

*The following is the text of a report, prepared for the purpose of inclusion in this prospectus, received from the Company's reporting accountants, PricewaterhouseCoopers, Certified Public Accountants, Hong Kong.*



羅兵咸永道會計師事務所

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

22 October 2009

The Directors  
Evergrande Real Estate Group Limited  
Merrill Lynch Far East Limited  
Goldman Sachs (Asia) L.L.C.

Dear Sirs,

We set out below our report on the financial information (the "Financial Information") of Evergrande Real Estate Group Limited (the "Company") and its subsidiaries (together, the "Group") set out in sections I to III below, for inclusion in the prospectus of the Company dated 22 October 2009 (the "Prospectus") in connection with the initial public offering of the shares of the Company and listing of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The Financial Information comprises the consolidated balance sheets of the Group and the balance sheets of the Company as at 31 December 2006, 2007 and 2008 and 30 June 2009, the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Group for each of the years ended 31 December 2006, 2007 and 2008 and the six months ended 30 June 2008 and 2009 (the "Relevant Periods"), and a summary of significant accounting policies and other explanatory notes.

The Company was incorporated in the Cayman Islands on 26 June 2006 as an exempted company with limited liability under the Companies Law (2009 Revision) (as consolidated and revised from time to time) of the Cayman Islands. Pursuant to a group reorganisation as detailed in note 1 of section II headed "General Information and Group Reorganisation" below, which was completed in June 2006, the Company became the holding company of the subsidiaries comprising the Group (the "Reorganisation").

As at the date of this report, the Company has direct and indirect interests in the subsidiaries as set out in note 1 of section II below. All of these companies are private companies.

All companies comprising the Group have adopted 31 December as their financial year end date. Details of the financial statements of the companies comprising the Group that are subject to audit and the names of the respective auditors are set out in note 1 of section II below.

For the purpose of this report, the directors of the Company have prepared consolidated financial statements of the Group for the Relevant Periods, in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (the “Underlying Financial Statements”). We have audited the Underlying Financial Statements for each of the years ended 31 December 2006, 2007 and 2008 and the six months ended 30 June 2009 in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

The Financial Information has been prepared based on the Underlying Financial Statements with no adjustment made thereon.

### **DIRECTORS' RESPONSIBILITY**

The directors of the Company are responsible for the preparation and the true and fair presentation of the Underlying Financial Statements and the Financial Information in accordance with HKFRSs.

For the financial information for each of the years ended 31 December 2006, 2007 and 2008 and the six months ended 30 June 2009, the directors of the Company are responsible for the preparation and true and fair presentation of the financial information in accordance with HKFRSs. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of the financial information that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

For the financial information for the six months ended 30 June 2008, the directors of the Company are responsible for the preparation and the presentation of the financial information in accordance with the accounting policies set out in note 2 of section II below which are conformity with HKFRSs.

### **REPORTING ACCOUNTANTS' RESPONSIBILITY**

For the financial information for each of the years ended 31 December 2006, 2007 and 2008 and the six months ended 30 June 2009, our responsibility is to express an opinion on the financial information based on our examination and to report our opinion to you. We examined the Underlying Financial Statements for each of the years ended 31 December 2006, 2007 and 2008 and the six months ended 30 June 2009 used in preparing the financial information and carried out such additional procedures as we considered necessary in accordance with the Auditing Guideline 3.340 “Prospectuses and the Reporting Accountant” issued by the HKICPA.

For the financial information for the six months ended 30 June 2008, our responsibility is to express a conclusion on the financial information based on our review and to report our conclusion to you. 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.” A review of the financial information 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.

**OPINION AND REVIEW CONCLUSION**

In our opinion, the financial information for each of the years ended 31 December 2006, 2007 and 2008 and the six months ended 30 June 2009, for the purpose of this report, gives a true and fair view of the state of affairs of the Company and the Group as at 31 December 2006, 2007 and 2008 and 30 June 2009 and of the Group's results and cash flows for the respective years and period then ended.

Based on our review, which does not constitute an audit, nothing has come to our attention that causes us to believe that the financial information for the six months ended 30 June 2008, for the purpose of this report, is not prepared, in all material respects, in accordance with the accounting policies set out in note 2 of section II below which are in conformity with HKFRSs.

## I. FINANCIAL INFORMATION

## (a) Consolidated Balance Sheets

	Note	31 December			30 June
		2006	2007	2008	2009
		RMB'000	RMB'000	RMB'000	RMB'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property and equipment . . . . .	6	46,781	217,978	450,141	389,815
Land use rights . . . . .	7	378,622	470,820	250,868	278,606
Investment properties . . . . .	8	847,487	1,571,468	1,741,390	2,148,108
Other receivables . . . . .	21(a)	—	—	281,849	290,351
Deferred income tax assets . . . . .	18	19,957	123,904	324,364	401,461
		<u>1,292,847</u>	<u>2,384,170</u>	<u>3,048,612</u>	<u>3,508,341</u>
<b>Current assets</b>					
Land use rights . . . . .	7	1,158,544	6,514,092	8,644,245	10,202,174
Properties under development . . . . .	9	1,083,477	3,287,017	9,049,192	11,320,250
Completed properties held for sale . . . . .	10	290,339	986,962	2,240,713	3,291,744
Trade and other receivables and prepayments . . . . .	11	1,918,580	4,845,432	3,590,360	2,931,573
Income tax recoverable . . . . .		8,128	—	31,816	100,707
Restricted cash . . . . .	12	386,092	1,725,849	1,167,942	2,126,399
Cash and cash equivalents . . . . .	13	1,655,970	1,640,863	749,718	2,974,188
		<u>6,501,130</u>	<u>19,000,215</u>	<u>25,473,986</u>	<u>32,947,035</u>
Total assets . . . . .		<u>7,793,977</u>	<u>21,384,385</u>	<u>28,522,598</u>	<u>36,455,376</u>
<b>EQUITY</b>					
<b>Capital and reserves attributable to shareholders of the Company</b>					
Share capital . . . . .	14	125,000	125,000	209,332	209,332
Share premium . . . . .	14	—	—	6,000,560	6,000,560
Reserves . . . . .	15	(744,315)	(640,465)	389,837	389,837
Retained earnings . . . . .		110,981	1,153,145	1,662,139	2,162,311
		(508,334)	637,680	8,261,868	8,762,040
Minority interests . . . . .		—	213,593	321,263	244,651
Total equity . . . . .		<u>(508,334)</u>	<u>851,273</u>	<u>8,583,131</u>	<u>9,006,691</u>
<b>LIABILITIES</b>					
<b>Non-current liabilities</b>					
Borrowings . . . . .	16	1,425,721	8,915,516	4,226,413	3,877,886
Convertible Preferred Shares . . . . .	17	2,830,322	3,153,928	—	—
Embedded financial derivatives . . . . .	17	294,232	816,436	—	—
Deferred income tax liabilities . . . . .	18	422,762	482,137	451,527	441,987
		<u>4,973,037</u>	<u>13,368,017</u>	<u>4,677,940</u>	<u>4,319,873</u>
<b>Current liabilities</b>					
Borrowings . . . . .	16	829,662	646,200	6,213,843	6,294,425
Trade and other payables . . . . .	19	857,081	4,194,060	4,469,168	5,122,154
Receipt in advance from customers . . . . .		1,472,096	1,763,544	3,503,265	10,765,988
Financial guarantee liabilities . . . . .	31(b)	—	—	197,403	51,062
Current income tax liabilities . . . . .	20	170,435	561,291	877,848	895,183
		<u>3,329,274</u>	<u>7,165,095</u>	<u>15,261,527</u>	<u>23,128,812</u>
Total liabilities . . . . .		<u>8,302,311</u>	<u>20,533,112</u>	<u>19,939,467</u>	<u>27,448,685</u>
<b>Total equity and liabilities . . . . .</b>		<u>7,793,977</u>	<u>21,384,385</u>	<u>28,522,598</u>	<u>36,455,376</u>
<b>Net current assets . . . . .</b>		<u>3,171,856</u>	<u>11,835,120</u>	<u>10,212,459</u>	<u>9,818,223</u>
<b>Total assets less current liabilities . . . . .</b>		<u>4,464,703</u>	<u>14,219,290</u>	<u>13,261,071</u>	<u>13,326,564</u>

