taxation assets	436,035	227,702
可收回稅項	Taxation recoverable	539,034	134,265
未分配總部及其他資產	Unallocated head office and other assets	10,927,180	7,539,553
綜合資產總值	Consolidated total assets	71,713,564	42,445,102
負債			
分部負債	Segment liabilities	28,915,889	14,995,011
應付稅項	Taxation payable	2,635,182	1,616,029
遞延稅項負債	Deferred taxation liabilities	1,593,846	1,098,807
銀行及其他借款	Bank and other borrowings	17,324,359	9,765,505
未分配總部及其他負債	Unallocated head office and other liabilities	3,878,468	1,731,188
綜合負債總額	Consolidated total liabilities	54,347,744	29,206,540

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5. 分部資料 (續)

(c) 主要產品及服務所得收益

本集團自其出售物業、投資物業及
所提供服務所得收益分析如下：

5. SEGMENT INFORMATION (Continued)

(c) Revenue from major product and services

The following is an analysis of the Group's revenue from
its properties sold, property invested and services
provided:

		截至年度 Year ended	
		二零一零年 十二月 三十一日 31.12.2010 人民幣千元 RMB'000	二零零九年 十二月 三十一日 31.12.2009 人民幣千元 RMB'000
出售物業	Sales of properties	14,596,701	11,029,310
租賃物業	Leasing of properties	287,281	197,975
提供物業管理服務	Provision of property management services	209,140	146,677
		15,093,122	11,373,962

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5. 分部資料 (續)

(d) 地區資料

下表載列按出售物業、投資物業及所提供服務所在中國城市劃分有關本集團來自外部客戶收入的資料。非流動資產資料按資產所在地理位置分析。

5. SEGMENT INFORMATION (Continued)

(d) Geographic information

The following table sets out information about the Group's revenue from external customers by cities in the PRC, based on the location at which the properties are sold, properties are invested and services are provided. Information about its non-current assets is analysed by geographical location of assets.

		來自外部 客戶的收入		非流動資產	
		Revenues from external customers		Non-current assets	
		二零一零年 2010	二零零九年 2009	二零一零年 2010	二零零九年 2009
		人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000
重慶	Chongqing	4,807,460	3,030,015	9,947,384	8,920,181
成都	Chengdu	4,187,174	2,566,327	1,324,331	863,267
北京	Beijing	4,835,818	5,090,778	5,687,083	576,056
中國其他城市	Other cities in the PRC	1,262,670	686,842	5,874,261	3,377,260
		15,093,122	11,373,962	22,833,059	13,736,764

附註：非流動資產不包括金融工具及遞延稅項資產。

概無與單一外界客戶進行交易的收入達本集團收入的10%或以上。

Note: Non-current assets excluded financial instruments and deferred taxation assets.

No revenue from transaction with single external customer is amounted to 10% or more of the Group's revenue.

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Notes to the Consolidated Financial Statements

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6. 其他收入

6. OTHER INCOME

		二零一零年 2010 人民幣千元 RMB'000	二零零九年 2009 人民幣千元 RMB'000
利息收入	Interest income	60,078	47,620
諮詢費收入 (附註1)	Consultancy fee income (Note 1)	15,330	31,129
可供出售非上市投資的 股息收入	Dividend income from available-for-sale investments unlisted	1,120	685
自一級開發項目收取的 超額賠償 (附註2)	Excess compensation received from primary development project (Note 2)	—	306,000
政府津貼	Government subsidies	8,611	5,406
雜項收入	Sundry income	6,392	30,348
總計	Total	91,531	421,188

附註：

1. 指本集團向中國的獨立第三方提供的有關房地產開發的設計、裝修及諮詢服務。
2. 截至二零零六年十二月三十一日止年度，本集團已與政府訂立聯合土地改造和開發協議並於二零零八年十二月三十一日支付按金合共人民幣794,000,000元（計入收購土地使用權之已付按金內）。於二零零八年十二月十五日，由於該地區的發展計劃有變，本集團訂立協議終止聯合土地改造和開發。根據終止聯合土地改造和開發的協議，來自政府的賠償（包括本集團已付按金）為人民幣1,100,000,000元。截至二零零九年十二月三十一日止年度，本集團已接獲全額賠償，因此超額賠償確認為其他收入。

Notes:

1. It represents the design, decoration and consulting services related to real estate development provided by the Group to independent third parties in the PRC.
2. During the year ended December 31, 2006, the Group entered into a joint land renovation and development agreement with the government and paid deposits which aggregated to RMB794,000,000 totally as at December 31, 2008 (included in the deposits paid for acquisition of land use rights). On December 15, 2008, the Group entered into an agreement to terminate the joint land renovation and development as a result of change in the development plan of that region. Pursuant to the agreement of termination of the joint land renovation and development, the compensation from government (including the deposits paid by the Group) was RMB1,100,000,000. During the year ended December 31, 2009, the Group has received the full amount of the compensation and therefore the excess compensation was recognised as other income accordingly.

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7. 其他收益及虧損

7. OTHER GAINS AND LOSSES

		二零一零年 2010 人民幣千元 RMB'000	二零零九年 2009 人民幣千元 RMB'000
出售物業、廠房及設備的收益	Gain on disposal of property, plant and equipment	434	33
匯兌收益淨額	Net exchange gain	34,218	3,490
出售附屬公司的虧損	Loss on disposal of subsidiary	—	(10,533)
收回壞賬	Bad debt recovery	—	16,000
其他應收款項減值虧損撥回	Reverse of impairment loss on other receivables	—	5,000
		34,652	13,990

8. 融資成本

8. FINANCE COSTS

		二零一零年 2010 人民幣千元 RMB'000	二零零九年 2009 人民幣千元 RMB'000
須悉數償還的銀行及其他借款利息	Interest on bank and other borrowings wholly repayable		
五年內	Within five years	(753,617)	(548,322)
五年後	Over five years	(105,583)	(62,793)
銀行及其他借款總額	Total bank and other borrowings	(859,200)	(611,115)
減：發展中物業的資本化金額	Less: Amount capitalised to properties under development	792,523	583,616
		(66,677)	(27,499)

資本化的借貸成本均源自本集團的一般借款額，於截至二零一零年十二月三十一日止年度按每年5.29%（二零零九年：5.38%）的資本化比率計算，計入未完成資產開支。

Borrowing costs capitalised arose on the general borrowing pool of the Group and were calculated by applying a capitalisation rate of 5.29% (2009: 5.38%) per annum for the year ended December 31, 2010, to expenditure on the qualifying assets.

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9. 所得稅開支

9. INCOME TAX EXPENSE

		二零一零年 2010 人民幣千元 RMB'000	二零零九年 2009 人民幣千元 RMB'000
即期稅項	Current tax		
中國企業所得稅(「企業所得稅」)	PRC enterprise income tax ("EIT")	(1,088,527)	(609,428)
中國土地增值稅(「土地增值稅」)	PRC land appreciation tax ("LAT")	(999,591)	(468,916)
		(2,088,118)	(1,078,344)
上年度超額撥備：	Overprovision in prior year:		
企業所得稅*	EIT*	263,408	—
土地增值稅**	LAT**	60,315	—
		323,723	—
遞延稅項(附註30)	Deferred taxation (note 30)		
本年度***	Current year***	(447,242)	(490,237)
上年度超額撥備****	Overprovision in prior year****	160,536	—
		(286,706)	(490,237)
		(2,051,101)	(1,568,581)

* 截至二零一零年十二月三十一日止年度，若干已落成項目應付之企業所得稅按15%優惠企業所得稅率評估及計算，與往年管理層按33%及25%企業所得稅率而釐定的估計不同，導致本年度須撥回企業所得稅。

** 本年度所確認若干物業項目的實際增值額與往年管理層所估計的增值不同，導致往年土地增值稅超額撥備。

*** 遞延稅項負債包括本年度已就未分派溢利20%作出的預扣稅撥備。

**** 往年根據本公司位於中國的附屬公司股息政策計算之實際派息率為有關年度除稅後溢利約20% (投資物業公平值收益或虧損淨額除外)，與管理層先前預計的有關年度遞延稅項負債撥備不同，導致往年預扣稅超額撥備。

* During the year ended December 31, 2010, the assessment and computation of EIT payable in respect of certain completed projects were finalised at a preferential EIT rate of 15%, which was different from the management's estimation on EIT rate of 33% and 25% in prior years, resulting in a reversal of EIT during the year.

** The actual appreciation value of certain property projects had been finalised in the current year which differs from the management's estimated appreciation value made in prior years, resulting in an overprovision of LAT in respect of prior years.

*** Deferred taxation liabilities include provision for withholding tax which has been provided for 20% of the undistributed profits arising during the current year.

**** The actual dividend payout ratio in prior years, based on the dividend policy set out for the Company's subsidiaries situated in the PRC, was around 20% of the respective year's profit after tax (excluding net fair value gains or losses on investment properties), which differs from the management's previous estimates when it provided for deferred taxation liabilities in previous years, resulting in an overprovision of withholding tax in respect of prior years.

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9. 所得稅開支 (續)

由於本集團的收入既不產自亦非來自香港，故並無作出香港利得稅撥備。

根據中國企業所得稅法（「企業所得稅法」）及企業所得稅法實施條例，自二零零八年一月一日起，中國附屬公司的稅率均為25%。

本公司於中國經營的若干附屬公司合資格享有若干稅項優惠及減免，並豁免繳納本年度的中國企業所得稅。

根據相關中國企業所得稅規則及規例，本公司若干於西部地區成立且從事受鼓勵業務的中國附屬公司獲授優惠企業所得稅稅率。倘該等公司受鼓勵業務所得年收入超過其年總收入的70%，則彼等自二零零二年至二零一零年按15%的優惠稅率繳納企業所得稅，惟須待主管稅務機構批准。本年度已取得相關批准。

9. INCOME TAX EXPENSE (Continued)

No provision for Hong Kong Profits Tax has been made as the Group's income neither arises in, nor is derived from, Hong Kong.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from January 1, 2008 onwards.

Certain of the Company's subsidiaries operating in the PRC are eligible for certain tax holidays and concessions and were exempted from PRC EIT for the year.

Pursuant to the relevant PRC corporate income tax rules and regulations, preferential corporate income tax rates have been granted to certain of the Company's PRC subsidiaries which were established in western regions and engaged in the encouraged business. These companies are subject to a preferential rate of 15% from 2002 to 2010, subject to approval of the tax authority, if the annual income derived from the encouraged business is more than 70% of the annual total income. Approval has been obtained during the current year.

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9. 所得稅開支 (續)

本年度稅費與綜合全面收益表內除稅前溢利的對賬如下：

9. INCOME TAX EXPENSE (Continued)

The tax charge for the year can be reconciled to the profit before taxation per consolidated statement of comprehensive income as follows:

		二零一零年 2010 人民幣千元 RMB'000	二零零九年 2009 人民幣千元 RMB'000
除稅前溢利	Profit before taxation	7,068,474	4,061,040
25%的中國企業所得稅	PRC EIT at 25%	(1,767,119)	(1,015,260)
應佔共同控制實體業績的稅務影響	Tax effect of share of results of jointly controlled entities	45,759	34,000
就稅項而言不可扣除開支的稅務影響(附註1)	Tax effect of expenses not deductible for tax purposes (Note 1)	(101,880)	(73,653)
就稅項而言毋須課稅收入的稅務影響	Tax effect of income not taxable for tax purposes	9,677	698
土地增值稅	LAT	(999,591)	(468,916)
土地增值稅的稅務影響	Tax effect of LAT	249,898	117,229
往年超額撥備	Overprovision in prior years	323,723	—
未確認稅項虧損的稅務影響	Tax effect of tax losses not recognised	(857)	(243)
動用先前未確認的稅項虧損	Utilisation of tax loss previously not recognised	32	68
若干中國附屬公司獲授的稅項豁免及優惠稅率的影響	Effect of tax exemption and concessionary rates granted to certain PRC subsidiaries	53,942	20,194
待分派保留溢利的預扣稅(附註2)	Withholding tax on retained profits to be distributed (Note 2)	135,315	(123,771)
其他(附註3)	Others (note 3)	—	(58,927)
年度稅費	Tax charge for the year	(2,051,101)	(1,568,581)

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9. 所得稅開支 (續)

附註：

1. 該等金額主要包括本集團不可扣減企業開支及若干附屬公司開支超出相關稅法規定的可扣減限額的稅務影響。
2. 根據《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》及國稅發[2008]112號、5%股息預扣稅率適用於直接擁有中國內地公司股本最少25%的香港居民公司。該數額指就若干中國附屬公司於截至二零一零年及二零零九年十二月三十一日止年度所產生未分派溢利而撥備的預扣所得稅。
3. 根據二零零九年三月六日發出於二零零八年一月一日生效之中國稅務通函(國稅發[2009]31號)，二零零九年本公司若干附屬公司所確認與二零零七年預售有關之銷售須按33%而非25%的稅率為所得稅開支計提撥備。有關數額指因確認當年收益而就所得稅開支計提撥備所使用的稅率之間的差異。

9. INCOME TAX EXPENSE (Continued)

Notes:

1. The amount mainly comprises of the tax effect of non-deductible corporate expenses of the Group and the expenses of certain subsidiaries in excess of the allowable deduction limits in accordance with the relevant tax regulations.
2. According to the "Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income" and Guoshuifa [2008]112, where the Hong Kong resident company directly owns at least 25% of the capital of the Mainland company, 5% dividend withholding tax rate is applicable. The amount represents the withholding income tax provided on the undistributed profits arisen during the years ended December 31, 2010 and 2009 of certain PRC subsidiaries.
3. In accordance to the PRC tax circular (Guoshuifa [2009] 31) issued on March 6, 2009 and effective from January 1, 2008, the sales that were recognised by certain subsidiaries of the Company in 2009 which were related to the pre-sale in 2007 had to use 33%, instead of 25% to provide for the income tax expense. The amount represented the difference between the tax rate used to provide for the income tax expense arising from the recognition of revenue in that year.

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10. 年度溢利

10. PROFIT FOR THE YEAR

		二零一零年 2010 人民幣千元 RMB'000	二零零九年 2009 人民幣千元 RMB'000
經扣除(計入)下列各項後的 年度溢利:	Profit for the year has been arrived at after charging (crediting):		
核數師酬金	Auditor's remuneration	3,000	3,000
計入銷售成本的 物業存貨成本	Cost of property inventories included in cost of sales	9,739,314	7,839,702
物業、廠房及設備折舊	Depreciation of property, plant and equipment	24,019	21,863
出售物業、廠房及 設備的收益	Gain on disposal of property, plant and equipment	(434)	(33)
出售附屬公司的虧損	Loss on disposal of subsidiary	—	10,533
收回壞賬	Bad debt recovery	—	(16,000)
其他應收款項減值虧損撥回	Reverse of impairment loss on other receivables	—	(5,000)
經營租賃的租金	Operating lease rentals	9,674	14,458
員工成本	Staff costs		
董事薪酬(包括以權益 結算及股份為 基礎的付款)(附註11)	Directors' emoluments (including equity - settled share-based payments) (note 11)	62,994	44,850
其他員工成本	Other staff costs		
員工成本(不包括 退休福利成本)	Staff costs excluding retirement benefit costs	461,038	403,263
退休福利供款	Retirement benefit contribution	42,420	35,952
以權益結算及股份為 基礎的付款(附註37)	Equity-settled share-based payments (note 37)	61,151	40,070

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10. 年度溢利 (續)

10. PROFIT FOR THE YEAR (Continued)

		二零一零年 2010 人民幣千元 RMB'000	二零零九年 2009 人民幣千元 RMB'000
總員工成本	Total staff costs	627,603	524,135
減：發展中物業的 資本化金額	Less: Amount capitalised to properties under development	(240,815)	(141,717)
		386,788	382,418
投資物業最低租賃收入	Minimum lease income from investment properties	219,710	170,427
或然租金收入	Contingent rental income	67,571	27,548
減：產生租金收入的 直接開支	Less: direct expenses that generated rental income	(61,281)	(56,072)
		226,000	141,903
應佔共同控制實體稅項 (計入應佔共同 控制實體業績)	Share of tax of jointly controlled entities (included in share of results of jointly controlled entities)	98,528	70,268

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11. 董事及僱員薪酬

11. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

		基本薪金 及其他 福利	董事袍金 and other fees	花紅 Bonus	退休福利 供款 Retirement contri-	以權益結算 及股份 為基礎的 付款 Equity- settled share-based payments	總計 Total
		人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000
截至二零一零年 十二月三十一日 止年度	Year ended December 31, 2010	(附註) (Note)					
董事姓名	Name of director						
執行董事：	Executive Director:						
吳亞軍女士	Madam Wu Yajun	—	3,172	4,000	35	—	7,207
林鉅昌先生	Mr. Lin Chu Chang	—	1,650	2,425	66	3,318	7,459
房晟陶先生	Mr. Fang Shengtao	—	2,055	2,900	61	4,986	10,002
陳凱先生	Mr. Chen Kai	—	2,055	4,000	63	14,893	21,011
秦力洪先生	Mr. Qin Lihong	—	2,055	4,000	61	9,237	15,353
獨立非執行董事：	Independent non-executive director:						
Frederick Peter Churchouse先生	Mr. Frederick Peter Churchouse	260	—	—	—	394	654
陳志安先生	Mr. Chan Chi On, Derek	260	—	—	—	394	654
項兵博士	Dr. Xiang Bing	260	—	—	—	394	654
		780	10,987	17,325	286	33,616	62,994

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11. 董事及僱員薪酬 (續)

11. DIRECTORS' AND EMPLOYEES' EMOLUMENTS (Continued)

		基本薪金 及其他 福利	董事袍金 salaries and other fees	花紅 Bonus	退休福利 供款 Retirement benefit contribution	以權益結算 及股份 為基礎的 付款 Equity- settled share-based payments	總計 Total
		人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000
截至二零零九年 十二月三十一日 止年度		Year ended December 31, 2009					
董事姓名	Name of director						
執行董事：	Executive Director:						
吳亞軍女士	Madam Wu Yajun	—	4,103	3,000	30	—	7,133
林鉅昌先生	Mr. Lin Chu Chang	—	2,132	800	80	4,730	7,742
房晟陶先生	Mr. Fang Shengtao	—	1,934	3,424	56	4,220	9,634
陳凱先生	Mr. Chen Kai	—	1,934	4,867	57	2,141	8,999
秦力洪先生	Mr. Qin Lihong	—	1,667	4,791	56	2,041	8,555
蔡奎先生	Mr. Cai Kui	—	2,600	—	25	—	2,625
獨立非執行董事：	Independent non-executive director:						
Frederick Peter Churchouse先生	Mr. Frederick Peter Churchouse	44	—	—	—	10	54
陳志安先生	Mr. Chan Chi On, Derek	44	—	—	—	10	54
項兵博士	Dr. Xiang Bing	44	—	—	—	10	54
		132	14,370	16,882	304	13,162	44,850

附註：與表現獎勵付款相關的花紅按本集團截至二零一零年及二零零九年十二月三十一日止年度的溢利百分比釐定。

Note: The bonus relates to performance related incentive payment which is determined as a percentage of the profit of the Group for the years ended December 31, 2010 and 2009.