## (b) Balance Sheets

	Note	31 December			30 June
		2006	2007	2008	2009
		RMB'000	RMB'000	RMB'000	RMB'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Investment in subsidiaries . . . . .		1	2	2	2
Property and equipment . . . . .	6	1,400	1,403	1,106	938
		<u>1,401</u>	<u>1,405</u>	<u>1,108</u>	<u>940</u>
<b>Current assets</b>					
Other receivables . . . . .	11	2,876,263	3,134,092	6,351,153	6,471,439
Cash and cash equivalents . . . . .	13	316,432	617	420	1,659
		<u>3,192,695</u>	<u>3,134,709</u>	<u>6,351,573</u>	<u>6,473,098</u>
Total assets . . . . .		<u>3,194,096</u>	<u>3,136,114</u>	<u>6,352,681</u>	<u>6,474,038</u>
<b>EQUITY</b>					
<b>Capital and reserves</b>					
<b>attributable to shareholders</b>					
<b>of the Company</b>					
Share capital . . . . .	14	125,000	125,000	209,332	209,332
Share premium . . . . .	14	—	—	6,000,560	6,000,560
Reserve . . . . .	15	—	—	1,014,536	1,014,536
Accumulated losses . . . . .		(55,459)	(975,656)	(1,083,267)	(819,323)
Total equity . . . . .		<u>69,541</u>	<u>(850,656)</u>	<u>6,141,161</u>	<u>6,405,105</u>
<b>LIABILITIES</b>					
<b>Non-current liabilities</b>					
Convertible Preferred Shares . . .	17	2,830,322	3,153,928	—	—
Embedded financial derivatives . .	17	294,232	816,436	—	—
		<u>3,124,554</u>	<u>3,970,364</u>	<u>—</u>	<u>—</u>
<b>Current liabilities</b>					
Financial guarantee liabilities . . .	31(b)	—	—	197,403	51,062
Trade and other payables . . . . .	19	1	16,406	14,117	17,871
		<u>1</u>	<u>16,406</u>	<u>211,520</u>	<u>68,933</u>
Total liabilities . . . . .		<u>3,124,555</u>	<u>3,986,770</u>	<u>211,520</u>	<u>68,933</u>
<b>Total equity and liabilities . . . . .</b>		<u>3,194,096</u>	<u>3,136,114</u>	<u>6,352,681</u>	<u>6,474,038</u>
<b>Net current assets . . . . .</b>		<u>3,192,694</u>	<u>3,118,303</u>	<u>6,140,053</u>	<u>6,404,165</u>
<b>Total assets less current</b>					
<b>liabilities . . . . .</b>		<u>3,194,095</u>	<u>3,119,708</u>	<u>6,141,161</u>	<u>6,405,105</u>

## (c) Consolidated Statements of Comprehensive Income

	Note	Year ended 31 December			Six months ended 30 June	
		2006	2007	2008	2008	2009
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
						(unaudited)
Revenue . . . . .	5	1,983,304	3,166,692	3,606,791	2,525,413	1,635,130
Cost of sales . . . . .	22	(1,426,278)	(1,945,261)	(2,124,420)	(1,585,279)	(1,089,782)
<b>Gross profit . . . . .</b>		<b>557,026</b>	<b>1,221,431</b>	<b>1,482,371</b>	<b>940,134</b>	<b>545,348</b>
Fair value gains on						
investment properties . . .	8	300,103	657,067	77,415	107,912	299,657
Other gains . . . . .	21	25,904	796,877	531,090	485,883	301,094
Selling and marketing costs	22	(63,640)	(220,651)	(665,299)	(278,161)	(415,259)
Administrative expenses . . .	22	(150,964)	(470,579)	(545,273)	(218,146)	(349,034)
Other operating expenses . .	22	(19,572)	(23,356)	(34,439)	(24,243)	(6,187)
<b>Operating profit . . . . .</b>		<b>648,857</b>	<b>1,960,789</b>	<b>845,865</b>	<b>1,013,379</b>	<b>375,619</b>
Fair value change on						
embedded financial						
derivatives . . . . .	17	(2,515)	(562,684)	—	—	—
(Provisions)/reversals of						
financial guarantees . . . .	31(b)	—	—	(65,997)	(32,315)	146,341
Finance (costs)/income, net	25	(55,809)	118,765	186,520	183,980	(12,308)
<b>Profit before income tax . .</b>		<b>590,533</b>	<b>1,516,870</b>	<b>966,388</b>	<b>1,165,044</b>	<b>509,652</b>
Income tax (expenses)/credit	26	(265,074)	(437,766)	(333,958)	(304,480)	12,708
<b>Profit for the year/period .</b>		<b>325,459</b>	<b>1,079,104</b>	<b>632,430</b>	<b>860,564</b>	<b>522,360</b>
<b>Other comprehensive</b>						
<b>    income:</b>						
Gain/loss recognised						
directly in equity . . . .		—	—	—	—	—
<b>Total comprehensive</b>						
<b>    income for the year/</b>						
<b>    period . . . . .</b>		<b>325,459</b>	<b>1,079,104</b>	<b>632,430</b>	<b>860,564</b>	<b>522,360</b>
<b>Attributable to:</b>						
Shareholders of the						
Company . . . . .		325,459	1,081,533	524,760	759,883	500,172
Minority interests . . . . .		—	(2,429)	107,670	100,681	22,188
		<b>325,459</b>	<b>1,079,104</b>	<b>632,430</b>	<b>860,564</b>	<b>522,360</b>
Basic and diluted earnings						
per share for profit						
attributable to						
shareholders of the						
Company during the year/						
period (expressed in RMB						
per share) . . . . .	27	Not applicable	Not applicable	0.21	0.33	0.18
Dividends . . . . .	28	493,518	—	125,651	125,651	—