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11. 董事及僱員薪酬 (續)

僱員薪酬

五名最高薪酬人士包括截至二零一零年十二月三十一日止年度的三名(二零零九年: 兩名)董事。截至二零一零年十二月三十一日止年度的餘下兩名(二零零九年: 三名)最高薪酬人士的薪酬如下:

		二零一零年 2010 人民幣千元 RMB'000	二零零九年 2009 人民幣千元 RMB'000
僱員	Employees		
- 基本薪金及津貼	- basic salaries and allowances	4,108	5,533
- 花紅	- bonus	7,600	10,646
- 退休福利供款	- retirement benefit contribution	91	112
- 以權益結算及股份為基礎的付款	- equity-settled share-based payments	10,187	12,662
		21,986	28,953

截至二零一零年及二零零九年十二月三十一日止年度, 本集團並無支付本公司董事或五名最高薪酬人士任何薪酬作為鼓勵加入或加入本集團後的獎勵或作為離職補償。截至二零一零年及二零零九年十二月三十一日止年度, 本公司董事概無放棄任何薪酬。

彼等的薪酬介乎下列範圍:

		人數 Number of Individuals	
		二零一零年 2010	二零零九年 2009
10,500,001港元至 11,000,000港元	HK\$10,500,001 to HK\$11,000,000	—	2
11,500,001港元至 12,000,000港元	HK\$11,500,001 to HK\$12,000,000	—	1
12,500,001港元至 13,000,000港元	HK\$12,500,001 to HK\$13,000,000	1	—
13,000,001港元至 13,500,000港元	HK\$13,000,001 to HK\$13,500,000	1	—

11. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

(Continued)

Employee's emoluments

The five highest paid individuals included three (2009: two) directors for the year ended December 31, 2010. The emoluments of the remaining two (2009: three) highest paid individuals for the year ended December 31, 2010 are as follows:

During the years ended December 31, 2010 and 2009, no emoluments were paid by the Group to the directors of the Company or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors of the Company has waived any emoluments during the years ended December 31, 2010 and 2009.

Their emoluments were within the following bands:

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截至二零一零年十二月三十一日止年度
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12. 股息

12. DIVIDEND

		二零一零年 2010 人民幣千元 RMB'000	二零零九年 2009 人民幣千元 RMB'000
年內確認分派的股息：	Dividend recognised as distribution during the year:		
已宣派及支付予當時股東的股息	Dividends declared and paid to the then shareholders	—	88,120
二零零九年派付的末期股息每股人民幣0.063元	Final dividend paid in respect of 2009 of RMB0.063 per share	324,450	—
		324,450	88,120

二零零九年十月二日，本公司向其當時股東宣派股息100,000,000港元(相當於人民幣88,120,000元)，惟須待本公司股份上市後方可作實。

董事建議派發截至二零一零年十二月三十一日止年度的末期股息人民幣515,500,000元，每股人民幣0.1元(二零零九年：截至二零零九年十二月三十一日止年度的末期股息為人民幣324,450,000元，每股人民幣0.063元)，惟須待股東於應屆股東週年大會批准。

On October 2, 2009, the Company declared dividend of HK\$100,000,000 (equivalent to RMB88,120,000), which was conditional upon the listing of the Company's shares, to the then shareholders of the Company.

A final dividend of RMB515,500,000, RMB0.1 per share, in respect of the year ended December 31, 2010 (2009: final dividend of RMB324,450,000, RMB0.063 per share, in respect of the year ended December 31, 2009) has been proposed by the directors and is subject to approval by the shareholders in the forthcoming Annual General Meeting.

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截至二零一零年十二月三十一日止年度
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13. 每股盈利

本公司擁有人應佔每股基本及攤薄盈利的計算乃基於以下數據：

		二零一零年 2010 人民幣千元 RMB'000	二零零九年 2009 人民幣千元 RMB'000
用於計算每股基本及攤薄盈利的本公司擁有人應佔盈利	Earnings attributable to the owners of the Company for the purposes of calculation of basic and diluted earnings per share	4,130,156	2,209,207

股份數目	Number of shares	二零一零年 2010 千股 '000	二零零九年 2009 千股 '000
用於計算每股基本盈利的普通股加權平均數	Weighted average number of ordinary shares for the purpose of calculation of basic earnings per share	5,152,671	4,132,192
購股權相關之普通股的潛在攤薄影響	Effect of dilutive potential ordinary shares in respect of – share options	21,667	23,825
用於計算每股攤薄盈利的普通股加權平均數	Weighted average number of ordinary shares for the purpose of calculation of diluted earnings per share	5,174,338	4,156,017

截至二零一零年及二零零九年十二月三十一日止年度，於計算每股攤薄盈利時，並無考慮根據二零零九年十二月二十三日採納的首次公開發售後購股權計劃發行的尚未行使購股權，乃由於在二零一零年及二零零九年未行使期間，經調整行使價高於本公司股份的平均市價。

13. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

		二零一零年 2010 人民幣千元 RMB'000	二零零九年 2009 人民幣千元 RMB'000
用於計算每股基本及攤薄盈利的本公司擁有人應佔盈利	Earnings attributable to the owners of the Company for the purposes of calculation of basic and diluted earnings per share	4,130,156	2,209,207

股份數目	Number of shares	二零一零年 2010 千股 '000	二零零九年 2009 千股 '000
用於計算每股基本盈利的普通股加權平均數	Weighted average number of ordinary shares for the purpose of calculation of basic earnings per share	5,152,671	4,132,192
購股權相關之普通股的潛在攤薄影響	Effect of dilutive potential ordinary shares in respect of – share options	21,667	23,825
用於計算每股攤薄盈利的普通股加權平均數	Weighted average number of ordinary shares for the purpose of calculation of diluted earnings per share	5,174,338	4,156,017

For the years ended December 31, 2010 and 2009, the outstanding share options issued under the Post-IPO share option scheme adopted on December 23, 2009 are not included in the calculation of diluted earnings per share as the adjusted exercise price was greater than the average market price of the Company's share during the outstanding period in 2010 and 2009.

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14. 投資物業

14. INVESTMENT PROPERTIES

		已落成投資物業 Completed investment properties 人民幣千元 RMB'000	在建投資物業 Investment properties under construction 人民幣千元 RMB'000	總計 Total 人民幣千元 RMB'000
公平值		FAIR VALUE		
於二零零九年一月一日	At January 1, 2009	3,759,100	—	3,759,100
添置	Additions	23,745	—	23,745
出售	Disposal	(5,490)	—	(5,490)
於損益表確認的 公平值增加淨額	Net increase in fair value recognised in profit or loss	920,945	—	920,945
於二零零九年 十二月三十一日		4,698,300	—	4,698,300
添置	Additions	20,331	438,378	458,709
轉撥自預付租賃款項	Transfer from prepaid lease payments	—	68,000	68,000
轉撥自發展中 待售物業(附註)	Transfer from properties under development for sale (Note)	98,500	192,388	290,888
轉撥自持作出售物業(附註)	Transfer from properties held for sales (Note)	34,990	—	34,990
轉撥自在建投資物業	Transfer from investment properties under construction	688,121	—	688,121
轉撥至已落成物業	Transfer to completed properties	—	(688,121)	(688,121)
發展中待售物業轉撥至 投資物業之公平值收益	Fair value gain upon transfer of properties under development for sales to investment properties	284,200	443,213	727,413
持作出售物業轉撥至 投資物業之公平值收益	Fair value gain upon transfer of properties held for sales to investment properties	1,110	—	1,110
預付租賃款項轉撥至 投資物業之公平值收益	Fair value gain upon transfer of prepaid lease payments to investment properties	—	48,500	48,500
於損益確認的公平值 增加淨額	Net increase in fair value recognised in profit or loss	1,500,748	212,342	1,713,090
於二零一零年 十二月三十一日		7,326,300	714,700	8,041,000

附註：由於與外界人士的經營租賃已開始，顯示物業用途已改變，故自發展中待售物業及持作出售物業轉撥為投資物業。

Note: The transfers from properties under development for sales and properties held for sales to investment properties were made since there was a change in use as evidenced by the commencement of operating leases to outside parties.

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14. 投資物業 (續)

投資物業均位於中國，屬中期租賃。

本集團投資物業於轉撥之日以及二零一零年及二零零九年十二月三十一日的公平值乃基於由與本集團並無關連的一家獨立合資格專業估值師第一太平戴維斯估值及專業顧問有限公司(其於相關地點類似物業的估值上擁有適當資格及新近經驗)於該等日期進行的估值編製。

估值師採用以下基準釐定投資物業的公平值：

已落成物業—採用直接比較法透過參考相關市場上可資比較的銷售交易，以及如情況合適，將現有租約所得租金收入淨額撥充資本計算，並適當考慮有關物業可能重訂租約收入。

在建物業—基於有關物業將根據最新發展建議發展及落成的假設估值，並計及完成發展項目將支銷的成本以反映已完成發展項目的質量。

投資物業均位於中國，屬中期租賃。本集團用作賺取租金或作資本增值用途的所有租賃土地及樓宇的物業權益以公平值模式計量並分類及入賬列作投資物業。

14. INVESTMENT PROPERTIES (Continued)

The investment properties are all situated in the PRC under medium-term lease.

The fair values of the Group's investment properties at dates of transfer and December 31, 2010 and 2009 have been arrived at on the basis of valuations carried out on those dates by Savills Valuation and Professional Services Limited, a firm of independent qualified professional valuers not connected with the Group, who have appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations.

The fair values of the investment properties were determined by the valuers on the following basis:

Completed properties - arrived at using the direct comparison approach by making reference to comparable sales transactions as available in the relevant markets and where appropriate, by capitalising the net rental income derived from the existing tenancies with due allowance for reversionary incoming potential of the respective properties.

Properties under construction - valued on the basis that they will be developed and completed in accordance with the latest development proposals and taken into account the constructions costs that will be expended to complete the development to reflect the quality of the completed development.

The investment properties are situated in the PRC under medium term lease. All of the Group's property interests in leasehold land and buildings to earn rentals or for capital appreciation purposes are measured using the fair value model and classified and accounted for as investment properties.

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15. 物業、廠房及設備

15. PROPERTY, PLANT AND EQUIPMENT

		樓宇 Buildings 人民幣千元 RMB'000	機動 車輛 Motor vehicles 人民幣千元 RMB'000	設備及傢俱 Equipment and furniture 人民幣千元 RMB'000	總計 Total 人民幣千元 RMB'000
成本	COST				
於二零零九年一月一日	At January 1, 2009	152,309	32,096	23,575	207,980
添置	Additions	1,844	3,501	8,299	13,644
收購附屬公司	Acquisition of subsidiaries	—	—	39	39
於竣工時轉撥自 發展中物業	Transfer from properties under development upon completion of construction	17,591	—	—	17,591
出售	Disposals	(6,281)	(124)	(1,004)	(7,409)
於二零零九年 十二月三十一日	At December 31, 2009	165,463	35,473	30,909	231,845
添置	Additions	3,512	5,770	17,523	26,805
出售	Disposals	(1,844)	(4,301)	(1,311)	(7,456)
於二零一零年 十二月三十一日	At December 31, 2010	167,131	36,942	47,121	251,194
累計折舊	ACCUMULATED DEPRECIATION				
於二零零九年一月一日	At January 1, 2009	20,192	11,990	8,822	41,004
年度扣除	Charge for the year	9,327	5,436	7,100	21,863
出售時抵銷	Eliminated on disposals	(1,890)	(117)	(876)	(2,883)
於二零零九年 十二月三十一日	At December 31, 2009	27,629	17,309	15,046	59,984
年度扣除	Charge for the year	8,178	6,040	9,801	24,019
出售時抵銷	Eliminated on disposals	(1,035)	(2,356)	(1,159)	(4,550)
於二零一零年 十二月三十一日	At December 31, 2010	34,772	20,993	23,688	79,453
賬面值	CARRYING VALUES				
於二零一零年 十二月三十一日	At December 31, 2010	132,359	15,949	23,433	171,741
於二零零九年 十二月三十一日	At December 31, 2009	137,834	18,164	15,863	171,861

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15. 物業、廠房及設備 (續)

上述物業、廠房及設備項目經計及按以下年率計算的估計剩餘價值後以直線法折舊：

樓宇 按估計可使用年期20年
或租期，以較短者為準

機動車輛 20%
設備及傢俱 33%

樓宇所在土地均位於中國，根據中期租賃持有。

本集團於二零一零年及二零零九年十二月三十一日概無已抵押任何物業、廠房及設備。

16. 預付租賃款項

預付租賃款項的賬面值指在中國持有的土地使用權，分析如下：

中期	Medium term
長期	Long term
非即期	Non-current

本集團預付租賃款項指為在中國取得介乎40年至70年租期作物業開發的土地使用權所支付的款項。於二零一零年十二月三十一日，本集團尚未自相關機構取得賬面值約人民幣4,798,585,000元(二零零九年：人民幣2,110,150,000元)的預付租賃土地使用權證。

15. PROPERTY, PLANT AND EQUIPMENT (Continued)

The above items of property, plant and equipment are depreciated using the straight-line method after taking into account of their estimated residual values at the following rates per annum:

Buildings Over the estimated useful lives of 20 years or the term of the leases, if shorter
Motor vehicles 20%
Equipment and furniture 33%

The buildings are all situated on land in the PRC held under medium-term leases.

The Group had not pledged any property, plant and equipment at December 31, 2010 and 2009.

16. PREPAID LEASE PAYMENTS

The carrying amount of prepaid lease payments represents land use rights held in the PRC and is analysed as follows:

	二零一零年 2010 人民幣千元 RMB'000	二零零九年 2009 人民幣千元 RMB'000
中期	934,856	135,936
長期	6,947,146	3,058,271
非即期	7,882,002	3,194,207

The Group's prepaid lease payments represent payments for obtaining the land use rights in the PRC with lease terms ranging from 40 to 70 years for the purpose of property development. The Group had not yet obtained the certificates of land use rights of prepaid leases with a carrying value of approximately RMB4,798,585,000 (2009: RMB2,110,150,000) from the relevant authorities at December 31, 2010.

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17. 於聯營公司的權益

17. INTERESTS IN ASSOCIATES

		二零一零年 2010 人民幣千元 <i>RMB'000</i>	二零零九年 2009 人民幣千元 <i>RMB'000</i>
投資成本，非上市	Cost of investments, unlisted	415	415
減：已確認減值虧損	Less: Impairment loss recognised	(414)	(414)
		1	1

於二零一零年十二月三十一日之聯營公司的詳情載於附註41。

Details of the associates as at December 31, 2010 are set out in note 41.

18. 於共同控制實體的權益

18. INTERESTS IN JOINTLY CONTROLLED ENTITIES

		二零一零年 2010 人民幣千元 <i>RMB'000</i>	二零零九年 2009 人民幣千元 <i>RMB'000</i>
投資成本，非上市	Cost of investments, unlisted	2,225,685	2,225,681
應佔收購後溢利， 扣除已收股息	Share of post-acquisition profits, net of dividend received	238,414	148,153
		2,464,099	2,373,834

於二零一零年十二月三十一日之共同控制實體的詳情載於附註41。

Details of the jointly controlled entities as at December 31, 2010 are set out in note 41.

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18. 於共同控制實體的權益 (續)

以權益會計法列賬的本集團應佔共同控制實體權益的財務資料概要載列如下：

18. INTERESTS IN JOINTLY CONTROLLED ENTITIES

(Continued)

The summarised financial information in respect of the Group's jointly controlled entities attributable to the Group's interest therein which are accounted for using the equity accounting method is set out below:

		二零一零年 2010 人民幣千元 RMB'000	二零零九年 2009 人民幣千元 RMB'000
非流動資產	Non-current assets	835,818	850,815
流動資產	Current assets	3,221,357	2,837,805
流動負債	Current liabilities	(881,199)	(659,065)
非流動負債	Non-current liabilities	(711,877)	(655,721)
收入	Income	1,529,696	573,145
開支	Expenses	(1,346,661)	(437,147)

19. 可供出售投資

19. AVAILABLE-FOR-SALE INVESTMENTS

		二零一零年 2010 人民幣千元 RMB'000	二零零九年 2009 人民幣千元 RMB'000
非上市權益證券，按成本	Unlisted equity securities, at cost	8,600	8,600

上述非上市權益投資指投資於在中國成立的私營實體發行的非上市權益證券。由於該等投資的合理公平值估計範圍甚大，本公司董事認為不能可靠計量其公平值，故其於各報告期末以成本扣減減值計量。

The above unlisted equity investments represent the investments in unlisted equity securities issued by private entities established in the PRC. They are measured at cost less impairment at the end of the reporting period because the range of reasonable fair value estimates is so significant that the directors of the Company are of the opinion that its fair value cannot be reliably measured.

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20. 存貨

20. INVENTORIES

		二零一零年 2010 人民幣千元 <i>RMB'000</i>	二零零九年 2009 人民幣千元 <i>RMB'000</i>
建築材料	Construction materials	414,463	300,420
消費品及其他	Consumables and others	1,476	628
		415,939	301,048

21. 發展中的待售物業

21. PROPERTIES UNDER DEVELOPMENT FOR SALES

		二零一零年 2010 人民幣千元 <i>RMB'000</i>	二零零九年 2009 人民幣千元 <i>RMB'000</i>
成本	COST		
於年初	At the beginning of the year	18,312,478	14,890,771
添置	Additions	19,318,981	7,560,542
透過增持附屬公司	Additions through additional interests		
權益/收購	in subsidiaries/acquisition		
附屬公司添置	of subsidiaries	30,000	826,204
出售一家附屬公司	Disposal of a subsidiary	—	(18,112)
動工時轉撥自	Transfer from prepaid lease payments		
預付租賃款項	upon commencement of construction	6,012,090	1,431,482
轉撥至持作出售物業	Transfer to properties held for sales	(11,792,036)	(6,360,818)
竣工時轉撥至物業、	Transfer to property, plant and equipment		
廠房及設備	upon completion of construction	—	(17,591)
轉撥至投資物業	Transfer to investment properties	(290,888)	—
於年終	At the end of the year	31,590,625	18,312,478

發展中待售物業均位於中國，屬中期租賃。

於二零一零年十二月三十一日，計入發展中待售物業分類為流動資產的賬面值人民幣23,913,000,000元（二零零九年：人民幣5,778,000,000元），指預期自報告期末起逾十二個月後完工及出售的物業的賬面值。

The properties under development for sales are located in the PRC under medium-term lease.

Included in the properties under development for sales classified as current assets as at December 31, 2010 is carrying value of RMB23,913 million (2009: RMB5,778 million) which represents the carrying value of the properties expected to be completed and sold after more than twelve months from the end of the reporting period.

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22. 持作出售物業

本集團的持作出售物業位於中國。所有持作出售物業均以成本列賬。

22. PROPERTIES HELD FOR SALES

The Group's properties held for sales are situated in the PRC. All the properties held for sales are stated at cost.