## (d) Consolidated Statements of Changes in Equity

	Attributable to shareholders of the Company						
	Share capital	Share premium	Reserves	Retained earnings	Total	Minority interests	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Balance as at 1 January 2006</b>	—	—	982,385	285,867	1,268,252	—	1,268,252
Total comprehensive income for the year	—	—	—	325,459	325,459	—	325,459
Issuance of shares	125,000	—	—	—	125,000	—	125,000
Deemed contribution by the shareholder of the Company (note 15(b))	—	—	82,759	—	82,759	—	82,759
Deemed distribution to the then equity holder of the Group (note 15(a))	—	—	(1,816,286)	—	(1,816,286)	—	(1,816,286)
Transfer to statutory reserves	—	—	6,827	(6,827)	—	—	—
Dividends to then shareholders of the Group	—	—	—	(493,518)	(493,518)	—	(493,518)
<b>Balance as at 31 December 2006</b>	125,000	—	(744,315)	110,981	(508,334)	—	(508,334)
Total comprehensive income for the year	—	—	—	1,081,533	1,081,533	(2,429)	1,079,104
Deemed contribution by the shareholder of the Company (note 15(b))	—	—	64,481	—	64,481	—	64,481
Transfer to statutory reserves	—	—	39,369	(39,369)	—	—	—
Partial disposal of a subsidiary (note 21(b))	—	—	—	—	—	216,022	216,022
<b>Balance as at 31 December 2007</b>	125,000	—	(640,465)	1,153,145	637,680	213,593	851,273
Total comprehensive income for the year	—	—	—	524,760	524,760	107,670	632,430
Issuance of shares							
— Restructure of Convertible Preferred Shares (note 17)	58,652	2,873,948	1,014,536	—	3,947,136	—	3,947,136
— Issuance of new shares (note 14(e))	25,680	3,252,263	—	—	3,277,943	—	3,277,943
Transfer to statutory reserves	—	—	15,766	(15,766)	—	—	—
Dividends (note 14(f))	—	(125,651)	—	—	(125,651)	—	(125,651)
<b>Balance as at 31 December 2008</b>	209,332	6,000,560	389,837	1,662,139	8,261,868	321,263	8,583,131
Total comprehensive income for the period	—	—	—	500,172	500,172	22,188	522,360
Additional gain from partial disposal of a subsidiary (note 21(b))	—	—	—	—	—	(98,800)	(98,800)
<b>Balance as at 30 June 2009</b>	<u>209,332</u>	<u>6,000,560</u>	<u>389,837</u>	<u>2,162,311</u>	<u>8,762,040</u>	<u>244,651</u>	<u>9,006,691</u>
<b>Unaudited</b>							
<b>Balance as at 31 December 2007</b>	125,000	—	(640,465)	1,153,145	637,680	213,593	851,273
Total comprehensive income for the period	—	—	—	759,883	759,883	100,681	860,564
Issuance of shares							
— Restructure of Convertible Preferred Shares (note 17)	58,652	2,873,948	1,014,536	—	3,947,136	—	3,947,136
— Issuance of new shares (note 14(e))	25,680	3,252,263	—	—	3,277,943	—	3,277,943
Dividends (note 14(f))	—	(125,651)	—	—	(125,651)	—	(125,651)
<b>Balance as at 30 June 2008</b>	<u>209,332</u>	<u>6,000,560</u>	<u>374,071</u>	<u>1,913,028</u>	<u>8,496,991</u>	<u>314,274</u>	<u>8,811,265</u>

## (e) Consolidated Cash Flow Statements

	Note	Year ended 31 December			Six months ended 30 June	
		2006	2007	2008	2008	2009
		RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
<b>Cash flows of operating activities</b>						
Cash (used in)/generated from operations . . . . .	29	(1,423,776)	(7,026,900)	(4,038,562)	(2,679,221)	2,817,309
PRC enterprise income tax paid . . . . .		(87,372)	(104,229)	(198,713)	(122,325)	(64,950)
PRC land appreciation tax paid . . . . .		(9,245)	(23,970)	(81,575)	(67,220)	(60,535)
Interest paid . . . . .		(154,202)	(362,615)	(867,413)	(420,654)	(323,624)
<b>Net cash (used in)/generated from operating activities . . . . .</b>		<b>(1,674,595)</b>	<b>(7,517,714)</b>	<b>(5,186,263)</b>	<b>(3,289,420)</b>	<b>2,368,200</b>
<b>Cash flows of investing activities</b>						
Purchase of property and equipment . . . . .		(17,220)	(187,047)	(168,889)	(70,927)	(36,740)
Acquisition of a subsidiary, net of cash acquired . . . . .		—	(39,336)	—	—	—
Proceeds from disposal of available-for-sale investments . . . . .		29,800	—	—	—	—
Proceeds from partial disposal of a subsidiary . . . . .		—	976,404	—	—	—
Interest received . . . . .		6,846	27,875	34,495	8,977	12,351
Cash advances made to related parties . . . . .		—	—	(969)	(8,047)	—
Repayments of amounts due from related parties . . . . .		1,872,731	—	—	—	46
<b>Net cash generated from/(used in) investing activities . . . . .</b>		<b>1,892,157</b>	<b>777,896</b>	<b>(135,363)</b>	<b>(69,997)</b>	<b>(24,343)</b>
<b>Cash flows of financing activities</b>						
Distribution to then shareholders of the Group . . . . .		(1,816,286)	—	—	—	—
Dividends paid . . . . .		(493,518)	—	(651)	(651)	—
Proceeds from borrowings . . . . .		3,587,346	8,326,497	3,732,643	1,914,800	1,756,585
Repayments of borrowings . . . . .		(2,687,459)	(969,724)	(3,054,204)	(1,092,549)	(1,876,955)
Issuance of Convertible Preferred Shares . . . . .		3,115,555	—	—	—	—
Issuance of shares . . . . .		—	—	3,386,121	3,386,121	—
Restricted cash pledged for bank borrowings . . . . .		(278,969)	(589,121)	400,489	676,090	2,238
Cash advances from related parties . . . . .		43,364	—	850	—	—
Repayments of amounts due to related parties . . . . .		(191,452)	—	—	—	(850)
<b>Net cash generated from/(used in) financing activities . . . . .</b>		<b>1,278,581</b>	<b>6,767,652</b>	<b>4,465,248</b>	<b>4,883,811</b>	<b>(118,982)</b>
<b>Net increase/(decrease) in cash and cash equivalents . . . . .</b>						
Cash and cash equivalents at the beginning of the year/period . . . . .		170,282	1,655,970	1,640,863	1,640,863	749,718
Exchange losses on cash and cash equivalents . . . . .		(10,455)	(42,941)	(34,767)	(28,654)	(405)
<b>Cash and cash equivalents at the end of the year/period . . . . .</b>		<b>1,655,970</b>	<b>1,640,863</b>	<b>749,718</b>	<b>3,136,603</b>	<b>2,974,188</b>

## II. NOTES TO THE FINANCIAL INFORMATION

### 1. General information and group reorganisation

Evergrande Real Estate Group Limited (the "Company") was incorporated in the Cayman Islands on 26 June 2006 as an exempted company with limited liability under the Companies Law (2009 Revision as consolidated and revised from time to time) of the Cayman Islands and is engaged in investment holding. During the Relevant Periods, the Company and its subsidiaries (the "Group") were principally engaged in the property development, property investment, property management, property construction and other property development related services (the "Listing Businesses").

Dr. Hui Ka Yan ("Dr. Hui") established various companies in the People's Republic of China (the "PRC") engaging in the Listing Businesses through Guangzhou Hengda Industrial Group Company Limited ("廣州恒大實業集團有限公司"). For the preparation of initial public offering of the Company's share on the Stock Exchange, the following group reorganisation (the "Reorganisation") was carried out. Guangzhou Hengda Industrial Group Company Limited is not engaged in the Listing Businesses and accordingly is not included in the Group after the Reorganisation.

- (i) In June 2006, the PRC companies comprising the Group (the "Operating Group"), Guangzhou Hengda Industrial Group Company Limited and Dr. Hui underwent a group restructuring. During the restructuring, Guangzhou Chaofeng Land Company Limited, Guangzhou Kailong Land Company Limited and Hengda Real Estate Group Company Limited, which are the intermediate holding company in the Group after the restructuring, have acquired/disposed of certain equity interests in certain companies in the Operating Group from/to Guangzhou Hengda Industrial Group Company Limited and Dr. Hui. After the restructuring, the entire equity interests of the Operating Group were held by Guangzhou Hengda Industrial Group Company Limited. The net consideration, which represented respective portion of paid-in capital of the relevant companies at the time of the transfer, paid by the Operating Group to Guangzhou Hengda Industrial Group Company Limited and Dr. Hui amounted to approximately RMB 52,726,000.
- (ii) Dr. Hui incorporated Xin Xin (BVI) Limited ("Xin Xin") in the British Virgin Islands ("BVI"). Xin Xin incorporated the Company, and the Company incorporated ANJI (BVI) Limited.
- (iii) ANJI (BVI) Limited acquired the entire equity interests of the Operating Group from Guangzhou Hengda Industrial Group Company Limited at cash considerations totalling RMB 1,763,560,000.

Particulars of the subsidiaries of the Group as at the date of this report are set out below:

Name	Date of incorporation/ establishment	Nominal value of issued and fully paid share capital/ paid-in capital	Percentage of attributable equity interest		Principal activities
			Directly	Indirectly	
<i>Incorporated in the BVI with limited liability and operating in the PRC</i>					
ANJI (BVI) Limited	26 June 2006	US\$100	100%	—	Investment holding
ShengJian (BVI) Limited	29 January 2007	US\$100	—	100%	Investment holding
Shengyu (BVI) Limited	6 March 2007	US\$100	—	100%	Investment holding
Jiajian (BVI) Limited	6 March 2007	US\$100	—	100%	Investment holding
Fengyu (BVI) Limited	16 October 2006	US\$100	100%	—	Investment holding
Lanbowan (BVI) Limited	16 October 2006	US\$100	—	100%	Investment holding
Shengtong (BVI) Limited	31 January 2008	US\$1	—	100%	Investment holding

Name	Date of incorporation/ establishment	Nominal value of issued and fully paid share capital/ paid-in capital	Percentage of attributable equity interest		Principal activities
			Directly	Indirectly	
Yitong (BVI) Limited	13 October 2006	US\$100	100%	—	Investment holding
Chuangfeng (BVI) Limited	13 October 2006	US\$100	—	100%	Investment holding
Luckyman Group Limited	12 January 2008	US\$1	—	100%	Investment holding
Luckyup Group Limited	30 January 2008	US\$1	—	100%	Investment holding
Sure Fast Group Limited	10 January 2008	US\$1	—	100%	Investment holding
Grandday Group Limited	16 January 2008	US\$1	—	100%	Investment holding
Ever Grace Group Limited	18 September 2008	US\$100	—	100%	Investment holding
<i>Incorporated in Hong Kong with limited liability and operating in the PRC</i>					
Success Will Group Limited (note (a))	5 July 2007	HK\$1,000	—	60%	Investment holding
Shengtong Holding Limited	13 February 2008	HK\$10	—	100%	Investment holding
Tianji Holding Limited	19 May 2009	HK\$1	—	100%	Investment holding
Evergrande International Hotels Group Limited	05 June 2008	HK\$10	—	100%	Investment holding
Mass Joy Holdings Limited	02 January 2008	HK\$10	—	100%	Investment holding
Will Glory Holdings Limited	10 April 2008	HK\$10	—	100%	Investment holding
Lucky Grow Holdings Limited	24 April 2008	HK\$10	—	100%	Investment holding
Tianding Holding Limited	18 May 2009	HK\$1	—	100%	Investment holding
<i>Incorporated in the PRC with limited liability and operating in the PRC</i>					
恒大地產集團有限公司 Hengda Real Estate Group Company Limited	24 June 1996	RMB 2,500,000,000	—	100%	Property development
廣州市俊匯房地產開發有限公司 Guangzhou Junhui Real Estate Development Company Limited	23 February 1994	RMB 702,780,000	—	100%	Property development
廣州通瑞達房地產實業有限公司 Guangzhou Tongruida Real Estate Industrial Company Limited	31 December 1996	RMB 475,950,000	—	100%	Property development
佛山市南海新中建房地產發展有限公司 Foshan Nanhai Xinzhongjian Real Estate Development Company Limited	11 September 2001	RMB 30,000,000	—	60%	Property development