23. 應收賬款及其他應收款項、按金及預付款項

貿易應收款項主要源自物業銷售。有關物業銷售的代價根據相關買賣協議條款，通常自協議之日起計45日內由買方支付。預售合約代價將在物業交付予買方之前悉數收取。

23. ACCOUNTS AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

Trade receivables are mainly arisen from sales of properties. Considerations in respect of sales of properties are paid by purchases in accordance with the terms of the related sales and purchase agreements, normally within 45 days from the agreement. Considerations under pre-sale contracts will be fully received prior to the delivery of the properties to the purchasers.

		二零一零年 2010 人民幣千元 RMB'000	二零零九年 2009 人民幣千元 RMB'000
貿易應收款項	Trade receivables	343,397	143,394
其他應收款項， 減呆賬撥備	Other receivables, net of allowance for doubtful debts	543,690	209,572
向供應商墊款	Advances to suppliers	191,188	246,246
預付稅項	Prepaid tax	1,429,263	782,961
預付款項及設施按金	Prepayments and utilities deposits	8,755	724
		2,516,293	1,382,897

以下為報告期末按發票日期呈列之貿易應收款項的賬齡分析：

The following is an aged analysis of trade receivables presented based on the invoice date at the end of the reporting period:

		二零一零年 2010 人民幣千元 RMB'000	二零零九年 2009 人民幣千元 RMB'000
60日內	Within 60 days	337,531	136,261
61至180日	61 - 180 days	5,866	4,652
181至365日	181 - 365 days	—	2,481
1至2年	1 - 2 years	—	—
		343,397	143,394

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23. 應收賬款及其他應收款項、按金及預付款項 (續)

於二零一零年十二月三十一日，98% (二零零九年：95%) 的貿易應收款項既無過期亦無減值，且信貸質素令人滿意。

於二零一零年十二月三十一日計入本集團應收賬款結餘的貿易應收款項之賬面值為約人民幣5,886,000元 (二零零九年：人民幣7,133,000元)，其已於報告期末過期，但由於本集團保留於各報告期末售予該等客戶物業的業權且相關物業的估計公平值預期高於尚未收取的應收款項金額，故本集團並無就該等款項作出撥備。

於釐定貿易應收款項是否可收回時，本集團考慮自首次授出信貸日期至報告期末貿易應收款項信貸質素的任何變動。由於客戶基礎龐大且無關連，故信貸風險集中程度有限。

接納任何客戶前，本集團採用內部信用評估體系評估潛在客戶的信貸質素，釐定個別客戶的信貸限額，並於報告期末考慮作出充足撥備。並無逾期亦無減值之結餘均具備良好的信貸質素。

於二零一零年十二月三十一日，其他應收款項主要包括臨時付款及已付但於到期日可退還的各項項目相關按金，該等款項已減值約人民幣12,000,000元 (二零零九年：人民幣39,566,000元)，原因為對手方陷入嚴重的財政困難且本集團並無就該等結餘持有任何抵押。餘下的結餘尚未逾期。

23. ACCOUNTS AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (Continued)

At December 31, 2010, 98% (2009: 95%) of the trade receivables are neither past due nor impaired and with satisfactory credit quality.

Included in the Group's accounts receivable balance are trade receivables with a carrying amount of approximately RMB5,886,000 (2009: RMB7,133,000) at December 31, 2010 which are past due at the end of the reporting period for which the Group has not provided for as the Group has retained the legal titles of the properties sold to these customers at each end of the reporting period and the estimated fair value of the relevant properties is expected to be higher than the outstanding receivable amount.

In determining the recoverability of trade receivables, the Group considers any change in the credit quality of the trade receivables from the date credit was initially granted up to the end of the reporting period. The concentration of credit risk is limited due to the customer base being large and unrelated.

Before accepting any customers, the Group uses an internal credit assessment system to assess the potential customers' credit quality and defines credit limits by customer, and considers adequate allowance has been made at the end of the reporting period. Balances which are neither past due nor impaired are all with good credit quality.

Other receivables include mainly temporary payments and miscellaneous projects related deposits paid which are refundable upon maturity, of which, approximately RMB12,000,000 (2009: RMB39,566,000) was impaired as at December 31, 2010 because the counterparties are in severe financial difficulties and the Group does not hold any collateral over these balances. The remaining balance was not yet due for repayment.

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23. 應收賬款及其他應收款 項、按金及預付款項 (續)

其他應收款項的呆賬撥備變動：

23. ACCOUNTS AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (Continued)

Movements in the allowance for doubtful debts on other receivables:

		二零一零年 2010 人民幣千元 RMB'000	二零零九年 2009 人民幣千元 RMB'000
年初結餘	Balance at the beginning of the year	39,566	44,566
年內已收回的款項	Amounts recovered during the year	—	(5,000)
年內不可收回撤銷的款項	Amounts written off as uncollectible during the year	(27,566)	—
年末結餘	Balance at the end of the year	12,000	39,566

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24. 應收共同控制實體款項

應收共同控制實體款項無抵押、免息且須於一年內償還。

25. 已抵押銀行存款／銀行結餘及現金

已抵押銀行存款以人民幣計值，指抵押予銀行的存款，確保為客戶提供按揭擔保。於二零一零年十二月三十一日，存款的固定年利率為0.36%（二零零九年：0.36%）。

銀行結餘及現金包括本集團持有的現金及原到期限為三個月或以下的活期存款。

金融機構的現金存款年利率為零至2.75%（二零零九年：零至2.25%）。

24. AMOUNTS DUE FROM JOINTLY CONTROLLED ENTITIES

The amounts due from jointly-controlled entities are unsecured, interest-free and are repayable within one year.

25. PLEDGED BANK DEPOSITS/BANK BALANCES AND CASH

Pledged bank deposits are denominated in RMB which represent deposits pledged to the banks to secure the mortgage guarantees provided to customers. The deposits carry fixed rate at 0.36% (2009: 0.36%) per annum at December 31, 2010.

Bank balances and cash comprise cash held by the Group and demand deposits with an original maturity of three months or less.

The interest rates on cash placed with financial institutions ranged from nil to 2.75% (2009: nil to 2.25%) per annum.

		二零一零年 2010 人民幣千元 RMB'000	二零零九年 2009 人民幣千元 RMB'000
按貨幣分析的已抵押銀行存款／銀行結餘及現金：	Analysis of pledged bank deposits/bank balances and cash by currency:		
– 以人民幣計值	– Denominated in RMB	9,932,239	4,199,624
– 以港元計值	– Denominated in HKD	361,272	2,077,520
– 以美元（「美元」）計值	– Denominated in United States dollars (“USD”)	69,040	1,020,637
		10,362,551	7,297,781

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26. 應付賬款、已收按金及應計費用

26. ACCOUNTS PAYABLE, DEPOSITS RECEIVED AND ACCRUED CHARGES

		二零一零年 2010 人民幣千元 RMB'000	二零零九年 2009 人民幣千元 RMB'000
貿易應付款項及應計建築開支	Trade payables and accrued expenditure on construction	2,618,597	1,611,284
應付票據	Bills payable	5,306	42,738
已收按金及物業銷售預收款項	Deposits received and receipt in advance from property sales	26,291,986	13,340,989
其他應付款項及應計費用	Other payables and accrued charges	2,558,978	1,367,309
		31,474,867	16,362,320

貿易應付款項及應計建築開支包括建築費用及其他項目相關開支，乃根據本集團計量的項目進度支付。本集團已制定財務風險管理政策，以確保所有應付款項於信貸期限內償還。

Trade payables and accrued expenditure on construction comprise construction costs and other project-related expenses which are payable based on project progress measured by the Group. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

以下為於報告期末，貿易應付款項、應計建築開支及應付票據的賬齡分析：

The following is an aged analysis of trade payables and accrued expenditure on construction and bills payable at the end of the reporting period:

		二零一零年 2010 人民幣千元 RMB'000	二零零九年 2009 人民幣千元 RMB'000
60日內	Within 60 days	2,174,354	1,396,739
61至180日	61 - 180 days	223,733	142,015
181至365日	181 - 365 days	131,905	76,478
1至2年	1 - 2 years	68,066	34,270
2至3年	2 - 3 years	15,868	2,499
超過3年	Over 3 years	9,977	2,021
		2,623,903	1,654,022

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27. 應付共同控制實體款項

該款項以人民幣計值，為無抵押、免息及須於要求時償還。

27. AMOUNTS DUE TO JOINTLY CONTROLLED ENTITIES

The amounts are denominated in RMB which are unsecured, interest free and repayable on demand.

28. 銀行及其他借款

28. BANK AND OTHER BORROWINGS

		二零一零年 2010 人民幣千元 RMB'000	二零零九年 2009 人民幣千元 RMB'000
銀行貸款，有抵押	Bank loans, secured	7,614,700	5,810,000
銀行貸款，無抵押	Bank loans, unsecured	7,765,665	2,240,310
其他貸款，有抵押	Other loan, secured	246,000	—
其他貸款，無抵押	Other loan, unsecured	310,000	329,000
債券，有抵押	Bond, secured	1,387,994	1,386,195
		17,324,359	9,765,505

借款須於以下期限內償還(附註)：

The borrowings are repayable (Note):

		二零一零年 2010 人民幣千元 RMB'000	二零零九年 2009 人民幣千元 RMB'000
一年內	Within one year	2,859,870	3,710,200
多於一年， 但不超過兩年	More than one year, but not exceeding two years	4,567,603	1,868,750
多於兩年， 但不超過三年	More than two years, but not exceeding three years	7,221,174	2,800,360
多於三年， 但不超過四年	More than three years, but not exceeding four years	957,718	—
超過五年	Exceeding five years	1,717,994	1,386,195
		17,324,359	9,765,505
減：流動負債所示 一年內到期款項	Less: Amount due within one year shown under current liabilities	(2,859,870)	(3,710,200)
一年後到期款項	Amount due after one year	14,464,489	6,055,305

附註：到期款項乃根據貸款協議所載計劃還款日列示。

Note: The amounts due are based on scheduled repayment dates set out in the loan agreements.

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28. 銀行及其他借款

28. BANK AND OTHER BORROWINGS (Continued)

		二零一零年 2010 人民幣千元 RMB'000	二零零九年 2009 人民幣千元 RMB'000
借款的貨幣分析：	Analysis of borrowings by currency:		
– 以人民幣計值	– Denominated in RMB	14,666,684	8,691,295
– 以港元計值	– Denominated in HKD	2,657,675	1,074,210
		17,324,359	9,765,505

於報告期末的若干銀行、其他貸款及債券以附註33所載抵押資產所擔保。

Certain bank, other loans and bonds as at the end of the reporting period were secured by the pledge of assets as set out in note 33.

於二零一零年十二月三十一日的銀行及其他貸款包括年利率介乎3.08%至5.81% (二零零九年：3.08%至5.4%) 的定息貸款約人民幣4,077,275,000元 (二零零九年：人民幣1,483,210,000元)，因此本集團面對公平值利率風險。截至二零一零年十二月三十一日止年度的其餘貸款為浮息借款，根據中國人民銀行所報利率釐定，實際年利率介乎5.13%至6.40% (二零零九年：4.86%至5.67%)。

Bank and other loans include approximately RMB4,077,275,000 (2009: RMB1,483,210,000) fixed rate loans which carry interest ranging from 3.08% to 5.81% (2009: 3.08% to 5.4%) per annum at December 31, 2010, and exposing the Group to fair value interest rate risk. The remaining loans are arranged at variable rate based on the interest rates quoted by the People's Bank of China, the effective interest rate is ranging from 5.13% to 6.40% (2009: 4.86% to 5.67%) per annum for the year ended December 31, 2010.

於二零零九年五月五日，本集團發行本金額為人民幣1,400,000,000元及將於二零一六年五月五日悉數償還的債券 (可提早贖回)。債券於首五年按每年6.7%的固定息率計息，須每半年支付，本集團可選擇自二零一四年五月五日起一次性上調最多100個基點 (包括該點)。本集團將於二零一四年四月二十五日釐定利率，選擇調高利率，惟倘釐定維持利率6.7%，債券持有人屆時可選擇按面值贖回全部或部分債券。該等債券部分 (人民幣1,100,000,000元) 於上海證券交易所上市及買賣。債券以本集團的若干物業及土地使用權擔保。

On May 5, 2009, the Group issued a bond of the principal amount of RMB1,400,000,000 and will be repayable in full by May 5, 2016, subject to early redemption. The bond bears fixed coupon interest rate at 6.7% per annum for the first five years payable semi-annually in arrears and is subject to an one-off upward adjustment of up to 100 basis points (inclusive) from May 5, 2014 at the election of the Group. The Group will determine on April 25, 2014 the interest rate by election of an upward adjustment to the interest rate but if it determines to maintain the interest rate at 6.7%, the holder of the bond then may elect to redeem all or part of the bond at the face value. A portion of such bond (RMB1,100,000,000) is listed and traded on the Shanghai Stock Exchange. The bond is secured by certain properties and land use rights of the Group.

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28. 銀行及其他借款 (續)

管理層估計，債券於二零一零年十二月三十一日的公平值約為人民幣1,468,320,000元(二零零九年：人民幣1,437,800,000元)。債券已上市及未上市部分之公平值乃參考債券已上市部分的市場報價計算。

28. BANK AND OTHER BORROWINGS (Continued)

Management estimates the fair value of the bond at December 31, 2010 to be approximately RMB1,468,320,000 (2009: RMB1,437,800,000). The fair values of both the listed and unlisted portions of the bond have been calculated with reference to the quoted market price of the listed portion of the bond.

29. 資本及儲備

29. CAPITAL AND RESERVES

		普通股數目 Number of ordinary shares	面值 Nominal value 千港元 HK\$'000
法定	Authorised		
於二零零九年 一月一日、二零零九年 十二月三十一日及 二零一零年十二月三十一日	At January 1, 2009, December 31, 2009 and December 31, 2010	10,000,000,000	1,000,000
已發行及繳足	Issued and fully paid		
於二零零九年一月一日	At January 1, 2009	4,000,000,000	400,000
根據全球發售 發行股份(附註(a)(i))	Issue of shares by global offering (note (a)(i))	1,150,000,000	115,000
於二零零九年十二月三十一日	At December 31, 2009	5,150,000,000	515,000
行使購股權 發行股份(附註(a)(ii))	Issue of shares upon exercise of share options (note (a)(ii))	5,000,000	500
於二零一零年十二月三十一日	At December 31, 2010	5,155,000,000	515,500
綜合財務報表所示	Shown in the consolidated financial statements	等值人民幣元 RMB equivalent	
於二零一零年十二月三十一日	At December 31, 2010	RMB equivalent	453,410
於二零零九年十二月三十一日	At December 31, 2009	等值人民幣元 RMB equivalent	
		RMB equivalent	452,972

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29. 資本及儲備 (續)

(a) 股本

- (i) 於二零零九年十一月，本公司根據首次公開發售透過香港公開發售及全球發售按每股7.07港元的價格發行1,150,000,000股每股面值0.1港元的股份。本公司於年內發行的所有股份在各方面均享有同等權益。
- (ii) 截至二零一零年十二月三十一日止年度，本公司因行使購股權發行5,000,000股每股面值0.1港元的股份。期內購股權的行使價為2.94港元(相當於人民幣2.57元)。已發行新股在各方面與當時已有股份享有同等權益。

(b) 儲備

儲備名稱、性質及用途

(i) 股份溢價

二零一零年及二零零九年十二月三十一日的股份溢價指本公司股份溢價。

股份溢價賬受開曼群島公司法規管，並可由本公司根據(如有)組織章程大綱及細則的規定作以下用途：(a)支付分配或股息予股東；(b)繳足將發予權益股東作為繳足紅股的本公司未發行股份；(c)按開曼群島公司法第37條的規定贖回及購回股份；(d)撇銷公司開辦費用；(e)撇銷發行本公司股份或債券的費用或就此支付的佣金或給予的折扣；及(f)作為贖回或購買本公司任何股份或債券時須予支付的溢價。

29. CAPITAL AND RESERVES (Continued)

(a) Share capital

- (i) In November, 2009, 1,150,000,000 shares of HK\$0.1 each were issued pursuant to the initial public offering of the Company by way of Hong Kong public offering and global offering at a price of HK\$7.07 per share. All the shares which were issued by the Company during the year rank pari passu with each other in all respects.
- (ii) During the year ended December 31, 2010, the Company issued 5,000,000 shares of HK\$0.1 each upon exercise of share options. The exercise price of the share options during the period is HK\$2.94 (equivalent to RMB 2.57). The new shares issued rank pari passu with the then existing shares in all aspects.

(b) Reserves

Name nature and purpose of reserves

(i) Share premium

Share premium at December 31, 2010 and 2009 represented share premium of the Company.

The share premium account is governed by the Cayman Companies Law and may be applied by the Company subject to the provisions, if any, of its memorandum and articles of association in (a) paying distributions or dividends to members; (b) paying up unissued shares of the Company to be issued to equity shareholders as fully paid bonus shares; (c) the redemption and repurchase of shares (subject to the provisions of section 37 of the Cayman Companies Law); (d) writing-off the preliminary expenses of the Company; (e) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the Company; and (f) providing for the premium payable on redemption or purchase of any shares or debentures of the Company.

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29. 資本及儲備 (續)

(b) 儲備 (續)

儲備名稱、性質及用途 (續)

(i) 股份溢價 (續)

除非於緊隨建議作出分派或支付股息日期後，本公司可償還日常業務中到期的債務，否則不得自股份溢價賬向權益股東作出任何分派或支付任何股息。

(ii) 資本儲備

為籌備本公司股份上市，於二零零八年六月十一日，透過發行3,999,999,000股每股面值0.1港元的股份完成集團重組。本公司所發行股份的面值與嘉遜發展香港(控股)有限公司(「嘉遜發展」，本集團當時的控股公司)的股本總額之間的差額記入資本儲備。

二零零九年十月二日，本公司向其當時股東宣派股息100,000,000港元(相當於人民幣88,120,000元)計入資本儲備，惟須待本公司股份上市後方可作實。

29. CAPITAL AND RESERVES (Continued)

(b) Reserves (Continued)

Name nature and purpose of reserves (Continued)

(i) Share premium (Continued)

Provided that no distribution or dividend may be paid to the equity shareholders out of the share premium account unless immediately following the date on which the distribution or dividend is proposed to be paid, the Company will be able to pay its debts as they fall due in the ordinary course of business.

(ii) Capital reserve

On June 11, 2008, a group reorganisation was completed for the preparation of the listing of the Company's shares by issuing 3,999,999,000 shares of HK\$0.1 each. The difference between the nominal amount of the shares issued by the Company and the aggregate amount of the share capital of Juntion Development Hong Kong (Holding) Limited ("Juntion Development"), then holding company of the Group, is charged to capital reserve.

On October 2, 2009, the Company declared dividend of HK\$100,000,000 (equivalent to RMB88,120,000), which was conditional upon the listing of the Company's shares, to the then shareholders of the Company and charged to capital reserve.