Name	Date of incorporation/ establishment	Nominal value of issued and fully paid share capital/ paid-in capital	Percentage of attributable equity interest		Principal activities
			Directly	Indirectly	
廣州市俊鴻房地產開發有限公司 Guangzhou Junhong Real Estate Development Company Limited	12 April 1993	RMB 362,550,000	—	100%	Property development
廣州恒大（增城）房地產開發有限公司 Guangzhou Hengda (Zengcheng) Real Estate Development Company Limited	18 July 2005	RMB 68,560,000	—	100%	Property development
恒大地產集團武漢有限公司 Hengda Real Estate Group (Wuhan) Company Limited	20 July 2006	RMB 1,308,000,000	—	100%	Property development
恒大地產集團重慶有限公司 Hengda Real Estate Group (Chongqing) Company Limited	17 July 2006	RMB 711,000,000	—	100%	Property development
恒大鑫源（昆明）置業有限公司 Hengda Xinyuan (Kunming) Property Company Limited	26 April 2007	US\$60,000,000	—	100%	Property development
恒大地產集團成都有限公司 Hengda (Chengdu) Real Estate Group Company Limited	12 July 2006	RMB 521,000,000	—	100%	Property development
南京恒大富豐置業有限公司 Nanjing Hengda Fufeng Real Estate Company Limited	10 April 2007	US\$29,900,000	—	100%	Property development
天津薊縣金鑫觀光產業有限公司 Tianjin Ji Jinxin Tourism Industry Company Limited	7 April 2006	RMB 1,000,000	—	100%	Property development
武漢鑫金觀光產業園有限公司 Wuhan Xinjin Tourist Park Company Limited	21 April 2006	RMB 1,000,000	—	100%	Property development
彭山縣鑫鑫觀光產業園有限公司 Pengshan Xinxin Tourist Park Company Limited	26 April 2006	RMB 1,000,000	—	100%	Property development
安寧市淦鑫觀光產業園有限公司 Anning Ganxin Tourist Park Company Limited	7 June 2006	RMB 1,000,000	—	100%	Property development
啟東市惠口福飲食廣場有限公司 Qidong Huikoufu Catering & Beverage Court Company Limited	28 April 2006	RMB 6,000,000	—	100%	Property development
啟東市金色海岸大酒店有限公司 Qidong Golden Shore Hotel Company Limited	28 April 2006	RMB 6,000,000	—	100%	Property development
啟東市童心遊樂有限公司 Qidong Tongxin Tourism Company Limited	28 April 2006	RMB 6,000,000	—	100%	Property development

Name	Date of incorporation/ establishment	Nominal value of issued and fully paid share capital/ paid-in capital	Percentage of attributable equity interest		Principal activities
			Directly	Indirectly	
啟東市萬仁動感影視城有限公司 Qidong Wanren Live Cinemas Company Limited	28 April 2006	RMB 6,000,000	—	100%	Property development
啟東市欣晴娛樂有限公司 Qidong Xinqing Entertainment Company Limited	28 April 2006	RMB 5,000,000	—	100%	Property development
啟東市立群健身俱樂部有限公司 Qidong Liqun Gymnastic Club Company Limited	28 April 2006	RMB 10,000,000	—	100%	Property development
啟東市怡然康復保健有限公司 Qidong Yiran Health Recovery & Healthcare Company Limited	28 April 2006	RMB 6,000,000	—	100%	Property development
恒大(清新)生態示範園有限公司 Hengda (Qingxin) Designated Eco-park Company Limited	10 August 2005	RMB 1,000,000	—	100%	Property development
恒大(佛岡)湯塘農場有限公司 Hengda (Fogang) Tangtang Farm Company Limited	17 August 2005	RMB 1,000,000	—	100%	Property development
廣州恒大生態農業開發基地有限公司 Guangzhou Hengda Eco- agricultural Development Base Company Limited	22 September 2005	RMB 1,000,000	—	100%	Property development
廣州市超豐置業有限公司 Guangzhou Chaofeng Land Company Limited	2 April 1996	RMB 784,000,000	—	100%	Consulting, marketing and agency service of real estate
廣州市凱隆置業有限公司 Guangzhou Kailong Land Company Limited	6 April 1996	RMB 600,000,000	—	100%	Consulting, marketing and agency service of real estate
恒大地產集團天津薊縣有限公司 Hengda (Tianjin) Jixian Real Estate Group Company Limited	22 August 2006	RMB 437,000,000	—	100%	Property development
恒大地產集團彭山有限公司 Hengda (Pengshan) Real Estate Group Company Limited	20 July 2006	RMB 41,000,000	—	100%	Property development
恒大地產集團江津有限公司 Hengda (Jiangjin) Real Estate Group Company Limited	27 July 2006	RMB 260,000,000	—	100%	Property development
鄂州恒大房地產開發有限公司 E'zhou Hengda Real Estate Development Company Limited	25 July 2006	RMB 390,000,000	—	100%	Property development
鄂州鑫金生態觀光產業園有限公司 E'zhou Xinjin Ecology Sightseeing Park Company Limited	18 July 2006	RMB 1,000,000	—	100%	Property development

Name	Date of incorporation/ establishment	Nominal value of issued and fully paid share capital/ paid-in capital	Percentage of attributable equity interest		Principal activities
			Directly	Indirectly	
恒大地產集團清新有限公司 Hengda (Qingxin) Real Estate Group Company Limited	28 December 2006	RMB 10,000,000	—	100%	Property development
廣州市啟通實業有限公司 Guangzhou Qitong Real Estate Industry Company Limited	9 November 2006	RMB 10,000,000	—	100%	Trading
廣州市廣域實業有限公司 Guangzhou Guangyu Real Estate Industry Company Limited	9 November 2006	RMB 10,000,000	—	100%	Trading
廣州市力拓土石方工程有限公司 Guangzhou Lituo Site Preparation Company Limited	9 May 2006	RMB 30,000,000	—	100%	Construction
成都恒大銀河新城置業有限公司 Chengdu Hengda Galaxy New City Property Company Limited	30 November 2006	RMB 296,000,000	—	100%	Property development
武漢東湖恒大房地產開發有限公司 Wuhan Donghu Hengda Real Estate Development Company Limited	22 December 2006	RMB 1,064,000,000	—	100%	Property development
重慶市鑫恒觀光農業有限公司 Chongqing Xinheng Sightseeing Industry Park Company Limited	7 August 2006	RMB 1,000,000	—	100%	Property development
恒大鑫隆（瀋陽）置業有限公司 Hengda Xinlong (Shengyang) Real Estate Company Limited	28 December 2006	US\$5,000,000	—	100%	Property development
恒大長基（瀋陽）置業有限公司 Hengda Changji (Shengyang) Property Company Limited	1 December 2006	US\$74,900,000	—	100%	Property development
恒大鑫源（瀋陽）置業有限公司 Hengda Xinyuan (Shengyang) Property Company Limited	1 December 2006	US\$99,000,000	—	100%	Property development
鶴山市鑫鑫觀光產業園有限公司 Heshan Xinxin Tourist Park Company Limited	26 July 2006	RMB 1,000,000	—	100%	Property development
成都市溫江區鑫金康置業有限責任公司 Chengdu Wenjiang Xinjinkang Property Company Limited	1 August 2006	RMB 495,500,000	—	100%	Property development
恒大鑫豐（彭山）置業有限公司 Hengda Xinfeng (Pengshan) Property Company Limited	13 March 2007	US\$70,600,000	—	100%	Property development
恒大盛宇（清新）置業有限公司 Hengda Shengyu (Qingxin) Company Limited	25 March 2007	US\$87,030,000	—	100%	Property development

Name	Date of incorporation/ establishment	Nominal value of issued and fully paid share capital/ paid-in capital	Percentage of attributable equity interest		Principal activities
			Directly	Indirectly	
武漢市金碧綠洲房地產開發有限公司 Wuhan Evergrande Oasis Real Estate Development Company Limited	21 March 2007	US\$29,900,000	—	100%	Property development
啟東譽豪飲食廣場有限公司 Qidong Yuhao Catering Court Company Limited	1 January 2007	US\$29,900,000	—	100%	Property development
啟東歡華大酒店有限公司 Qidong Huanhua Hotel Company Limited	1 January 2007	US\$15,000,000	—	100%	Property development
啟東勤盛遊樂有限公司 Qidong Qingshen Amusement Company Limited	1 January 2007	US\$29,900,000	—	100%	Property development
啟東衡美影視城有限公司 Qidong Hengmei Movie City Company Limited	1 January 2007	US\$29,900,000	—	100%	Property development
啟東鑫華娛樂有限公司 Qidong Xinhua Entertainment Company Limited	1 January 2007	US\$29,900,000	—	100%	Property development
啟東通譽健身俱樂部有限公司 Qidong Tongyu Gym Club Company Limited	1 January 2007	US\$29,900,000	—	100%	Property development
啟東寶豐康復保健有限公司 Qidong Baofeng Health Recovery Company Limited	1 January 2007	US\$29,900,000	—	100%	Property development
重慶恒大基宇置業有限公司 Hengda Chongqing Jiyu Property Company Limited	14 May 2007	US\$128,900,000	—	100%	Property development
恒大地產集團鄭州有限公司 Hengda (Zhengzhou) Real Estate Group Company Limited	23 May 2007	RMB 20,000,000	—	100%	Property development
湖北怡清雅築房地產開發有限公司 Hubei Yiqingyazhu Real Estate Development Company Limited	20 March 2007	RMB 320,000,000	—	100%	Property development
金碧物業有限公司 Jinbi Property Management Company Limited	10 September 1997	RMB 177,600,000	—	60%	Property management and related consulting services
廣州市金碧房地產代理有限公司 Guangzhou Jinbi Real Estate Agency Company Limited	18 July 2002	RMB 500,000	—	100%	Property agency

Name	Date of incorporation/ establishment	Nominal value of issued and fully paid share capital/ paid-in capital	Percentage of attributable equity interest		Principal activities
			Directly	Indirectly	
廣州市金碧華府物業有限公司 Guangzhou Jinbi Huafu Property Company Limited	20 August 2003	RMB 10,000,000	—	60%	Provision of property management services
廣州市金碧世家物業服務有限公司 Guangzhou Jinbi Shijia Property Service Company Limited	11 November 2003	RMB 10,000,000	—	100%	Provision of property management services
廣州市金碧恒盈物業服務有限公司 Guangzhou Jinbi Hengying Property Service Company Limited	6 February 2004	RMB 10,000,000	—	100%	Provision of property management services
恒大地產集團西安有限公司 Hengda (Xi'an) Real Estate Group Company Limited	14 September 2007	RMB 30,000,000	—	100%	Property development
恒大地產集團洛陽有限公司 Hengda (Luoyang) Real Estate Group Company Limited	5 September 2007	RMB 20,000,000	—	100%	Property development
恒大地產集團太原有限公司 Hengda (Taiyuan) Real Estate Group Company Limited	11 September 2007	RMB 631,000,000	—	100%	Property development
西安曲江投資建設有限公司 Xi'an Qujiang Investment Construction Company Limited	9 September 2002	RMB 453,462,000	—	65%	Property development
西安祺雲置業有限公司 Xi'an Qiyun Land Company Limited	28 August 2007	RMB 315,000,000	—	100%	Property development
合肥祺嘉置業有限公司 Hefei Qijia Property Company Limited	6 November 2007	US\$38,600,000	—	100%	Property development
恒大地產集團南寧有限公司 Hengda Nanning Real Estate Group Company Limited	9 November 2007	RMB 20,000,000	—	100%	Property development
南寧銀象房地產開發有限責任公司 Nanning Yinxiang Real Estate Development Company Liability limited	24 November 2005	RMB 10,000,000	—	80.05%	Property development
恒大地產集團貴陽置業有限公司 Hengda Real Estate Group Guiyang Property Company Limited	13 November 2007	RMB 159,100,000	—	100%	Property development
南京漢典房地產開發有限公司 Nanjing Handian Property Development Company Limited	10 July 2002	RMB 371,000,000	—	100%	Property development

Name	Date of incorporation/ establishment	Nominal value of issued and fully paid share capital/ paid-in capital	Percentage of attributable equity interest		Principal activities
			Directly	Indirectly	
湖南雄震投資有限公司 Hunan Xiongzhen Investment Company Limited	7 August 2003	RMB 100,000,000	—	51%	Property development
恒大地產集團合肥有限公司 Hengda Hefei Real Estate Group Company Limited	9 November 2007	RMB 20,000,000	—	100%	Property development
恒大地產集團長沙置業有限公司 Hengda Changsha Property Company Limited	7 November 2007	RMB 20,000,000	—	100%	Property development
廣州恒暉建築工程有限公司 Guangzhou Henghui Construction Company Limited	26 November 1997	RMB 21,000,000	—	100%	Construction
廣州市恒大工程監理有限公司 Guangzhou Hengda Construction Supervisory Company Limited	3 June 1997	RMB 3,000,000	—	100%	Supervision of construction
廣州市金碧園林藝術有限公司 Guangzhou Jinbi Landscaping Company Limited	24 January 2002	RMB 1,180,000	—	100%	Landscape and architecture
廣州恒大裝飾工程有限公司 Guangzhou Hengda Decoration Engineering Company Limited	24 May 2004	RMB 3,010,000	—	100%	Decoration and design
佛山市恒大金屬建築材料有限公司 Foshan Hengda Metallic Construction Material Company Limited	24 August 2005	RMB 1,000,000	—	100%	Sales of decoration materials
廣州市恒大廣告有限公司 Guangzhou Hengda Advertising Company Limited	1 February 1999	RMB 500,000	—	100%	Advertising
廣州市越秀住宅建設有限公司 Guangzhou Yuexiu Property Construction Company Limited	20 May 2005	RMB 53,280,000	—	100%	Construction
荊州市晴川建築設計院有限公司 Jingzhou Architecture Design Institute Company Limited	6 June 1996	RMB 5,000,000	—	100%	Designing of architecture
廣州市恒大材料設備有限公司 Hengda (Guangzhou) Material and Equipment Company Limited	30 April 2007	RMB 100,000,000	—	100%	Trading of construction materials
河南省軟件園實業發展有限公司 Henan Ruanjianyuan Industrial Development Company Limited	4 April 2000	RMB 20,000,000	—	80%	Property development
佛山市南海俊誠房地產開發有限公司 Foshan Nanhai Jun Cheng Property Development Company Limited	23 November 2007	RMB 20,000,000	—	100%	Property development