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29. 資本及儲備 (續)

(b) 儲備 (續)

儲備名稱、性質及用途 (續)

(iii) 特別儲備

截至二零零七年十二月三十一日止年度，嘉遜發展已向一家非全資附屬公司重慶龍湖企業拓展有限公司（「重慶龍湖企業拓展」）增資770,000,000港元，而本公司的最終股東吳亞軍女士及蔡奎先生亦為重慶龍湖企業拓展的少數股東。本集團於重慶龍湖企業拓展的股權由60%增至91.3%，而視作收購的折讓人民幣620,672,000元則指所收購額外權益的應佔資產淨值超出注資金額的部分，已於特別儲備內確認為權益擁有人注資。

(iv) 其他儲備

截至二零一零年十二月三十一日止年度，本集團向非控制股東分別增購西安龍湖錦城置業有限公司（「西安錦城」）、成都龍湖錦華置業有限公司（「成都錦華」）、四川龍湖地產發展有限公司（「四川龍湖」）及成都龍湖同晉置業有限公司（「成都同晉」）0.7%、8%、8%及25%註冊股本，代價分別為人民幣16,750,000元、人民幣72,000,000元、人民幣36,000,000元及人民幣520,080,000元。該等收購已作為股權交易入賬，經調整非控制權益的金額與已付代價公平的差額直接於其他儲備確認。

29. CAPITAL AND RESERVES (Continued)

(b) Reserves (Continued)

Name nature and purpose of reserves (Continued)

(iii) Special reserve

During the year ended December 31, 2007, Juntion Development injected additional capital of HK\$770,000,000 in a non-wholly owned subsidiary, Chongqing Longhu Development Company Limited (“Chongqing Longhu Development”) in which the minority shareholders are Madam Wu Yajun and Mr. Cai Kui, who are also the ultimate shareholders of the Company. The Group’s equity interest in Chongqing Longhu Development has increased from 60% to 91.3% and a discount on deemed acquisition of RMB620,672,000 which represents the excess of the share of net assets attributable to the additional interest acquired over the amount injected was recognised in special reserve as the contribution from equity owners.

(iv) Other reserve

During the year ended December 31, 2010, the Group acquired additional 0.7%, 8%, 8% and 25% of the registered capital of Xi’an Longhu Jincheng Company Limited (“Xi’an Jincheng”), Chengdu Longhu Jinhua Real Estate Company Limited (“Chengdu Jinhua”), Sichuan Longhu Real Estate Development Company Limited (“Sichuan Longhu”) and Chengdu Longhu Tongjin Real Estate Company Limited (“Chengdu Tongjin”) at a consideration of RMB16,750,000, RMB72,000,000, RMB36,000,000 and RMB520,080,000 respectively from non-controlling shareholders. These acquisitions have been accounted for as equity transactions and the differences between the amounts by which the non-controlling interests are adjusted and the fair values of the considerations paid are recognised directly in other reserve.

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29. 資本及儲備 (續)

(b) 儲備 (續)

儲備名稱、性質及用途 (續)

(v) 法定盈餘儲備

根據在中國成立的若干附屬公司的組織章程細則，該等附屬公司須向法定盈餘儲備轉撥其除稅後溢利的10%，直至儲備達到註冊資本的50%為止。轉撥至該儲備須於向權益擁有人分派股息之前作出。法定盈餘儲備可用於彌補過去年度的虧損、擴充現有的經營業務或轉換為附屬公司的額外資本。

(vi) 注資儲備

注資儲備指附註37(a)所載歸屬期內確認的首次公開發售前股份獎勵計劃之股份獎勵公平值。

29. CAPITAL AND RESERVES (Continued)

(b) Reserves (Continued)

Name nature and purpose of reserves (Continued)

(v) Statutory surplus reserve

In accordance with the articles of association of certain subsidiaries established in the PRC, these subsidiaries are required to transfer 10% of the profit after taxation to the statutory surplus reserve until the reserve reaches 50% of the registered capital. Transfer to this reserve must be made before distributing dividends to equity owners. The statutory surplus reserve can be used to make up for previous year's losses, expand the existing operations or convert into additional capital of the subsidiaries.

(vi) Capital contribution reserve

Capital contribution reserve represents the recognition of the fair value of share awards under the Pre-IPO share award scheme over the vesting period as set out in note 37(a).

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30. 遞延稅項

以下為於年內確認的主要遞延稅項資產
(負債) 及其變動:

The followings are the major deferred taxation assets (liabilities) recognised and movements thereon during the year:

	投資物業的 公平值 Fair value	土地增值 稅備 Land tax provisions	呆賬撥備 Allowance for doubtful debts	政府資助 (附註1) Government grants (Note 1)	集團內購買的 未實現溢利 Unrealised profit on intra-group purchases	待分配保留 溢利的 預扣稅 Withholding tax	其他 (附註2) Others (Note 2)	收入 確認與相關 銷售成本的 暫時差額 Temporary differences on revenue recognition	總計 Total
	人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000
於二零零九年一月一日	(32,413)	30,358	9,000	31,012	12,561	(44,887)	24,480	210,118	(383,526)
於損益表(扣除)計入	(9,635)	(5,680)	(5,250)	(1,867)	8,904	(123,771)	(6,512)	(210,118)	(490,237)
收購附屬公司	—	1,100	—	—	—	—	1,558	—	2,658
於二零零九年十二月三十一日	(42,048)	25,778	3,750	29,145	21,465	(168,658)	19,526	—	(871,105)
於損益表(扣除)計入	(10,076)	7,151	—	(821)	26,125	135,315	16,525	—	(286,706)
於二零一零年十二月三十一日	(52,124)	32,929	3,750	28,324	47,590	(33,343)	36,051	—	(1,157,811)

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30. 遞延稅項 (續)

附註：

1. 該金額指會計準則與稅務機關對政府資助的處理所產生暫時差額的稅務影響。稅務機關將政府資助視為收入，但進行財務呈報時則將政府資助當作發展中待售物業開支減少。
2. 該金額指扣除廣告開支所產生暫時差額的稅務影響。本集團可扣除不超過其收益15%的廣告開支，而不可扣除的部分(如有)則可於期後年間結轉。

為呈報綜合財務狀況報表，若干遞延稅項資產(負債)已抵銷。以下為就財務報告目的而作出的遞延稅項結餘分析：

30. DEFERRED TAXATION (Continued)

Notes:

1. This represents the tax effect of the temporary difference arising from the treatment of the government grants between the accounting standard and the tax bureau. Tax bureau treated the government grants as an income but for financial reporting purpose, the government grants are treated as deduction from costs of properties under development for sale.
2. This represents the tax effect of temporary differences arising from the deduction of the advertising expense. The Group can deduct its advertising expense of no more than 15% of its revenue and for the part that cannot be deducted, if any, it can be brought forward to the future years.

For the presentation purposes of the consolidated statement of financial position, certain deferred taxation assets (liabilities) have been offset. The following is the analysis of the deferred taxation balances for financial reporting purposes:

		二零一零年 2010 人民幣千元 RMB'000	二零零九年 2009 人民幣千元 RMB'000
遞延稅項資產	Deferred taxation assets	436,035	227,702
遞延稅項負債	Deferred taxation liabilities	(1,593,846)	(1,098,807)
		(1,157,811)	(871,105)

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30. 遞延稅項 (續)

於二零一零年十二月三十一日，本集團有約人民幣187,188,000元的估計未動用稅項虧損可用於抵銷未來溢利(二零零九年：人民幣155,286,000)。已就約人民幣131,714,000元的虧損確認遞延稅項資產(二零零九年：人民幣103,111,000)。由於不可預測未來溢利來源，故概無就餘下人民幣55,474,000元(二零零九年：人民幣52,175,000元)確認遞延稅項資產。未確認稅項虧損將於以下年度到期：

二零一二年	2012
二零一三年	2013
二零一四年	2014
二零一五年	2015

30. DEFERRED TAXATION (Continued)

At December 31, 2010, the Group had unused estimated tax losses of approximately RMB187,188,000 (2009: RMB155,286,000) available to offset against future profits. Deferred taxation assets have been recognised in respect of approximately RMB131,714,000 (2009: RMB103,111,000) of such losses. No deferred taxation asset has been recognised in respect of the remaining RMB55,474,000 (2009: RMB52,175,000) due to the unpredictability of future profit streams. The unrecognised tax losses will expire in the following years:

	二零一零年 2010 人民幣千元 RMB'000	二零零九年 2009 人民幣千元 RMB'000
二零一二年	1,338	1,338
二零一三年	49,820	49,865
二零一四年	888	972
二零一五年	3,428	—
	55,474	52,175

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31. 收購附屬公司的額外權益

- (i) 截至二零一零年十二月三十一日止年度，本集團向非控制股東增購西安錦城、成都錦華、四川龍湖及成都同晉0.7%、8%、8%及25%的註冊股本，代價分別為人民幣16,750,000元、人民幣72,000,000元、人民幣36,000,000元及人民幣520,080,000元。

經調整非控制權益的金額與已付或已收代價公平值間的任何差額直接於權益確認，屬於本公司擁有人。

- (ii) 截至二零一零年十二月三十一日止年度，本集團以人民幣34,000,000元的代價自非控制股東增購常州嘉南置業有限公司8%的已發行股本。

31. ACQUISITION OF ADDITIONAL INTERESTS IN SUBSIDIARIES

- (i) During the year ended December 31, 2010, the Group acquired additional 0.7%, 8%, 8% and 25% of the registered capital of Xi'an Jincheng, Chengdu Jinhua, Sichuan Longhu and Chengdu Tongjin at a considerations of RMB16,750,000, RMB72,000,000, RMB36,000,000 and RMB520,080,000 from the non-controlling shareholders.

Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

- (ii) During the year ended December 31, 2010, the Group acquired additional 8% of the issued share capital of Changzhou Jia'nán Properties Co., Ltd, at a consideration of RMB34,000,000 from the non-controlling shareholders.

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32. 退休福利計劃

根據中國的相關法律及法規，本公司的中國附屬公司須參加由地方市政府管理的界定供款退休計劃。本公司的中國附屬公司向該計劃供款以撥款予僱員退休福利，該供款根據經地方市政府同意的按僱員平均薪金的若干百分比計算。本集團就有關退休福利計劃的主要責任為根據該計劃作出規定供款。

本集團亦為其所有香港合資格僱員設立強制性公積金計劃。計劃的資產與本集團的資產分開持有，存置於受託人管理的基金。本集團按相關薪金成本的5%向該計劃供款，而僱員按相同金額供款。

截至二零一零年十二月三十一日止年度，本集團確認退休福利供款人民幣42,706,000元（二零零九年：人民幣36,256,000元）。

33. 抵押資產

於報告期末，已抵押以下資產作為本集團獲授若干銀行及其他融資的擔保及向已出售物業的買方提供按揭貸款：

投資物業	Investment properties
發展中待售物業	Properties under development for sales
持作出售物業	Properties held for sales
已抵押銀行存款	Pledged bank deposits

32. RETIREMENT BENEFIT PLANS

According to the relevant laws and regulations in the PRC, the Company's PRC subsidiaries are required to participate in a defined contribution retirement scheme administered by the local municipal government. The Company's PRC subsidiaries contribute funds which are calculated on certain percentage of the average employee salary as agreed by local municipal government to the scheme to fund the retirement benefits of the employees. The principal obligation of the Group with respect to the retirement benefit scheme is to make the required contributions under the scheme.

The Group also operates a Mandatory Provident Fund Scheme for all qualifying employees in Hong Kong. The assets of the scheme are held separately from those of the Group, in funds under the control of trustee. The Group contributes 5% of relevant payroll costs to the scheme and the same amount is matched by employees.

The Group recognised the retirement benefit contribution of RMB42,706,000 (2009: RMB36,256,000) for the year ended December 31, 2010.

33. PLEDGE OF ASSETS

The following assets were pledged to secure certain banking and other facilities granted to the Group and mortgage loans to buyers of sold properties at the end of the reporting period:

	二零一零年 2010 人民幣千元 RMB'000	二零零九年 2009 人民幣千元 RMB'000
投資物業	2,859,277	3,286,338
發展中待售物業	10,934,011	8,081,396
持作出售物業	—	10,553
已抵押銀行存款	499,419	496,208
	14,292,707	11,874,495

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34. 租賃安排

本集團作為出租人

若干物業的或然租金乃根據租戶賺取的營業額的若干百分比釐定。截至二零一零年十二月三十一日止年度確認的或然租金收入約為人民幣67,571,000元(二零零九年：人民幣27,548,000元)。本集團持作租賃用途的物業有租期介乎一至二十年的忠實租戶。

於報告期末，本集團已與租戶就以下未來最低租賃款項訂約：

34. LEASE ARRANGEMENTS

The Group as a lessor

Contingent rental for certain properties was determined by a certain percentage of turnover earned by the tenants. The contingent rental income recognised during the year ended December 31, 2010 amounted to approximately RMB67,571,000 (2009: RMB27,548,000). The properties held by the Group for rental purpose have committed tenants for periods ranging from one to twenty years.

At the end of the reporting period, the Group had contracted with tenants for the following future minimum lease payments:

		二零一零年 2010 人民幣千元 RMB'000	二零零九年 2009 人民幣千元 RMB'000
一年內	Within one year	274,200	200,839
第二年至第五年 (包括首尾兩年)	In the second to fifth year inclusive	562,473	440,797
五年後	After five years	359,581	499,981
		1,196,254	1,141,617

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34. 租賃安排 (續)

本集團作為承租人

於報告期末，本集團根據不可撤銷經營租約就有關租賃物業支付的未來最低租賃款項如下：

		二零一零年 2010 人民幣千元 RMB'000	二零零九年 2009 人民幣千元 RMB'000
一年內	Within one year	14,583	14,131
第二年至第五年 (包括首尾兩年)	In the second to fifth year inclusive	33,370	21,951
五年後	After five years	3,873	4,663
		51,826	40,745

經營租賃款項指本集團就其若干辦公物業應付的租金。租賃的平均租期協商為一至二十年，而租金於簽訂租賃協議之日確定。

34. LEASE ARRANGEMENTS (Continued)

The Group as a lessee

At the end of the reporting period, the Group had the following future minimum lease payments under non-cancelable operating leases in respect of leased properties:

Operating lease payments represent rentals payable by the Group for certain of its office premises. Leases are negotiated for an average term of one to twenty years and rentals are fixed at the date of signing of lease agreements.

35. 承擔

於報告期末，本集團有以下承擔：

		二零一零年 2010 人民幣千元 RMB'000	二零零九年 2009 人民幣千元 RMB'000
已訂約但未於綜合財務報表中作出撥備：	Contracted but not provided for in the consolidated financial statements:		
– 有關發展中待售物業的開支	– Expenditure in respect of properties under development for sales	7,749,357	6,043,737
– 有關收購土地使用權的開支	– Expenditure in respect of acquisition of land use rights	7,288,986	8,533,238
– 收購一間附屬公司的額外權益	– Acquisition of additional interest in a subsidiary	—	109,100
		15,038,343	14,686,075

35. COMMITMENTS

At the end of the reporting period, the Group had the following commitments:

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36. 或然負債

本集團就本集團物業買方獲授的按揭銀行貸款向銀行提供擔保，該等擔保的金額於二零一零年十二月三十一日約為人民幣5,204,923,000元（二零零九年：人民幣2,686,846,000元）。本公司董事認為，本集團該等財務擔保合約的公平值於初始確認時並不重大，且本公司董事認為所涉訂約方違約的可能性極小，因此於擔保合約開始時以及於二零一零年及二零零九年十二月三十一日的報告期末概無確認價值。

本集團向銀行提供有關本集團物業買方之銀行貸款擔保。該等擔保於買方交收物業或相關按揭物業登記完成時由銀行解除。

36. CONTINGENT LIABILITIES

The Group provided guarantees amounting to approximately RMB5,204,923,000 (2009: RMB2,686,846,000) as at December 31, 2010 in respect of mortgage bank loans granted to purchasers of the Group's properties. In the opinion of the directors of the Company, the fair values of these financial guarantee contracts of the Group are insignificant at initial recognition and the directors of the Company consider that the possibility of default of the parties involved is remote, accordingly, no value has been recognised at the inception of the guarantee contracts and at the end of the reporting period as at December 31, 2010 and 2009.

Guarantees are given to banks with respect to loans procured by the purchasers of the Group's properties. Such guarantees will be released by banks upon delivery of the properties to the purchasers or completion of the relevant mortgage properties registration.

	二零一零年 2010 人民幣千元 RMB'000	二零零九年 2009 人民幣千元 RMB'000
按揭擔保	5,204,923	2,686,846
Mortgage guarantees		

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37. 以股份為基礎的付款交易

以權益結算的股份獎勵／購股權計劃：

a. 首次公開發售前股份獎勵計劃

本公司的兩項首次公開發售前股份獎勵計劃（「股份獎勵計劃」）分別根據於二零零七年十一月三十日及二零零九年七月三十一日通過的決議案採納。根據股份獎勵計劃，本公司向本公司董事及本集團若干僱員授出本公司股份（「獎勵股份」）。股份獎勵計劃旨在使僱員利益與本公司利益一致、僱員分享所有權榮譽以及獎勵其表現及對本集團的貢獻。

根據於二零零七年十一月三十日採納的計劃，於二零零七年十一月三十日已授出但於二零一零年及二零零九年十二月三十一日仍未歸屬的獎勵股份所涉股份總數分別為32,007,000股（包括向董事授出的3,374,500股股份）及48,010,500股（包括向董事授出的5,061,750股股份），分別佔當日本公司股份0.7%及0.93%。獎勵股份訂有歸屬期，由最終股東的信託持有。歸屬期為四或五年，期間授予僱員的獎勵股份將於首個歸屬日期的各週年當日等份歸屬。首個歸屬日期為二零零九年一月一日。

根據二零零九年七月三十一日採納的計劃，於二零零九年七月三十一日已授出但於二零一零年及二零零九年十二月三十一日仍未歸屬的獎勵股份所涉股份分別為22,500,000股（包括向董事授出的5,522,250股股份）及30,000,000股（包括向董事授出的7,363,000股股份），分別佔當日本公司股份0.44%及0.75%。獎勵股份訂有歸屬期，由最終股東的信託持有。歸屬期為四年，期間授予僱員的獎勵股份將於首個歸屬日期的各週年當日等份歸屬。首個歸屬日期為二零一零年七月三十一日。

37. SHARE-BASED PAYMENT TRANSACTIONS

Equity-settled share award/share option schemes:

a. Pre-IPO share award schemes

The Company's two Pre-IPO share award schemes (the "Share Award Schemes") were adopted pursuant to a resolution passed on November 30, 2007 and July 31, 2009 respectively. Under the Share Award Schemes, the Company has awarded the Company's shares (the "Awarded Shares") to directors of the Company and certain employees of the Group. The objective of the Share Award Schemes is to align the interests of the employees with those of the Company, to share the pride of ownership among employees and to reward their performance and contribution to the Group.

Under the scheme adopted on November 30, 2007, the total number of shares in respect of which Awarded Shares had been granted on November 30, 2007 and remained outstanding was 32,007,000 (including 3,374,500 shares granted to directors) and 48,010,500 (including 5,061,750 shares granted to directors), representing 0.7% and 0.93% of the shares of the Company at that date, as at December 31, 2010 and 2009. The Awarded Shares, subject to a vesting period, are being held by a trust of the ultimate shareholders. The vesting period is either four or five years during which the award shares granted to employee will vest on each anniversary of the first vesting date in equal portions. The first vesting date is January 1, 2009.