Name	Date of incorporation/ establishment	Nominal value of issued and fully paid share capital/ paid-in capital	Percentage of attributable equity interest		Principal activities
			Directly	Indirectly	
恒大地產集團廣東房地產開發有限公司 Hengda Real Estate Group Guangdong Property Development Company Limited	19 December 2007	RMB 50,000,000	—	100%	Property development
武漢恒大園林綠化工程有限公司 Wuhan Hengda Landscaping Planting Project Company Limited	20 June 2008	RMB 500,000	—	100%	Landscape and architecture
天津金瑞園林藝術有限公司 Tianjin Jinrun Landscaping Company Limited	27 June 2008	RMB 1,000,000	—	100%	Landscape and architecture
湖南盛基置業有限公司 Hunan Shengji Property Company Limited	26 March 2008	US\$20,000,000	—	100%	Property development
合肥恒大園林綠化工程有限公司 Hefei Hengda Landscaping Planting Project Company Limited	2 July 2008	RMB 500,000	—	100%	Landscape and architecture
西安恒大園林綠化工程有限公司 Xi'an Hengda Landscaping Planting Project Company Limited	5 August 2008	RMB 1,000,000	—	100%	Landscape and architecture
南京菁潤園林綠化工程有限公司 Nanjing Jingrun Landscaping Planting Project Company Limited	24 July 2008	RMB 2,000,000	—	100%	Landscape and architecture
昆明金翠園林綠化工程有限公司 Kunming Jincui Landscaping Planting Project Company Limited	10 July 2008	RMB 1,000,000	—	100%	Landscape and architecture
佛山市南海區華南師範大學附屬小學恒大南海學校投資有限公司 Foshan Nanhai Affiliated Primary School of South China Normal University Hengda Nanhai School Investment Company Limited	15 July 2008	RMB 3,000,000		100%	Education
貴陽恒大園林綠化工程有限公司 Guiyang Hengda Landscaping Planting Project Company Limited	18 July 2008	RMB 2,000,000	—	100%	Landscape and architecture
重慶潤豐園林綠化工程有限公司 Chongqing Runfeng Landscaping Planting Project Company Limited	4 August 2008	RMB 1,000,000	—	100%	Landscape and architecture
鄂州恒大園林綠化工程有限公司 E'zhou Hengda Landscaping Planting Project Company Limited	30 July 2008	RMB 1,000,000	—	100%	Landscape and architecture
長沙天璽置業有限公司 Changsha Tianxi Zhiye Property Company Limited	5 August 2008	RMB 20,000,000	—	100%	Property development

Name	Date of incorporation/ establishment	Nominal value of issued and fully paid share capital/ paid-in capital	Percentage of attributable equity interest		Principal activities
			Directly	Indirectly	
長沙駿鴻園林綠化工程有限公司 Changsha Junhong Landscaping Planting Project Company Limited	6 August 2008	RMB 2,000,000	—	100%	Landscape and architecture
成都鑫金康園林綠化工程有限公司 Chengdu Xinjinkang Landscaping Planting Project Company Limited	30 June 2008	RMB 1,000,000	—	100%	Landscape and architecture
太原園林綠化工程有限公司 Taiyuan Landscaping Planting Project Company Limited	11 August 2008	RMB 2,000,000	—	100%	Landscape and architecture
恒大地產集團包頭有限公司 Hengda (Baotou) Real Estate Group Company Limited	9 August 2008	RMB 35,000,000	—	100%	Property development
廣東恒大排球俱樂部有限公司 Guangdong Hengda Volleyball Club Limited	24 April 2009	RMB 20,000,000		100%	Club operation
陝西金泓投資有限公司 Shanxi Jinhong Investment Company Limited	2 November 2006	RMB 50,000,000		60%	Property development
南寧市御景園林綠化工程有限公司 Nanning Yujing Landscaping Planting Project Company Limited	18 August 2008	RMB 2,000,000	—	100%	Landscape and architecture

- (a) On 5 July 2007, Success Will Group Limited was incorporated in Hong Kong as a wholly owned subsidiary of ANJI (BVI) Limited.

On 28 September 2007, Success Will Group Limited redesignated its issued share capital of 1,000 ordinary shares of HK\$1.00 each into 600 A ordinary shares of HK\$1.00 each and 400 B ordinary shares of HK\$1.00 each. ANJI (BVI) Limited and a related party of one of the Company's shareholders entered into a share purchase agreement on the same date, pursuant to which the counterparty acquired the 400 B ordinary shares of Success Will Group Limited from ANJI (BVI) Limited at a consideration of US\$130,000,000.

Each of the A ordinary shares and B ordinary shares of Success Will Group Limited will carry the respective rights to dividends and rank pari passu to each other until the total amount of dividends distributed to the holders of the B ordinary shares is equivalent to a 25% compounded annual return on the purchase price of the B ordinary shares, which thereafter, the issued A ordinary shares will entitle the holders thereof to 80% of any dividend declared, made or paid whereas the issued B ordinary shares will entitle the holders thereof to 20% of any dividend so declared, made or paid.