Under the scheme adopted on July 31, 2009, the total number of shares in respect of which Awarded Shares had been granted on July 31, 2009 and remained outstanding was 22,500,000 (including 5,522,250 shares granted to directors) and 30,000,000 (including 7,363,000 shares granted to directors), representing 0.44% and 0.75% of the shares of the Company at that date, as at December 31, 2010 and 2009. The Awarded Shares, subject to a vesting period, are being held by a trust of the ultimate shareholders. The vesting period is four years during which the award shares granted to employee will vest on each anniversary of the first vesting date in equal portions. The first vesting date is July 31, 2010.

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37. 以股份為基礎的付款交易

(續)

以權益結算的股份獎勵／購股權計劃：(續)

a. 首次公開發售前股份獎勵計劃 (續)

於二零零七年十一月三十日及二零零九年七月三十一日所授出股份的加權平均公平值分別為人民幣116,050,000元及人民幣71,250,000元，乃採用資產法及市場法釐定，並採用期權定價模式計算歸屬條件。該模式的主要參數為股份於授出日期的估計公平值、預期派息率、無風險年利率及波動率。波幅乃基於同類聯交所上市公司的往年歷史價格波幅而計算。

截至二零一零年及二零零九年十二月三十一日止年度，本公司就有關本公司獎勵的股份分別確認人民幣62,157,000元及人民幣39,861,000元的支出。本公司獎勵的股份將以最終股東信託持有的現有股份結算。因此，有關款項入賬為注資儲備。

37. SHARE-BASED PAYMENT TRANSACTIONS

(Continued)

Equity-settled share award/share option schemes:
(Continued)

a. Pre-IPO share award schemes (Continued)

The weighted average fair values of the shares granted on November 30, 2007 and July 31, 2009 were RMB116,050,000 and RMB71,250,000 respectively and were determined using a mix of asset-based and market approach with option-based pricing model is adopted to account for the vesting condition. The significant inputs into the model were estimated fair value of shares at the grant date, expected dividend pay out rate, annual risk-free rate and volatility rate. The volatility is measured based on past years historical price volatility of similar companies listed on the SEHK.

The Group recognised an expense of RMB62,157,000 and RMB39,861,000 for the years ended December 31, 2010 and 2009 respectively in relation to shares awarded by the Company. The shares awarded by the Company will be settled with the existing shares held by the trust of the ultimate shareholders. Accordingly, the respective amounts were credited to capital contribution reserve.

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37. 以股份為基礎的付款交易

(續)

以權益結算的股份獎勵／購股權計劃：(續)

a. 首次公開發售前股份獎勵計劃 (續)

年內所授出股份獎勵之條款及條件如下：

向董事授出股份獎勵：

Share Awards granted to directors:

- 於二零零七年十一月三十日
- on November 30, 2007

- 於二零零九年七月三十一日
- on July 31, 2009

向僱員授出股份獎勵：

Share Awards granted to employees:

- 於二零零七年十一月三十日
- on November 30, 2007

37. SHARE-BASED PAYMENT TRANSACTIONS

(Continued)

Equity-settled share award/share option schemes:
(Continued)

a. Pre-IPO share award schemes (Continued)

The terms and conditions of the grants that existed during the year are as follows:

股份獎勵數目 Number of share awards	歸屬條件 Vesting Conditions
6,749,000	自授出日期起至二零零九年一月一日為25% 25% from the date of grant to January 1, 2009 自授出日期起至二零一零年一月一日為25% 25% from the date of grant to January 1, 2010 自授出日期起至二零一一年一月一日為25% 25% from the date of grant to January 1, 2011 自授出日期起至二零一二年一月一日為25% 25% from the date of grant to January 1, 2012
7,363,000	自授出日期起至二零一零年七月三十一日為25% 25% from the date of grant to July 31, 2010 自授出日期起至二零一一年七月三十一日為25% 25% from the date of grant to July 31, 2011 自授出日期起至二零一二年七月三十一日為25% 25% from the date of grant to July 31, 2012 自授出日期起至二零一三年七月三十一日為25% 25% from the date of grant to July 31, 2013
57,265,000	自授出日期起至二零零九年一月一日為25% 25% from the date of grant to January 1, 2009 自授出日期起至二零一零年一月一日為25% 25% from the date of grant to January 1, 2010 自授出日期起至二零一一年一月一日為25% 25% from the date of grant to January 1, 2011 自授出日期起至二零一二年一月一日為25% 25% from the date of grant to January 1, 2012

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37. 以股份為基礎的付款交易

(續)

以權益結算的股份獎勵／購股權計劃：(續)

a. 首次公開發售前股份獎勵計劃 (續)

37. SHARE-BASED PAYMENT TRANSACTIONS

(Continued)

Equity-settled share award/share option schemes:
(Continued)

a. Pre-IPO share award schemes (Continued)

股份獎勵數目 Number of share awards	歸屬條件 Vesting Conditions
於二零零九年七月三十一日 – on July 31, 2009	自授出日期起至二零一零年七月三十一日為25% 25% from the date of grant to July 31, 2010 自授出日期起至二零一一年七月三十一日為25% 25% from the date of grant to July 31, 2011 自授出日期起至二零一二年七月三十一日為25% 25% from the date of grant to July 31, 2012 自授出日期起至二零一三年七月三十一日為25% 25% from the date of grant to July 31, 2013
於二零零九年一月一日 授出之股份獎勵總數 Total share awards as at January 1, 2009	94,014,000
年內已歸屬 Vested during the year	(16,003,500)
於二零零九年十二月三十一日 仍未歸屬 Outstanding as at December 31, 2009	78,010,500
年內已歸屬 Vested during the year	(23,503,500)
於二零一零年十二月三十一日 仍未歸屬 Outstanding as at December 31, 2010	54,507,000

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37. 以股份為基礎的付款交易

(續)

以權益結算的股份獎勵／購股權計劃：(續)

b. 首次公開發售前購股權計劃

本公司的首次公開發售前購股權計劃(「首次公開發售前購股權計劃」)乃根據於二零零七年十一月三十日通過的一項決議案獲採納，主要目的是為本集團董事及合資格僱員提供獎勵，而購股權僅可於二零零七年十一月三十日至本公司股份首次於聯交所開始交易之日(「上市日期」)的前一個營業日止期間發售及授出。根據首次公開發售前購股權計劃，本公司及其附屬公司董事已獲授可認購本公司股份的購股權。首次公開發售前購股權計劃自獲採納之日起為期10年。

於二零零七年十一月三十日，已授出購股權涉及股份數目為37,940,000股(包括向董事授出15,588,000股股份)。於二零一零年及二零零九年十二月三十一日根據首次公開發售前購股權計劃已授出而仍未行使的購股權涉及股份數目為32,940,000股及37,940,000股，佔二零一零年及二零零九年十二月三十一日本公司股份的0.64%及0.74%。

因行使根據首次公開發售前購股權計劃及本公司的其他購股權計劃將授出的所有購股權而可能發行的本公司股份總數，不得超過於上市日期本公司已發行股份總數的10%。首次公開發售前購股權計劃的初步行使價為6.46港元，於二零零九年一月一日更改為2.94港元。

37. SHARE-BASED PAYMENT TRANSACTIONS

(Continued)

Equity-settled share award/share option schemes:
(Continued)

b. Pre-IPO share option scheme

The Company's Pre-IPO share option scheme (the "Pre-IPO Share Option Scheme") was adopted pursuant to a resolution passed on November 30, 2007 for the primary purpose of providing incentives to directors and eligible employees of the Group, and options can only be offered and granted from November 30, 2007 until the business date before the date on which dealings in the Company's share first commence on the SEHK ("the Listing Date"). Under the Pre-IPO share Option Scheme, the directors of the Company and its subsidiaries were granted options to subscribe for shares in the Company. The term of the Pre-IPO share Option Scheme is 10 years from the date of adoption.

On November 30, 2007, 37,940,000 shares (including 15,588,000 shares granted to directors) of option were granted. The number of shares in respect of which options had been granted and remained outstanding under the Pre-IPO Share Option Scheme as at December 31, 2010 and 2009 was 32,940,000 and 37,940,000, representing 0.64% and 0.74% of the shares of the Company as at December, 2010 and 2009.

The total number of the Company's shares which may be issued upon exercise of all options to be granted under the Pre-IPO Share Option Scheme and other share option schemes of the Company shall not exceed 10% of the aggregate of the shares of the Company in issue at the Listing Date. The exercise price of the Pre-IPO Share Option initial at HK\$6.46 and amended to HK\$2.94 effective from January 1, 2009.

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37. 以股份為基礎的付款交易

(續)

以權益結算的股份獎勵／購股權計劃：(續)

b. 首次公開發售前購股權計劃 (續)

因行使根據首次公開發售前購股權計劃及本公司的其他購股權計劃已授出而仍未行使的所有購股權而可能發行的股份數目的全部限額，不得超過不時已發行股份的30%。

購股權的歸屬期如下：

25%：自授出之日起至二零零九年一月一日

25%：自授出之日起至二零一零年一月一日

25%：自授出之日起至二零一一年一月一日

25%：自授出之日起至二零一二年一月一日

截至二零一零年十二月三十一日止年度，本集團就本公司授出的首次公開發售前購股權確認總支出人民幣11,730,000元(二零零九年：人民幣12,941,000元)。

37. SHARE-BASED PAYMENT TRANSACTIONS

(Continued)

Equity-settled share award/share option schemes:
(Continued)

b. Pre-IPO share option scheme (Continued)

The overall limit on the number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Pre-IPO Share Option Scheme and other share option scheme of the Company must not exceed 30% of the shares in issue from time to time.

The vesting period of the share options is as follows:

25%: from the date of grant to January 1, 2009

25%: from the date of grant to January 1, 2010

25%: from the date of grant to January 1, 2011

25%: from the date of grant to January 1, 2012

The Group recognised the total expense of RMB11,730,000 (2009: RMB12,941,000) for the year ended December 31, 2010 in relation to Pre-IPO share options granted by the Company.

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37. 以股份為基礎的付款交易

(續)

以權益結算的股份獎勵／購股權計劃：(續)

b. 首次公開發售前購股權計劃 (續)

年內所授出購股權之條款及條件如下：

37. SHARE-BASED PAYMENT TRANSACTIONS

(Continued)

Equity-settled share award/share option schemes:
(Continued)

b. Pre-IPO share option scheme (Continued)

The terms and conditions of the grants that existed during the year are as follows:

	購股權數目 Number of Options	歸屬條件 Vesting Conditions	購股權合約年期 Contractual life of options
向董事授出購股權：			
Share Options granted to directors:			
— 於二零零七年十一月三十日		自授出日期起至二零零九年一月一日為 25%	十年
— on November 30, 2007	15,588,000	25% from the date of grant to January 1, 2009	10 years
		自授出日期起至二零一零年一月一日為 25%	十年
		25% from the date of grant to January 1, 2010	10 years
		自授出日期起至二零一一年一月一日為 25%	十年
		25% from the date of grant to January 1, 2011	10 years
		自授出日期起至二零一二年一月一日為 25%	十年
		25% from the date of grant to January 1, 2012	10 years
向僱員授出購股權：			
Share Options granted to employees:			
— 於二零零七年十一月三十日		自授出日期起至二零零九年一月一日為 25%	十年
— on November 30, 2007	22,352,000	25% from the date of grant to January 1, 2009	10 years
		自授出日期起至二零一零年一月一日為 25%	十年
		25% from the date of grant to January 1, 2010	10 years
		自授出日期起至二零一一年一月一日為 25%	十年
		25% from the date of grant to January 1, 2011	10 years
		自授出日期起至二零一二年一月一日為 25%	十年
		25% from the date of grant to January 1, 2012	10 years

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37. 以股份為基礎的付款交易

(續)

以權益結算的股份獎勵／購股權計劃：(續)

b. 首次公開發售前購股權計劃 (續)

	購股權數目 Number of Options	歸屬條件 Vesting Conditions	購股權合約年期 Contractual life of options
於二零零九年十二月三十一日的 購股權總數 Total share options at December 31, 2009	37,940,000		
年內行使(附註) Exercised during the year (Note)	(5,000,000)		
<hr/>			
於二零一零年十二月三十一日的 購股權總數 Total share options at December 31, 2010	32,940,000		
<hr/>			
於二零零九年十二月三十一日可行使 Exercisable at December 31, 2009	9,485,000		
<hr/>			
於二零一零年十二月三十一日可行使 Exercisable at December 31, 2010	13,970,000		

附註：於行使日期的加權平均股價為7.96
港元。

Note: The weighted average share price at the dates of exercise is HK\$
7.96.

c. 首次公開發售後購股權計劃

本公司的首次公開發售後購股權計劃(「首次公開發售後購股權計劃」)乃根據於二零零九年十二月二十三日通過的一項決議案獲採納，主要目的是為本集團董事及合資格僱員提供獎勵。根據首次公開發售後購股權計劃，本公司及其附屬公司董事已獲授可認購本公司股份的購股權。首次公開發售後購股權計劃自獲採納之日起為期10年。

c. Post-IPO share option scheme

The Company's Post-IPO share option scheme (the "Post-IPO Share Option Scheme") was adopted pursuant to a resolution passed on December 23, 2009 for the primary purpose of providing incentives to directors and eligible employees of the Group. Under the Post-IPO Share Option Scheme, the directors of the Company and its subsidiaries were granted options to subscribe for shares in the Company. The term of the Post-IPO Share Option Scheme is 10 years from the date of adoption.

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37. 以股份為基礎的付款交易

(續)

以權益結算的股份獎勵／購股權計劃：(續)

c. 首次公開發售前購股權計劃 (續)

於二零零九年十二月二十三日，已授出可認購10,600,000股股份的購股權。於二零一零年及二零零九年十二月三十一日根據首次公開發售後購股權計劃已授出而仍未行使的購股權涉及股份數目為10,600,000股(包括向董事授出9,600,000股股份)，佔本公司於二零一零年及二零零九年十二月三十一日股份的0.21%。

因行使根據該計劃及本公司的其他購股權計劃將予授出的所有購股權而可能發行的本公司股份總數，不得超過於上市日期本公司已發行股份總數的10%。首次公開發售後購股權的行使價為8.44港元。

因行使根據首次公開發售後購股權計劃及本公司的其他購股權計劃已授出而仍未行使的所有購股權而可能發行的股份數目的全部限額，不得超過不時已發行股份的30%。

購股權的歸屬期如下：

- 25%：自授出之日起至二零一零年十二月二十三日
- 25%：自授出之日起至二零一一年十二月二十三日
- 25%：自授出之日起至二零一二年十二月二十三日
- 25%：自授出之日起至二零一三年十二月二十三日

截至二零一零年十二月三十一日止年度，本集團就本公司授出的購股權確認總支出人民幣20,880,000元(二零零九年：人民幣430,000元)。

37. SHARE-BASED PAYMENT TRANSACTIONS

(Continued)

Equity-settled share award/share option schemes:
(Continued)

c. Post-IPO share option scheme (Continued)

On December 23, 2009, options to subscribe 10,600,000 shares were granted. The number of shares in respect of which options had been granted and remained outstanding under the Post-IPO Share Option Scheme as at December 31, 2010 and 2009 was 10,600,000 (including 9,600,000 shares granted to directors), representing 0.21% of the shares of the Company as at December 31, 2010 and 2009.

The total number of the Company's shares which may be issued upon exercise of all options to be granted under the scheme and other share option schemes of the Company shall not exceed 10% of the aggregate of the shares of the Company in issue at the Listing Date. The exercise of the Post-IPO Share Option is HK\$8.44.

The overall limit on the number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Post-IPO Share Option Scheme and other share option scheme of the Company must not exceed 30% of the shares in issue from time to time.

The vesting period of the share options is as follows:

- 25%: from the date of grant to December 23, 2010
- 25%: from the date of grant to December 23, 2011
- 25%: from the date of grant to December 23, 2012
- 25%: from the date of grant to December 23, 2013

The Group recognised the total expense of RMB20,880,000 (2009: RMB430,000) for the year ended December 31, 2010 in relation to share options granted by the Company.

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37. 以股份為基礎的付款交易

(續)

以權益結算的股份獎勵／購股權計劃：(續)

c. 首次公開發售前購股權計劃 (續)

年內所授出購股權之條款及條件如下：

37. SHARE-BASED PAYMENT TRANSACTIONS

(Continued)

Equity-settled share award/share option schemes:
(Continued)

c. Post-IPO share option scheme (Continued)

The terms and conditions of the grants that existed during the year are as follows:

	購股權數目 Number of Options	歸屬條件 Vesting Conditions	購股權合約年期 Contractual life of options
向董事授出購股權：			
Share Options granted to directors:			
— 於二零零九年十二月二十三日		自授出日期起至二零一零年十二月二十三日為 25%	十年
— on December 23, 2009	9,600,000	25% from the date of grant to December 23, 2010	10 years
		自授出日期起至二零一一年十二月二十三日為 25%	十年
		25% from the date of grant to December 23, 2011	10 years
		自授出日期起至二零一二年十二月二十三日為 25%	十年
		25% from the date of grant to December 23, 2012	10 years
		自授出日期起至二零一三年十二月二十三日為 25%	十年
		25% from the date of grant to December 23, 2013	10 years
向僱員授出購股權：			
Share Options granted to employees:			
— 於二零零九年十二月二十三日		自授出日期起至二零一零年十二月二十三日為 25%	十年
— on December 23, 2009	1,000,000	25% from the date of grant to December 23, 2010	10 years
		自授出日期起至二零一一年十二月二十三日為 25%	十年
		25% from the date of grant to December 23, 2011	10 years
		自授出日期起至二零一二年十二月二十三日為 25%	十年
		25% from the date of grant to December 23, 2012	10 years
		自授出日期起至二零一三年十二月二十三日為 25%	十年
		25% from the date of grant to December 23, 2013	10 years
購股權總數			
Total share options	10,600,000		
於二零零九年十二月三十一日可行使			
Exercisable at December 31, 2009	—		
於二零一零年十二月三十一日可行使			
Exercisable at December 31, 2010	2,650,000		

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38. 關連方交易

除載於綜合財務狀況報表及附註24及27的關連方結餘外，年內，本集團與其關連方訂立以下重大交易：

(a) 共同控制實體

物業銷售	Sales of properties
諮詢費收入	Consultancy fee income
物業管理收入	Property management income

(b) 主要管理層及股東

向主要管理層及股東 銷售物業	Sales of properties to key management and shareholders
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(c) 於年內已付及應付本公司主要管理層(亦為本公司的董事)的薪酬載於附註11。

(d) 二零零九年六月三十日，本集團就關連方都江堰青城公司(其兩名董事亦為本公司董事且擁有實際權益)獲授的貸款而向一家銀行發出100,000,000港元的財務擔保。該擔保已於二零零九年十二月三十一日前悉數解除。

38. RELATED PARTY TRANSACTIONS

Apart from the balances with related parties set out in the consolidated statement of financial position, and in notes 24 and 27, during the year, the Group entered into the following significant transactions with its related parties:

(a) Jointly controlled entities

二零一零年 2010 人民幣千元 RMB'000	二零零九年 2009 人民幣千元 RMB'000
1,744	35,564
13,588	13,000
7,013	4,708

(b) Key management and shareholders

二零一零年 2010 人民幣千元 RMB'000	二零零九年 2009 人民幣千元 RMB'000
18,931	33,423

(c) The remuneration paid and payable to the key management of the Company who are also the directors of the Company for the year is set out in note 11.

(d) On June 30, 2009, the Group issued a financial guarantee of HK\$100,000,000 to a bank in respect of loans granted to a related party, Dujiangyan Qingcheng Co., of which two directors are common to the Company and have beneficial interests. The guarantee was fully released before December 31, 2009.

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39. 資本風險管理

本集團管理資本以確保本集團的實體能持續經營，同時透過優化債務及股本結餘為股東帶來最大回報。

本集團的資本結構包括債務淨額（包括（如適用）附註28披露的借款）、現金及現金等價物淨額以及本公司擁有人應佔權益（包括已發行股本、儲備及保留盈利）。

本公司董事定期審閱資本架構。作為該審閱的一部分，本公司董事考慮資本成本及與各類資本有關的風險，並採取適當措施平衡整體資本架構。

40. 金融工具

a. 金融工具類別

金融資產
可供出售投資
貸款及應收款項（包括現金及現金等價物）

金融負債
攤銷成本

Financial assets
Available-for-sale investments
Loans and receivables (including cash and cash equivalents)

Financial liabilities
Amortised cost

二零一零年 2010 人民幣千元 RMB'000	二零零九年 2009 人民幣千元 RMB'000
8,600	8,600
11,257,000	7,686,018
22,745,641	12,656,244

39. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of net debt, which includes, where appropriate, the borrowings disclosed in note 28, net of cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital, reserves and retained earnings.

The directors of the Company review the capital structure on a regular basis. As part of this review, the directors of the Company consider the cost of capital and the risks associated with each class of capital, and take appropriate actions to balance its overall capital structure.

40. FINANCIAL INSTRUMENTS

a. Categories of financial instruments

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40. 金融工具 (續)

b. 金融風險管理目標及政策

本集團的主要金融工具包括應收賬款及其他應收款項、應收(應付)關連方款項、已抵押銀行存款、銀行結餘及現金、應付賬款以及銀行及其他借款。該等金融工具的詳情載於各相應附註。與該等金融工具相關的風險及減低該等風險的政策載於下文。管理層管理及監控該等風險以確保能適時有效地採取適當措施。

c. 市場風險

本集團的業務主要面對利率變動、外幣匯率變動風險及其他價格風險的市場風險(見下文)。

本集團於年內面對的市場風險或其管理以及計量該等風險的方法概無重大變動。

利率風險管理

由於銀行存款與銀行及其他借款(按現行市場利率及根據中國人民銀行所報利率計算的浮動利率計息)的現行市場利率波動,因此本集團面對現金流量利率風險。

本集團的公平值利率風險主要與已抵押銀行存款以及按固定利率計息之銀行及其他借款有關。本集團現時並無利用任何衍生工具合約對沖其面對的利率風險。然而,管理層於有需要時會考慮對沖重大利率風險。

本集團面對與金融負債有關的利率風險,詳情載於本附註流動資金風險管理一節。

40. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies

The Group's major financial instruments include accounts and other receivables, amounts due from (to) related parties, pledged bank deposits, bank balances and cash, accounts payable, and bank and other borrowings. Details of these financial instruments are set out in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

c. Market risk

The Group's activities expose primarily to the market risks of changes in interest rates, foreign currency exchange rates risks and other price risk (see below).

There has been no significant change to the Group's exposure to market risks or the manner in which it manages and measures the risk over the year.

Interest rate risk management

The Group is exposed to cash flow interest rate risk due to the fluctuation of the prevailing market interest rate on bank deposits and bank and other borrowings which carried at prevailing market interest rates and variable rate based on the interest rates quoted by the People's Bank of China.

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

The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note.

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40. 金融工具 (續)

c. 市場風險 (續)

利率風險管理 (續)

利率敏感度

以下敏感度分析乃基於報告期末面對的以浮動利率計息之非衍生工具(銀行結餘與銀行及其他借款)利率風險以及假設於報告期末未償還的金融工具於整年未償還而作出。公司內部向主要管理人員匯報利率風險時會以升跌200個基點(就銀行及其他借款而言)及升跌100個基點(就銀行存款而言)為基準，即管理人員分別評估銀行及其他借款以及銀行存款利率的可能變動。

於報告期末，倘利率上升/下降200個基點(就銀行及其他借款而言)，而所有其他變數維持不變，則本集團年內溢利因利息開支已全數撥充資本而不受影響(二零零九年：零)。

此外，倘利率上升/下降100個基點(就銀行存款而言)，而所有其他變數維持不變，則本集團截至二零一零年十二月三十一日止年度年內的溢利將增加/減少約人民幣73,973,000元(二零零九年：人民幣51,012,000元)。

40. FINANCIAL INSTRUMENTS (Continued)

c. Market risk (Continued)

Interest rate risk management (Continued)

Interest rate sensitivity

The sensitivity analyses below have been prepared based on the exposure to interest rates for non-derivative instruments carried at variable rates (bank balances and bank and other borrowings) at the end of the reporting period and assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. A 200 basis point increase or decrease for bank and other borrowings and a 100 basis point increase or decrease for bank deposit are used when reporting interest rate risk internally to key management personnel and represent management's assessment of the possible change in interest rate in respect of bank and other borrowings and bank deposits respectively.

At the end of the reporting period, if interest rates had been increased/decreased by 200 basis points in respect of bank and other borrowings and all other variables were held constant, the Group's profit for the year would not be affected as interest expenses would be fully capitalised (2009: Nil).

In addition, if interest rate had been increase/decrease of 100 basis points in respect of bank deposits, with all other variables held constant, the Group's profit for the year would increase/decrease by approximately RMB73,973,000 (2009: RMB51,012,000) for the years ended December 31, 2010.

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40. 金融工具 (續)

c. 市場風險 (續)

外幣風險管理

本集團的全部收入均以人民幣收款，且大部分開支(包括物業銷售所引致的開支)以及資本開支亦以人民幣計值。

本集團進行若干以外幣計值的交易，因此面對匯率波動風險。本集團現時並無外幣對沖政策。然而，管理層監督外匯風險並於有需要時會考慮對沖重大外幣風險。

本集團於各呈報日期以外幣計值的貨幣資產及貨幣負債的賬面值如下：

資產	Assets
美元	USD
港元	HKD

負債	Liabilities
港元	HKD

40. FINANCIAL INSTRUMENTS (Continued)

c. Market risk (Continued)

Foreign currency risk management

The Group collects all of its revenue in RMB and most of the expenditures including expenditures incurred in property sales as well as capital expenditures are also denominated in RMB.

The Group undertakes certain transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations arises. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

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

		二零一零年 2010 人民幣千元 RMB'000	二零零九年 2009 人民幣千元 RMB'000
資產	Assets		
美元	USD	69,040	1,020,637
港元	HKD	361,272	2,077,520
負債	Liabilities		
港元	HKD	2,657,729	1,086,464

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40. 金融工具 (續)

c. 市場風險 (續)

外幣風險管理 (續)

外幣敏感度分析

本集團主要面對美元及港元兌人民幣的匯率波動風險。

下表詳述本集團有關人民幣兌相關外幣匯率增加及減少5%的敏感度。敏感度分析僅包括未換算的外幣計值貨幣項目，並於年末調整其換算以反映外匯匯率的5%變動。5%為用於向主要管理層人員內部報告外幣風險的敏感度利率，並為管理層對外匯匯率合理可能變動的評估。敏感度分析包括以外幣計值的銀行借款以及銀行結餘及已抵押銀行存款。正數/(負數)表示人民幣兌相關外幣升值時年度溢利的增加/(減少)。倘人民幣兌相關外幣貶值5%，則對年度溢利帶來同等的負面影響。

美元	USD
年度溢利	Profit for the year
港元	HKD
年度溢利	Profit for the year

其他價格風險

本集團因可供出售投資面對股價波動風險。然而，管理層認為本公司面對的股價波動風險甚微。

40. FINANCIAL INSTRUMENTS (Continued)

c. Market risk (Continued)

Foreign currency risk management (Continued)

Foreign currency sensitivity analysis

The Group mainly exposes to foreign exchange fluctuation of USD and HKD against RMB.

The following table details of the Group's sensitivity to a 5% increase and decrease in RMB against the relevant foreign currencies. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 5% change in foreign currency rates. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes bank borrowings as well as bank balances and pledged bank deposits denominated in foreign currencies. A positive/(negative) number indicates an increase/(decrease) in profit for the year where the RMB strengthens against the relevant currencies. For a 5% weakening of RMB against the relevant currency, there would be an equal and opposite impact on the profit for the year.

		二零一零年 2010 人民幣千元 RMB'000	二零零九年 2009 人民幣千元 RMB'000
美元	USD		
年度溢利	Profit for the year	(3,452)	(51,032)
港元	HKD		
年度溢利	Profit for the year	114,823	(49,553)

Other price risks

The Group is exposed to equity price risks through its available-for-sale investments. However, the management considers that the Company's exposure to fluctuation in equity price is minimal.

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40. 金融工具 (續)

e. 信貸風險管理

於各報告期末，本集團所面對並因對手方未能履行責任及本集團發出金融擔保而導致本集團產生財務虧損的最大信貸風險，乃產生自綜合財務狀況報表內所列各已確認金融資產的眼面值，以及附註36所披露的或然負債金額。為將信貸風險降至最低，已執行監管程序確保採取跟進行動收回過期債務。此外，本集團於報告期末定期審閱每項個別貿易及其他應收款項以及應收關連方款項的可收回金額。呈列於綜合財務狀況報表中的金額乃扣除呆壞賬撥備，並由本集團管理層基於過往經驗及其對現時經濟環境的評估進行估算。

由於對手方均為國際評級機構給予高信貸評級的銀行或中國的國有銀行，故流動資金信貸風險有限。

除存於多家高信貸評級銀行的流動資金及應收共同控制實體款項有信貸風險集中的情況外，本集團的風險分佈於多個對手方及客戶，故並無重大集中信貸風險。

40. FINANCIAL INSTRUMENTS (Continued)

e. Credit risk management

At each of the end of the reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties and financial guarantees issued by the Group is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position and the amount of contingent liabilities disclosed in note 36. In order to minimise the credit risk, the monitoring procedures are carried out 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 and other receivables and amounts due from related parties at the end of the reporting period. The amounts presented in the consolidated statement of financial position are net of allowances for bad and doubtful debts, estimated by the Group's management based on prior experience and their assessment of the current economic environment.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies or state-owned banks in the PRC.

Other than concentration of credit risk on liquid funds which are deposited with several banks with high credit ratings and amounts due from jointly controlled entities, the Group has no significant concentration of credit risk, in which exposure is spread over a number of counterparties and customers.

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40. 金融工具 (續)

e. 信貸風險管理 (續)

就已預售但未竣工的物業而言，本集團通常就客戶借入按揭貸款以為購買物業籌集資金而向銀行提供擔保，擔保金額最高為個別物業購買價的70%。倘買方於擔保期間未能償還按揭，則持有按揭的銀行可要求本集團償還未償還貸款及任何有關應計利息。在此情況下，本集團可沒收已收銷售按金並轉售收回的物業。因此，管理層認為本集團將有可能收回擔保引致的任何虧損。管理層認為，由於該等融資以物業擔保而物業的市價高於擔保金額，故提供予置業者的金融擔保面對的信貸風險有限。就此而言，本公司董事認為，本集團的信貸風險已大幅降低。

f. 流動資金風險

本公司的目標是在持續取得資金與靈活使用借款之間維持平衡。本公司董事密切監察流動資金狀況，預期會有足夠資金來源來為本集團的項目及經營提供融資。

下表詳列本公司非衍生金融負債基於協定還款期的預期剩餘合約到期日。該表按本公司可能須付款的最早日期的金融負債之未貼現現金流量編製。表中包括利息及本金現金流量。

40. FINANCIAL INSTRUMENTS (Continued)

e. Credit risk management (Continued)

For properties that are presold but development has not been completed, 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 purchase price of the individual property. If a purchaser defaults on the payment of its mortgage during the period of guarantee, the bank holding the mortgage may demand the Group to repay the outstanding loan and any interest accrued thereon. Under such circumstances, the Group is able to forfeit the sales deposit received and resell the repossessed properties. Therefore, the management considers the Group would likely recover any loss incurred arising from the guarantees. The management considers the credit risk exposure to financial guarantees provided to property purchasers is limited because the facilities are secured by the properties and the market price of the properties is higher than the guaranteed amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

f. Liquidity risk

The Company's objective is to maintain a balance between continuity of funding and the flexibility through the use of borrowings. The directors of the Company closely monitor the liquidity position and expect to have adequate sources of funding to finance the Group's projects and operations.

The following table details the Company's expected remaining contractual maturity for its non-derivative financial liabilities based on agreed repayment terms. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows.

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40. 金融工具 (續)

f. 流動資金風險 (續)

倘利息按浮動利率計算，則已貼現金額按報告期末當時的利率計算。

40. FINANCIAL INSTRUMENTS (Continued)

f. Liquidity risk (Continued)

To the extent that interest flows are floating rate, the discounted amount is derived from existing at rates at the end of the reporting period.

		於二零一零年十二月三十一日的賬面值							未貼現現金流量總額	
		加權平均利率	Carrying amount at December 31, 2010	0至60日	61至180日	181至365日	1至2年	2至3年	超過3年	Total undiscounted cash flows
		Weighted average interest rate	amount at December 31, 2010	0-60 days	61 to 180 days	181 to 365 days	1-2 years	2-3 years	Over 3 years	cash flows
			人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
			RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
不計息	Non-interest bearing		5,421,282	664,982	1,669,444	2,966,855	120,001	—	—	5,421,282
定息工具	Fixed interest rate instruments	4.94%	5,465,269	251,776	1,295,711	967,036	515,099	703,311	2,557,737	6,290,670
浮息工具	Variable interest rate instruments	5.33%	11,859,090	116,416	182,896	917,497	4,709,923	6,850,655	463,068	13,240,455
財務擔保合約	Financial guarantee contract		5,204,923	—	—	5,204,923	—	—	—	5,204,923
			27,950,564	1,033,174	3,148,051	10,056,311	5,345,023	7,553,966	3,020,805	30,157,330

		於二零零九年十二月三十一日的賬面值							未貼現現金流量總額	
		加權平均利率	Carrying amount at December 31, 2009	0至60日	61至180日	181至365日	1至2年	2至3年	超過3年	Total undiscounted cash flows
		Weighted average interest rate	amount at December 31, 2009	0-60 days	61 to 180 days	181 to 365 days	1-2 years	2-3 years	Over 3 years	cash flows
			人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
			RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
不計息	Non-interest bearing		2,890,739	910,669	267,035	1,593,035	120,000	—	—	2,890,739
定息工具	Fixed interest rate instruments	5.15%	2,869,405	9,171	143,175	568,489	382,968	738,825	1,681,400	3,524,028
浮息工具	Variable interest rate instruments	5.61%	6,896,100	351,756	2,143,766	903,307	1,767,858	2,206,317	—	7,373,004
財務擔保合約	Financial guarantee contract		2,686,846	—	—	2,686,846	—	—	—	2,686,846
			15,343,090	1,271,596	2,553,976	5,751,677	2,270,826	2,945,142	1,681,400	16,474,617

上述非衍生金融負債之浮息工具金額會因浮動利率變動不同於報告期末所釐定的利率估計變動而調整。

The amounts included above for variable interest rate instruments for non-derivative financial liabilities are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

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Notes to the Consolidated Financial Statements

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40. 金融工具 (續)

f. 流動資金風險 (續)

計入上述財務擔保合約之金額為倘擔保的交易方索償，本集團根據安排須清償的全部擔保的最高金額。基於報告期末的預計，本集團認為根據該安排很有可能並無應付款項。然而，此估計視乎交易方根據擔保索償的可能性而改變，而提出索償之可能性則取決於交易方所持獲擔保金融應收款項遭受信貸損失的可能性。

g. 公平值

金融資產及金融負債的公平值根據以下方式釐定：

- 初步確認時財務擔保合約的公平值乃基於違約時預計付款額的現值釐定，當中主要假設為根據市場信貸資料推斷特定交易對手違約之可能性及違約時的虧損金額；及
- 其他金融資產及金融負債的公平值按公認定價模式基於貼現現金流量分析釐定。

除附註28所披露註有公平值的債券外，本公司董事認為，報告期末於綜合財務狀況報表內以攤銷成本列賬之金融資產及金融負債的眼面值與其公平值相若。

40. FINANCIAL INSTRUMENTS (Continued)

f. Liquidity risk (Continued)

The amounts included above for financial guarantee contracts are the maximum amounts the Group could be required to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the end of the reporting period, the Group considers that it is more likely than not that no amount will be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

g. Fair value

The fair values of financial assets and financial liabilities are determined as follows:

- the fair value of financial guarantee contracts on initial recognition is determined based on the present value of expected payments when default, where the main assumptions are the probability of default by the specified counterparty extrapolated from market-based credit information and the amount of loss, given the default; and
- the fair value of other financial assets and financial liabilities is determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

Except for the bond with fair value disclosed in note 28, the directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated statement of financial positions approximate their respective fair values at the end of the reporting period.

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41. 附屬公司、共同控制實體及聯營公司的詳情

於二零一零年及二零零九年十二月三十一日，本公司主要附屬公司、共同控制實體及聯營公司詳情如下：

41. PARTICULARS OF THE SUBSIDIARIES, JOINTLY CONTROLLED ENTITIES AND ASSOCIATES

Particulars of the Company's principal subsidiaries, jointly controlled entities and associates at December 31, 2010 and 2009 are as follows:

公司名稱 Name of company	註冊成立/ 成立地點 Place of incorporation/ establishment	本集團應佔股權 Equity interest attributable to the Group		已發行及繳足 股本/註冊資本 Issued and fully paid share capital/ registered capital	經營地點 Place of operation	主要業務 Principal activities
		二零一零年 2010	二零零九年 2009			
附屬公司 Subsidiary						
北京德卓貿易有限公司 (附註a) Beijing Dezhuo Trade Company Limited (note a)	中國 PRC	93.5%	93.5%	註冊資本人民幣 20,000,000元 繳足股本人民幣 20,000,000元 Registered RMB20,000,000 Paid up capital RMB20,000,000	中國 PRC	建材貿易 Trading of construction materials
北京匯晟投資有限公司 (附註b) Beijing Huicheng Investment Limited (note b)	中國 PRC	91.3%	91.3%	註冊資本人民幣 10,000,000元 繳足股本人民幣 10,000,000元 Registered RMB10,000,000 Paid up capital RMB10,000,000	中國 PRC	物業發展 Properties development
北京龍湖成恆裝飾有限公司 (附註a) Beijing Longhu Chengheng Decoration Company Limited (note a)	中國 PRC	91.3%	91.3%	註冊資本人民幣 2,000,000元 繳足股本人民幣 2,000,000元 Registered RMB2,000,000 Paid up capital RMB2,000,000	中國 PRC	房屋裝修 House decoration

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41. 附屬公司、共同控制實體 及聯營公司的詳情 (續)

41. PARTICULARS OF THE SUBSIDIARIES, JOINTLY CONTROLLED ENTITIES AND ASSOCIATES (Continued)

公司名稱 Name of company	註冊成立/ 成立地點 Place of incorporation/ establishment	本集團應佔股權 Equity interest attributable to the Group		已發行及繳足 股本/註冊資本 Issued and fully paid share capital/ registered capital	經營地點 Place of operation	主要業務 Principal activities
		二零一零年 2010	二零零九年 2009			
附屬公司 (續) Subsidiary (Continued)						
北京龍湖置業有限公司 (附註b) Beijing Longhu Properties Company Limited (note b)	中國 PRC	89.9%	89.9%	註冊資本人民幣 1,000,000,000元 繳足股本人民幣 1,000,000,000元 Registered RMB1,000,000,000 Paid up capital RMB1,000,000,000	中國 PRC	物業發展及提供諮詢服務 Properties development and provision of consultancy service
北京龍湖物業服務有限公司 (附註a) Beijing Longhu Property Service Company Limited (note a)	中國 PRC	90.0%	90.0%	註冊資本人民幣 5,000,000元 繳足股本人民幣 5,000,000元 Registered RMB5,000,000 Paid up capital RMB5,000,000	中國 PRC	物業管理 Properties management
北京龍湖慶華置業有限公司 (附註b) Beijing Longhu Qinghua Property Company Limited (note b)	中國 PRC	91.3%	91.3%	註冊資本人民幣 500,000,000元 繳足股本人民幣 500,000,000元 Registered RMB500,000,000 Paid up capital RMB500,000,000	中國 PRC	物業發展 Properties development

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41. 附屬公司、共同控制實體 及聯營公司的詳情 (續)

41. PARTICULARS OF THE SUBSIDIARIES, JOINTLY CONTROLLED ENTITIES AND ASSOCIATES (Continued)

公司名稱 Name of company	註冊成立/ 成立地點 Place of incorporation/ establishment	本集團應佔股權 Equity interest attributable to the Group		已發行及繳足 股本/註冊資本 Issued and fully paid share capital/ registered capital	經營地點 Place of operation	主要業務 Principal activities
		二零一零年 2010	二零零九年 2009			
附屬公司 (續) Subsidiary (Continued)						
北京龍湖時代置業有限公司 (附註a) Beijing Longhu Shidai Properties Company Limited (note a)	中國 PRC	91.3%	91.3%	註冊資本人民幣 1,400,000,000元 繳足股本人民幣 1,400,000,000元 Registered RMB1,400,000,000 Paid up capital RMB1,400,000,000	中國 PRC	物業發展 Properties development
北京龍湖天行置業有限公司 (附註a) Beijing Longhu Tianxing Properties Company Limited (note a)	中國 PRC	91.3%	91.3%	註冊資本人民幣 600,000,000元 繳足股本人民幣 600,000,000元 Registered RMB600,000,000 Paid up capital RMB600,000,000	中國 PRC	物業發展 Properties development
北京龍湖中佰置業有限公司 (附註a) Beijing Longhu Zhongbai Properties Company Limited (note a)	中國 PRC	91.3%	91.3%	註冊資本人民幣 1,500,000,000元 繳足股本人民幣 1,500,000,000元 Registered RMB1,500,000,000 Paid up capital RMB1,500,000,000	中國 PRC	物業發展 Properties development

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41. 附屬公司、共同控制實體 及聯營公司的詳情 (續)

41. PARTICULARS OF THE SUBSIDIARIES, JOINTLY CONTROLLED ENTITIES AND ASSOCIATES (Continued)

公司名稱 Name of company	註冊成立/ 成立地點 Place of incorporation/ establishment	本集團應佔股權 Equity interest attributable to the Group		已發行及繳足 股本/註冊資本 Issued and fully paid share capital/ registered capital	經營地點 Place of operation	主要業務 Principal activities
		二零一零年 2010	二零零九年 2009			
附屬公司 (續) Subsidiary (Continued)						
北京盟科置業有限公司 (附註a) Beijing Mengke Properties Co., Ltd. (note a)	中國 PRC	91.3%	91.3%	註冊資本人民幣 600,000,000元 繳足股本人民幣 600,000,000元 Registered RMB600,000,000 Paid up capital RMB600,000,000	中國 PRC	物業發展及提供諮詢服務 Properties development and provision of consultancy service
常州嘉南置業有限公司 (附註a) Changzhou Jia'nán Properties Co., Ltd. (note a)	中國 PRC	93.4%	85.1%	註冊資本人民幣 370,000,000元 繳足股本人民幣 370,000,000元 Registered RMB370,000,000 Paid up capital RMB370,000,000	中國 PRC	物業發展 Properties development
成都龍湖北城置業有限公司 (附註b) Chengdu Beicheng Real Estate Company Limited (note b)	中國 PRC	95.6%	95.6%	註冊資本人民幣 670,000,000元 繳足股本人民幣 670,000,000元 Registered RMB670,000,000 Paid up capital RMB670,000,000	中國 PRC	物業發展 Properties development

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41. 附屬公司、共同控制實體 及聯營公司的詳情 (續)

41. PARTICULARS OF THE SUBSIDIARIES, JOINTLY CONTROLLED ENTITIES AND ASSOCIATES (Continued)

公司名稱 Name of company	註冊成立/ 成立地點 Place of incorporation/ establishment	本集團應佔股權 Equity interest attributable to the Group		已發行及繳足 股本/註冊資本 Issued and fully paid share capital/ registered capital	經營地點 Place of operation	主要業務 Principal activities
		二零一零年 2010	二零零九年 2009			
附屬公司 (續) Subsidiary (Continued)						
成都佳遜投資有限公司 (「成都佳遜」) (附註b) Chengdu Jiaxun Investment Company Limited (“Chengdu Jiaxun”) (note b)	中國 PRC	91.3%	91.3%	註冊資本人民幣 30,000,000元 繳足股本人民幣 30,000,000元 Registered RMB30,000,000 Paid up capital RMB30,000,000	中國 PRC	物業發展 Properties development
成都錦騰貿易公司 (附註a) Chengdu Jinteng Trade Company Limited (note a)	中國 PRC	93.5%	93.5%	註冊資本人民幣 20,000,000元 繳足股本人民幣 20,000,000元 Registered RMB20,000,000 Paid up capital RMB20,000,000	中國 PRC	建材貿易 Trading of construction materials
成都龍湖錦華置業有限公司 (附註b) Chengdu Longhu Jinhua Real Estate Company Limited (note b)	中國 PRC	94.2%	86.2%	註冊資本人民幣 100,000,000元 繳足股本人民幣 100,000,000元 Registered RMB100,000,000 Paid up capital RMB100,000,000	中國 PRC	物業發展 Properties development

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41. 附屬公司、共同控制實體 及聯營公司的詳情 (續)

41. PARTICULARS OF THE SUBSIDIARIES, JOINTLY CONTROLLED ENTITIES AND ASSOCIATES (Continued)

公司名稱 Name of company	註冊成立/ 成立地點 Place of incorporation/ establishment	本集團應佔股權 Equity interest attributable to the Group		已發行及繳足 股本/註冊資本 Issued and fully paid share capital/ registered capital	經營地點 Place of operation	主要業務 Principal activities
		二零一零年 2010	二零零九年 2009			
附屬公司 (續) Subsidiary (Continued)						
成都龍湖物業服務有限公司 (附註a) Chengdu Longhu Property Services Company Limited (note a)	中國 PRC	91.04%	91.04%	註冊資本人民幣 5,000,000元 繳足股本人民幣 5,000,000元 Registered RMB5,000,000 Paid up capital RMB5,000,000	中國 PRC	物業管理 Properties management
成都龍湖同晉置業有限公司 (附註b) Chengdu Longhu Tongjin Real Estate Company Limited (note b)	中國 PRC	93.5%	68.5%	註冊資本人民幣 966,549,865元 繳足股本人民幣 966,549,865元 Registered RMB966,549,865 Paid up capital RMB966,549,865	中國 PRC	物業發展 Properties development
成都西壘置業有限公司 (附註a) Chengdu Xixi Real Estate Company Limited (note a)	中國 PRC	91.3%	91.3%	註冊資本人民幣 335,660,000元 繳足股本人民幣 335,660,000元 Registered RMB335,660,000 Paid up capital RMB335,660,000	中國 PRC	物業發展 Properties development

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41. 附屬公司、共同控制實體 及聯營公司的詳情 (續)

41. PARTICULARS OF THE SUBSIDIARIES, JOINTLY CONTROLLED ENTITIES AND ASSOCIATES (Continued)

公司名稱 Name of company	註冊成立/ 成立地點 Place of incorporation/ establishment	本集團應佔股權 Equity interest attributable to the Group		已發行及繳足 股本/註冊資本 Issued and fully paid share capital/ registered capital	經營地點 Place of operation	主要業務 Principal activities
		二零一零年 2010	二零零九年 2009			
附屬公司 (續) Subsidiary (Continued)						
成都西祥置業有限公司 (附註a) Chengdu Xixiang Real Estate Company Limited (note a)	中國 PRC	91.3%	91.3%	註冊資本人民幣 436,370,000元 繳足股本人民幣 436,370,000元 Registered RMB436,370,000 Paid up capital RMB436,370,000	中國 PRC	物業發展 Properties development
成都元博苗木有限公司 (附註a) Chengdu Yuanbo Gardening Co., Ltd (note a)	中國 PRC	93.5%	93.5%	註冊資本 人民幣20,000,000元 繳足股本 人民幣20,000,000元 Registered RMB20,000,000 Paid up capital RMB20,000,000	中國 PRC	樹苗培育 Nursery of seeding tree
重慶北龍湖置地發展有限公司 (附註b) Chongqing Beilonghu Property Company Limited (note b)	中國 PRC	91.3%	91.3%	註冊資本 人民幣700,000,000元 繳足股本 人民幣700,000,000元 Registered RMB700,000,000 Paid up capital RMB700,000,000	中國 PRC	物業發展 Properties development

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41. 附屬公司、共同控制實體 及聯營公司的詳情 (續)

41. PARTICULARS OF THE SUBSIDIARIES, JOINTLY CONTROLLED ENTITIES AND ASSOCIATES (Continued)

公司名稱 Name of company	註冊成立/ 成立地點 Place of incorporation/ establishment	本集團應佔股權 Equity interest attributable to the Group		已發行及繳足 股本/註冊資本 Issued and fully paid share capital/ registered capital	經營地點 Place of operation	主要業務 Principal activities
		二零一零年 2010	二零零九年 2009			
附屬公司 (續) Subsidiary (Continued)						
重慶恒弘投資有限公司 (附註b) Chongqing Henghong Investment Inc. (note b)	中國 PRC	91.3%	91.3%	註冊資本人民幣 10,000,000元 繳足股本人民幣 10,000,000元 Registered RMB10,000,000 Paid up capital RMB10,000,000	中國 PRC	物業發展 Properties development
重慶嘉遜地產開發有限公司 (附註b) Chongqing Juntion Real Estate Development Inc. (note b)	中國 PRC	93.5%	93.5%	註冊資本人民幣 778,000,000元 繳足股本人民幣 778,000,000元 Registered RMB778,000,000 Paid up capital RMB778,000,000	中國 PRC	物業發展 Properties development
重慶龍湖成恒地產發展 有限公司 (附註a) Chongqing Longhu Chengheng Real Estate Development Inc. (note a)	中國 PRC	91.3%	91.3%	註冊資本人民幣 1,000,000,000元 繳足股本人民幣 1,000,000,000元 Registered RMB1,000,000,000 Paid up capital RMB1,000,000,000	中國 PRC	物業發展 Properties development

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41. 附屬公司、共同控制實體 及聯營公司的詳情 (續)

41. PARTICULARS OF THE SUBSIDIARIES, JOINTLY CONTROLLED ENTITIES AND ASSOCIATES (Continued)

公司名稱 Name of company	註冊成立/ 成立地點 Place of incorporation/ establishment	本集團應佔股權 Equity interest attributable to the Group		已發行及繳足 股本/註冊資本 Issued and fully paid share capital/ registered capital	經營地點 Place of operation	主要業務 Principal activities
		二零一零年 2010	二零零九年 2009			
附屬公司 (續) Subsidiary (Continued)						
重慶龍湖企業拓展有限公司 (附註b) Chongqing Longhu Development Company Limited (note b)	中國 PRC	91.3%	91.3%	註冊資本人民幣 1,308,000,000元 繳足股本人民幣 1,214,214,000元 Registered RMB1,308,000,000 Paid up capital RMB1,214,214,000	中國 PRC	物業發展及投資 Properties development and investment
重慶龍湖恒尚地產發展 有限公司 (附註a) Chongqing Longhu Hengshang Real Estate Company Limited (note a)	中國 PRC	91.3%	91.3%	註冊資本人民幣 30,000,000元 繳足股本人民幣 30,000,000元 Registered RMB30,000,000 Paid up capital RMB30,000,000	中國 PRC	物業發展 Properties development
重慶龍湖凱安地產發展 有限公司 (附註b) Chongqing Longhu Kaian Real Estate Development Co., Ltd. (note b)	中國 PRC	95.6%	95.6%	註冊資本人民幣 1,278,000,000元 繳足股本人民幣 1,278,000,000元 Registered RMB1,278,000,000 Paid up capital RMB1,278,000,000	中國 PRC	物業發展 Properties development

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41. 附屬公司、共同控制實體 及聯營公司的詳情 (續)

41. PARTICULARS OF THE SUBSIDIARIES, JOINTLY CONTROLLED ENTITIES AND ASSOCIATES (Continued)

公司名稱 Name of company	註冊成立/ 成立地點 Place of incorporation/ establishment	本集團應佔股權 Equity interest attributable to the Group		已發行及繳足 股本/註冊資本 Issued and fully paid share capital/ registered capital	經營地點 Place of operation	主要業務 Principal activities
		二零一零年 2010	二零零九年 2009			
附屬公司 (續) Subsidiary (Continued)						
重慶龍湖地產發展有限公司 (附註b) Chongqing Longhu Properties Company Limited (note b)	中國 PRC	91.3%	91.3%	註冊資本人民幣 1,544,912,450元 繳足股本人民幣 1,544,912,450元 Registered RMB1,544,912,450 Paid up capital RMB1,544,912,450	中國 PRC	物業發展及投資 Properties development and investment
重慶龍湖西街置業有限公司 (附註a) Chongqing Longhu Xijie Real Estate Company Limited (note a)	中國 PRC	91.3%	91.3%	註冊資本人民幣 624,000,000元 繳足股本人民幣 624,000,000元 Registered RMB624,000,000 Paid up capital RMB624,000,000	中國 PRC	物業發展及投資 Properties development and investment
重慶龍湖宜恒地產發展有限公司 (附註b) Chongqing Longhu Yiheng Estate Development Co., Ltd. (note b)	中國 PRC	46.6%*	46.6%*	註冊資本人民幣 360,000,000元 繳足股本人民幣 360,000,000元 Registered RMB360,000,000 Paid up capital RMB360,000,000	中國 PRC	物業發展 Properties development

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41. 附屬公司、共同控制實體 及聯營公司的詳情 (續)

41. PARTICULARS OF THE SUBSIDIARIES, JOINTLY CONTROLLED ENTITIES AND ASSOCIATES (Continued)

公司名稱 Name of company	註冊成立/ 成立地點 Place of incorporation/ establishment	本集團應佔股權 Equity interest attributable to the Group		已發行及繳足 股本/註冊資本 Issued and fully paid share capital/ registered capital	經營地點 Place of operation	主要業務 Principal activities
		二零一零年 2010	二零零九年 2009			
附屬公司 (續) Subsidiary (Continued)						
重慶融凱實業有限公司 (附註b) Chongqing Rongkai Industrial Company Limited (note b)	中國 PRC	93.5%	93.5%	註冊資本人民幣 698,000,000元 繳足股本人民幣 698,000,000元 Registered RMB698,000,000 Paid up capital RMB698,000,000	中國 PRC	物業發展 Properties development
重慶天卓投資有限公司 (附註a) Chongqing Tianzhuo Investment Company Limited (note a)	中國 PRC	93.5%	93.5%	註冊資本人民幣 20,000,000元 繳足股本人民幣 20,000,000元 Registered RMB20,000,000 Paid up capital RMB20,000,000	中國 PRC	物業發展 Properties development
重慶天朗農業發展有限公司 (附註a) Chongqing Tianlang Agriculture Development Company Limited (note a)	中國 PRC	93.5%	93.5%	註冊資本人民幣 10,000,000元 繳足股本人民幣 10,000,000元 Registered RMB10,000,000 Paid up capital RMB10,000,000	中國 PRC	樹苗培育 Nursery of seeding tree

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41. 附屬公司、共同控制實體 及聯營公司的詳情 (續)

41. PARTICULARS OF THE SUBSIDIARIES, JOINTLY CONTROLLED ENTITIES AND ASSOCIATES (Continued)

公司名稱 Name of company	註冊成立/ 成立地點 Place of incorporation/ establishment	本集團應佔股權 Equity interest attributable to the Group		已發行及繳足 股本/註冊資本 Issued and fully paid share capital/ registered capital	經營地點 Place of operation	主要業務 Principal activities
		二零一零年 2010	二零零九年 2009			
附屬公司 (續) Subsidiary (Continued)						
重慶新龍湖物業服務有限公司 (附註a) Chongqing Xinlonghu Properties Services Company Limited (note a)	中國 PRC	91.3%	91.3%	註冊資本人民幣 5,000,000元 繳足股本人民幣 5,000,000元 Registered RMB5,000,000 Paid up capital RMB5,000,000	中國 PRC	物業管理 Properties management
杭州龍湖房地產開發有限公司 (附註c) Hangzhou Longhu Real Estate Development Co., Ltd. (note c)	中國 PRC	100%	100%	註冊資本 149,400,000美元 繳足股本 149,400,000美元 Registered USD149,400,000 Paid up capital USD149,400,000	中國 PRC	物業發展 Properties development
上海恒馳房地產有限公司 (附註a) Shanghai Hengchi Real Estate Company Limited (note a)	中國 PRC	93.5%	93.5%	註冊資本人民幣 1,000,000,000元 繳足股本人民幣 1,000,000,000元 Registered RMB1,000,000,000 Paid up capital RMB1,000,000,000	中國 PRC	物業發展 Properties development

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41. 附屬公司、共同控制實體 及聯營公司的詳情 (續)

41. PARTICULARS OF THE SUBSIDIARIES, JOINTLY CONTROLLED ENTITIES AND ASSOCIATES (Continued)

公司名稱 Name of company	註冊成立/ 成立地點 Place of incorporation/ establishment	本集團應佔股權 Equity interest attributable to the Group		已發行及繳足 股本/註冊資本 Issued and fully paid share capital/ registered capital	經營地點 Place of operation	主要業務 Principal activities
		二零一零年 2010	二零零九年 2009			
附屬公司 (續) Subsidiary (Continued)						
上海龍湖物業管理有限公司 (附註a) Shanghai Longhu Property Management Company Limited (note a)	中國 PRC	91.3%	91.3%	註冊資本人民幣 5,000,000元 繳足股本人民幣 5,000,000元 Registered RMB5,000,000 Paid up capital RMB5,000,000	中國 PRC	物業管理 Properties management
上海龍湖置業發展有限公司 (附註a) Shanghai Longhu Real Estate Co. Ltd.(note a)	中國 PRC	91.3%	91.3%	註冊資本人民幣 100,000,000元 繳足股本人民幣 100,000,000元 Registered RMB100,000,000 Paid up capital RMB100,000,000	中國 PRC	物業發展 Properties development
上海莘潤園林綠化有限公司 (附註a) Shanghai Xinrun Garden Virescence Company Limited (note a)	中國 PRC	93.5%	93.5%	註冊資本人民幣 12,000,000元 繳足股本人民幣 12,000,000元 Registered RMB12,000,000 Paid up capital RMB12,000,000	中國 PRC	樹苗培育 Nursery of seeding tree

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41. 附屬公司、共同控制實體 及聯營公司的詳情 (續)

41. PARTICULARS OF THE SUBSIDIARIES, JOINTLY CONTROLLED ENTITIES AND ASSOCIATES (Continued)

公司名稱 Name of company	註冊成立/ 成立地點 Place of incorporation/ establishment	本集團應佔股權 Equity interest attributable to the Group		已發行及繳足 股本/註冊資本 Issued and fully paid share capital/ registered capital	經營地點 Place of operation	主要業務 Principal activities
		二零一零年 2010	二零零九年 2009			
附屬公司 (續) Subsidiary (Continued)						
上海渝久實業有限公司 (附註b) Shanghai Yuju Industrial Company Limited (note b)	中國 PRC	93.5%	93.5%	註冊資本人民幣 20,000,000元 繳足股本人民幣 20,000,000元 Registered RMB20,000,000 Paid up capital RMB20,000,000	中國 PRC	建材貿易 Trading of construction materials
瀋陽龍湖房地產拓展有限公司 (附註b) Shenyang Longhu Estate Development Co., Ltd. (note b)	中國 PRC	98.5%	98.5%	註冊資本 65,000,000美元 繳足股本 65,000,000美元 Registered USD65,000,000 Paid up capital USD65,000,000	中國 PRC	物業發展 Properties development
四川龍湖地產發展有限公司 (附註b) Sichuan Longhu Real Estate Development Company Limited (note b)	中國 PRC	93.5%	85.5%	註冊資本人民幣 50,000,000元 繳足股本人民幣 50,000,000元 Registered RMB50,000,000 Paid up capital RMB50,000,000	中國 PRC	物業發展 Properties development

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41. 附屬公司、共同控制實體 及聯營公司的詳情 (續)

41. PARTICULARS OF THE SUBSIDIARIES, JOINTLY CONTROLLED ENTITIES AND ASSOCIATES (Continued)

公司名稱 Name of company	註冊成立/ 成立地點 Place of incorporation/ establishment	本集團應佔股權 Equity interest attributable to the Group		已發行及繳足 股本/註冊資本 Issued and fully paid share capital/ registered capital	經營地點 Place of operation	主要業務 Principal activities
		二零一零年 2010	二零零九年 2009			
附屬公司 (續) Subsidiary (Continued)						
西安龍湖錦城置業有限公司 (附註a) Xi'an Longhu Jincheng Company Limited (note a)	中國 PRC	91.3%	90.7%	註冊資本人民幣 430,000,000元 繳足股本人民幣 430,000,000元 Registered RMB430,000,000 Paid up capital RMB430,000,000	中國 PRC	物業發展 Properties development
西安龍湖物業服務有限公司 (附註a) Xi'an Longhu Property Service Company Limited (note a)	中國 PRC	91.3%	91.3%	註冊資本人民幣 3,000,000元 繳足股本人民幣 3,000,000元 Registered RMB3,000,000 Paid up capital RMB3,000,000	中國 PRC	物業發展 Properties development
西安龍湖地產發展有限公司 (附註a) Xi'an Longhu Real Estate Inc. (note a)	中國 PRC	91.3%	91.3%	註冊資本人民幣 50,000,000元 繳足股本人民幣 50,000,000元 Registered RMB50,000,000 Paid up capital RMB50,000,000	中國 PRC	物業發展 Properties development

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41. 附屬公司、共同控制實體 及聯營公司的詳情 (續)

41. PARTICULARS OF THE SUBSIDIARIES, JOINTLY CONTROLLED ENTITIES AND ASSOCIATES (Continued)

公司名稱 Name of company	註冊成立/ 成立地點 Place of incorporation/ establishment	本集團應佔股權 Equity interest attributable to the Group		已發行及繳足 股本/註冊資本 Issued and fully paid share capital/ registered capital	經營地點 Place of operation	主要業務 Principal activities
		二零一零年 2010	二零零九年 2009			
附屬公司 (續) Subsidiary (Continued)						
西安龍湖興城置業有限公司 (附註a) Xi'an Longhu Xingcheng Estate Co. Ltd. (note a)	中國 PRC	91.3%	91.3%	註冊資本人民幣 219,610,000元 繳足股本人民幣 219,610,000元 Registered RMB219,610,000 Paid up capital RMB219,610,000	中國 PRC	物業發展 Properties development
西安業恒實業有限公司 (附註a) Xi'an Yeheng Industrial Company Limited (note a)	中國 PRC	93.5%	93.5%	註冊資本人民幣 20,000,000元 繳足股本人民幣 20,000,000元 Registered RMB20,000,000 Paid up capital RMB20,000,000	中國 PRC	建材貿易 Trading of construction materials
無錫龍湖置業有限公司 (附註a) Wuxi Longhu Real Estate Inc. (note a)	中國 PRC	91.3%	91.3%	註冊資本人民幣 615,200,000元 繳足股本人民幣 615,200,000元 Registered RMB615,200,000 Paid up capital RMB615,200,000	中國 PRC	物業發展 Properties development

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41. 附屬公司、共同控制實體 及聯營公司的詳情 (續)

41. PARTICULARS OF THE SUBSIDIARIES, JOINTLY CONTROLLED ENTITIES AND ASSOCIATES (Continued)

公司名稱 Name of company	註冊成立/ 成立地點 Place of incorporation/ establishment	本集團應佔股權 Equity interest attributable to the Group		已發行及繳足 股本/註冊資本 Issued and fully paid share capital/ registered capital	經營地點 Place of operation	主要業務 Principal activities
		二零一零年 2010	二零零九年 2009			
附屬公司 (續) Subsidiary (Continued)						
Jasmine Spread Investment Limited	英屬維爾京群島 (「英屬維爾京群島」) The British Virgin Islands (the "BVI")	100%	100%	法定資本 50,000美元 繳足股本2美元 Authorised USD50,000 Paid up capital USD2	香港 HK	投資控股 Investment holding
Join Dragon Limited	英屬維爾京群島 BVI	100%	100%	法定資本 50,000美元 繳足股本2美元 Authorised USD50,000 Paid up capital USD2	香港 HK	投資控股 Investment holding
Longfor Investment Co. Ltd.	英屬維爾京群島 BVI	100%	100%	法定資本1美元 繳足股本1美元 Authorised USD1 Paid up capital USD1	香港 HK	投資控股 Investment holding

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41. 附屬公司、共同控制實體 及聯營公司的詳情 (續)

41. PARTICULARS OF THE SUBSIDIARIES, JOINTLY CONTROLLED ENTITIES AND ASSOCIATES (Continued)

公司名稱 Name of company	註冊成立/ 成立地點 Place of incorporation/ establishment	本集團應佔股權 Equity interest attributable to the Group		已發行及繳足 股本/註冊資本 Issued and fully paid share capital/ registered capital	經營地點 Place of operation	主要業務 Principal activities
		二零一零年 2010	二零零九年 2009			
附屬公司 (續) Subsidiary (Continued)						
Silver Oak Enterprises Limited	英屬維爾京群島 BVI	100%	100%	法定資本 50,000美元 繳足股本2美元 Authorised USD50,000 Paid up capital USD2	香港 HK	投資控股 Investment holding
富煌發展有限公司 Fortune Glistar Development Limited	香港 (「香港」) Hong Kong ("HK")	100%	100%	法定資本 10,000港元 繳足股本1港元 Authorised HKD10,000 Paid up capital HKD1	香港 HK	投資控股 Investment holding
寶欣貿易有限公司 Joy Wealth Trading Limited	香港 HK	91.3%	91.3%	法定資本 100,000,000港元 繳足股本 69,687,000港元 Authorised HKD100,000,000 Paid up capital HKD69,687,000	香港 HK	投資控股 Investment holding

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For the year ended December 31, 2010

41. 附屬公司、共同控制實體 及聯營公司的詳情 (續)

41. PARTICULARS OF THE SUBSIDIARIES, JOINTLY CONTROLLED ENTITIES AND ASSOCIATES (Continued)

公司名稱 Name of company	註冊成立/ 成立地點 Place of incorporation/ establishment	本集團應佔股權 Equity interest attributable to the Group		已發行及繳足 股本/註冊資本 Issued and fully paid share capital/ registered capital	經營地點 Place of operation	主要業務 Principal activities
		二零一零年 2010	二零零九年 2009			
附屬公司 (續) Subsidiary (Continued)						
順嘉有限公司 Joyline Corporation Limited	香港 HK	100%	100%	法定資本 10,000港元 繳足股本1港元 Authorised HKD10,000 Paid up capital HKD1	香港 HK	投資控股 Investment holding
嘉遜發展香港(控股)有限公司 Juntion Development Hong Kong (Holding) Limited	香港 HK	100%	100%	法定資本 2,000,000港元 繳足股本 2,000,000港元 Authorised HKD2,000,000 Paid up capital HKD2,000,000	香港 HK	投資控股 Investment holding
Longfor Company Limited	香港 HK	100%	100%	法定資本 10,000港元 繳足股本1港元 Authorised HKD10,000 Paid up capital HKD1	香港 HK	投資控股 Investment holding
定邦有限公司 Treasure State Limited	香港 HK	100%	100%	註冊資本 10,000港元 繳足股本1港元 Registered HKD10,000 Paid up capital HKD1	香港 HK	投資控股 Investment holding

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41. 附屬公司、共同控制實體 及聯營公司的詳情 (續)

41. PARTICULARS OF THE SUBSIDIARIES, JOINTLY CONTROLLED ENTITIES AND ASSOCIATES (Continued)

公司名稱 Name of company	註冊成立/ 成立地點 Place of incorporation/ establishment	本集團應佔股權 Equity interest attributable to the Group		已發行及繳足 股本/註冊資本 Issued and fully paid share capital/ registered capital	經營地點 Place of operation	主要業務 Principal activities
		二零一零年 2010	二零零九年 2009			
共同控制實體 Jointly Controlled Entity						
成都匯新置業有限公司 (「成都匯新」) (附註d) Chengdu Huixin Real Estate Company Limited ("Chengdu Huixin") (note d)	中國 PRC	59.2%#+	59.2%#+	註冊資本人民幣 629,993,500元 繳足股本人民幣 629,993,500元 Registered RMB629,993,500 Paid up capital RMB629,993,500	中國 PRC	物業發展 Properties development
成都嘉南置業有限公司 (「成都嘉南」) (附註d) Chengdu Jia'nan Real Estate Company Limited ("Chengdu Jia'nan") (note d)	中國 PRC	47.7%#+	47.7%#+	註冊資本人民幣 382,890,100元 繳足股本人民幣 382,890,100元 Registered RMB382,890,100 Paid up capital RMB382,890,100	中國 PRC	物業發展 Properties development
成都景匯置業有限公司 (「成都景匯」) (附註d) Chengdu Jinghui Real Estate Company Limited ("Chengdu Jinghui") (note d)	中國 PRC	46.2%#+	46.2%#+	註冊資本人民幣 653,275,800元 繳足股本人民幣 653,275,800元 Registered RMB653,275,800 Paid up capital RMB653,275,800	中國 PRC	物業發展 Properties development

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For the year ended December 31, 2010

41. 附屬公司、共同控制實體 及聯營公司的詳情 (續)

41. PARTICULARS OF THE SUBSIDIARIES, JOINTLY CONTROLLED ENTITIES AND ASSOCIATES (Continued)

公司名稱 Name of company	註冊成立/ 成立地點 Place of incorporation/ establishment	本集團應佔股權 Equity interest attributable to the Group		已發行及繳足 股本/註冊資本 Issued and fully paid share capital/ registered capital	經營地點 Place of operation	主要業務 Principal activities
		二零一零年 2010	二零零九年 2009			
共同控制實體 (續) Jointly Controlled Entity (Continued)						
成都拓晟置業有限公司 (「成都拓晟」) (附註d) Chengdu Tuocheng Real Estate Company Limited (“Chengdu Tuocheng”) (note d)	中國 PRC	46.2%#+	46.2%#+	註冊資本人民幣 633,495,100元 繳足股本人民幣 633,495,100元 Registered RMB633,495,100 Paid up capital RMB633,495,100	中國 PRC	物業發展 Properties development
重慶興龍湖置地發展有限公司 (附註d) Longhu Land Limited (note d)	中國 PRC	50%#	50%#	註冊資本 27,000,000美元 繳足股本 27,000,000美元 Registered USD27,000,000 Paid up capital USD27,000,000	中國 PRC	物業發展 Properties development
上海恒睿房地產有限公司 (附註d) Shanghai Hengrui Real Estate Company Limited (note d)	中國 PRC	45.7%#	45.7%#	註冊資本人民幣 1,589,000,000元 繳足股本人民幣 1,589,000,000元 Registered RMB1,589,000,000 Paid up capital RMB1,589,000,000	中國 PRC	物業發展 Properties development

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截至二零一零年十二月三十一日止年度
For the year ended December 31, 2010

41. 附屬公司、共同控制實體 及聯營公司的詳情 (續)

41. PARTICULARS OF THE SUBSIDIARIES, JOINTLY CONTROLLED ENTITIES AND ASSOCIATES (Continued)

公司名稱 Name of company	註冊成立/ 成立地點 Place of incorporation/ establishment	本集團應佔股權 Equity interest attributable to the Group		已發行及繳足 股本/註冊資本 Issued and fully paid share capital/ registered capital	經營地點 Place of operation	主要業務 Principal activities
		二零一零年 2010	二零零九年 2009			
共同控制實體 (續) Jointly Controlled Entity (Continued)						
Northpole Intermediary Limited ("Northpole")	開曼群島 Cayman Islands	44.4%#	44.4%#	註冊資本200美元 繳足股本200美元 Registered USD200 Paid up capital USD200	開曼群島 Cayman Islands	投資控股 Investment holding
高宏國際企業有限公司 Top Grand International Enterprise Limited	香港 HK	50%#	100%	註冊資本10,000港元 繳足股本10,000港元 Registered HKD10,000 Paid up capital HKD10,000	香港 HK	投資控股 Investment holding
聯營公司 Associate						
埃克爾空調技術(無錫) 有限公司(附註e) Ar Ke Er (note e)	中國 PRC	20%	20%	註冊資本1,250,000美元 繳足股本100美元 Registered USD1,250,000 Paid up capital USD100	中國 PRC	生產空調 Production of air conditioning
嘉遜置地(中國)有限公司(前稱 Easeridge Investments Limited) Jiaxun Land (China) Company Limited (Formerly known as Easeridge Investments Limited)	英屬維爾京群島 BVI	47.4%	47.4%	法定資本50,000美元 繳足股本100美元 Authorised USD50,000 Paid up capital USD100	香港 HK	投資控股 Investment holding

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截至二零一零年十二月三十一日止年度
For the year ended December 31, 2010

41. 附屬公司、共同控制實體 及聯營公司的詳情 (續)

附註：

- (a) 該附屬公司為於中國成立之國內全資附屬企業。
- (b) 該附屬公司為於中國成立之合資企業。
- (c) 該附屬公司為於中國成立之全外資企業。
- (d) 該共同控制實體為於中國成立之合資企業。
- (e) 該聯營公司為於中國成立之全外資企業。

概無附屬公司於二零一零年十二月三十一日發行任何債務證券，除重慶龍湖企業拓展有限公司發行而本公司並無持有權益之人民幣1,400,000,000元債券。

- * 該公司為重慶龍湖企業拓展(本公司於二零一零年及二零零九年十二月三十一日持有其91.3%股權的一間附屬公司)持有的附屬公司。該公司為本公司的間接控制附屬公司。因此，儘管根據實際權益持有百分比計算，本公司應佔該公司的有效實際權益少於50%，但本公司仍可透過重慶龍湖企業拓展對該公司行使控制權。
- # 該等公司於各期間結算日根據各公司組織章程大綱及細則入賬列為共同控制實體，該等公司主要財務及經營政策須全體董事一致同意。
- + 成都佳遜分別直接持有成都嘉南、成都拓展、成都景匯及成都匯新7.84%、4.74%、4.50%及32.05%的權益，而Northpole分別直接持有成都嘉南、成都拓展、成都景匯及成都匯新92.16%、95.26%、95.41%及67.95%的權益。根據相關合營協議，本集團可分佔該等共同控制實體49.13%的溢利，而該等公司主要財務及經營政策須全體合營夥伴一致同意。

41. PARTICULARS OF THE SUBSIDIARIES, JOINTLY CONTROLLED ENTITIES AND ASSOCIATES (Continued)

Notes:

- (a) The subsidiary is a domestic wholly-owned enterprise established in the PRC.
- (b) The subsidiary is an equity joint venture established in the PRC.
- (c) The subsidiary is a wholly foreign owned enterprise established in the PRC.
- (d) The jointly controlled entity is an equity joint venture established in the PRC.
- (e) The associate is a wholly foreign owned enterprise established in the PRC.

None of the subsidiaries had issued any debt securities at December 31, 2010, except for Chongqing Longhu Development Company Limited which has issued RMB1,400 million bonds, in which the Group has no interest.

- * This company is subsidiary held by Chongqing Longhu Development, a subsidiary in which the Company has 91.3% equity interest at December 31, 2010 and 2009. This company is indirectly controlled subsidiary of the Company. Therefore, the Company could exercise the control over this company through Chongqing Longhu Development, though the effective beneficial interests attributable to the Company in this company are calculated at less than 50% based on the effective interest holding percentage.
- # These companies were accounted for as jointly controlled entities as at respective period end date as in accordance with the memorandum and the articles of the companies, major financial and operating policies of these companies required the unanimous consent of all the directors.
- + The interests of Chengdu Jia'nian, Chengdu Tuocheng, Chengdu Jinghui and Chengdu Huixin directly held by Chengdu Jiaxun and Northpole are 7.84%, 4.74%, 4.50% and 32.05% and 92.16%, 95.26%, 95.41% and 67.95% respectively. Pursuant to the relevant joint venture agreements, the Group is entitled to share 49.13% of profit of these jointly controlled entities and major financial and operating policies of these companies required the unanimous consent of all joint venture partners.

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