No statutory audited financial statements have been prepared for the above subsidiaries as it is not required by local government, except for the following companies of the corresponding financial years:

Name of companies	Statutory auditors		
	Year 2006	Year 2007	Year 2008
恒大地產集團有限公司 Hengda Real Estate Group Company Limited	廣州志信會計師事務所有限公司 Guangzhou Reputation Certified Public Accountants Company Limited	廣州志信會計師事務所有限公司 Guangzhou Reputation Certified Public Accountants Company Limited	廣州志信會計師事務所有限公司 Guangzhou Reputation Certified Public Accountants Company Limited
廣州市俊匯房地產開發有限公司 Guangzhou Junhui Real Estate Development Company Limited	廣州志信會計師事務所有限公司 Guangzhou Reputation Certified Public Accountants Company Limited	廣州志信會計師事務所有限公司 Guangzhou Reputation Certified Public Accountants Company Limited	廣州志信會計師事務所有限公司 Guangzhou Reputation Certified Public Accountants Company Limited
廣州通瑞達房地產實業有限公司 Guangzhou Tongruida Real Estate Industrial Company Limited	廣州志信會計師事務所有限公司 Guangzhou Reputation Certified Public Accountants Company Limited	廣州志信會計師事務所有限公司 Guangzhou Reputation Certified Public Accountants Company Limited	廣州志信會計師事務所有限公司 Guangzhou Reputation Certified Public Accountants Company Limited
佛山市南海新中建房地產發展 有限公司 Foshan Nanhai Xinzhongjian Real Estate Development Company Limited	廣州志信會計師事務所有限公司 Guangzhou Reputation Certified Public Accountants Company Limited	廣州志信會計師事務所有限公司 Guangzhou Reputation Certified Public Accountants Company Limited	廣州志信會計師事務所有限公司 Guangzhou Reputation Certified Public Accountants Company Limited
廣州市俊鴻房地產開發有限公司 Guangzhou Junhong Real Estate Development Company Limited	廣州志信會計師事務所有限公司 Guangzhou Reputation Certified Public Accountants Company Limited	廣州志信會計師事務所有限公司 Guangzhou Reputation Certified Public Accountants Company Limited	廣州志信會計師事務所有限公司 Guangzhou Reputation Certified Public Accountants Company Limited
廣州恒大（增城）房地產開發 有限公司 Guangzhou Hengda (Zengcheng) Real Estate Development Company Limited	廣州晉成會計師事務所有限公司 Guangzhou Jincheng Certified Public Accountants Company Limited	廣州志信會計師事務所有限公司 Guangzhou Reputation Certified Public Accountants Company Limited	廣州振和會計師事務所有限公司 Guangzhou Zhenhe Certified Public Accountants Co., Ltd.
恒大地產集團武漢有限公司 Hengda Real Estate Group (Wuhan) Company Limited	武漢天鵬會計師事務所有限 責任公司 Wuhan Tianpeng Certified Public Accountants Company Limited	湖北天元會計師事務所有限 責任公司 Hubei Tianyuan Certified Public Accountants Company Limited	湖北天元會計師事務所有限 責任公司 Hubei Tianyuan Certified Public Accountants Company Limited
恒大地產集團重慶有限公司 Hengda Real Estate Group (Chongqing) Company Limited	Not applicable	重慶鉅碼會計師事務所有限公司 Chongqing Boma Certified Public Accountants Co., Ltd.	重慶中凱會計師事務所有限公司 Chongqing Zhongkai Certified Public Accountants Company Limited
恒大鑫源（昆明）置業有限公司 Hengda Xinyuan (Kunming) Property Company Limited	Not applicable	昆明亞太會計師事務所有限 責任公司 Kunming Yatai Certified Public Accountants	昆明亞太會計師事務所有限 責任公司 Kunming Yatai Certified Public Accountants

Name of companies	Statutory auditors		
	Year 2006	Year 2007	Year 2008
恒大地產集團成都有限公司 Hengda (Chengdu) Real Estate Group Company Limited	四川光華會計師事務所有限公司 責任公司 Sichuan Guanghua Public Accountant Office Limited Company	四川光華會計師事務所有限公司 責任公司 Sichuan Guanghua Public Accountant Office Limited Company	四川恒通會計師事務所有限公司 Sichuan Hengtong Certified Public Accountants Co., Ltd.
南京恒大富豐置業有限公司 Nanjing Hengda Fufeng Property Company Limited	Not applicable	南京中信會計師事務所 Nanjing Zhongxin Certified Public Accountants	南京國信均益會計師事務所有限公司 Nanjing Guoxinjunyi Public Accountant Office Limited Company
天津薊縣金鑫觀光產業有限公司 Tianjin Ji Jinxin Tourism Industry Company Limited	Not applicable	天津市正泰有限責任會計師事務所 Tianjin Zhengtai Certified Public Accountants Ltd.	天津市正泰有限責任會計師事務所 Tianjin Zhengtai Certified Public Accountants Ltd.
武漢鑫金觀光產業園有限公司 Wuhan Xinjin Tourist Park Company Limited	武漢天鵬會計師事務所有限公司 責任公司 Wuhan Tianpeng Certified Public Accountants Company Limited	湖北天元會計師事務所有限公司 責任公司 Hubei Tianyuan Public Accountant Office Limited Company	湖北天元會計師事務所有限公司 責任公司 Hubei Tianyuan Public Accountant Office Limited Company
彭山縣鑫鑫觀光產業園有限公司 Pengshan Xinxin Tourist Park Company Limited	Not applicable	Not applicable	四川恒通會計師事務所有限公司 Sichuan Hengtong Certified Public Accountants Co., Ltd.
安寧市淦鑫觀光產業園有限公司 Anning Ganxin Tourist Park Company Limited	Not applicable	昆明亞太會計師事務所有限公司 責任公司 Kunming Yatai Certified Public Accountants	昆明亞太會計師事務所有限公司 責任公司 Kunming Yatai Certified Public Accountants
恒大(清新)生態示範園有限公司 Hengda (Qingxin) Designated Eco-park Company Limited	廣州志信會計師事務所有限公司 Guangzhou Reputation Certified Public Accountants Company Limited	廣州志信會計師事務所有限公司 Guangzhou Reputation Certified Public Accountants Company Limited	廣州振和會計師事務所有限公司 Guangzhou Zhenhe Certified Public Accountants Co., Ltd.
恒大(佛岡)湯塘農場有限公司 Hengda (Fogang) Tangtang Farm Company Limited	廣州志信會計師事務所有限公司 Guangzhou Reputation Certified Public Accountants Company Limited	廣州志信會計師事務所有限公司 Guangzhou Reputation Certified Public Accountants Company Limited	廣州永道會計師事務所有限公司 Guangzhou Yongdao Certified Public Accountants Co., Ltd.
廣州恒大生態農業開發基地有限公司 Guangzhou Hengda Eco-agricultural Development Base Company Limited	廣州志信會計師事務所有限公司 Guangzhou Reputation Certified Public Accountants Company Limited	廣州志信會計師事務所有限公司 Guangzhou Reputation Certified Public Accountants Company Limited	廣州永道會計師事務所有限公司 Guangzhou Yongdao Certified Public Accountants Co., Ltd.
廣州市超豐置業有限公司 Guangzhou Chaofeng Land Company Limited	廣州晉成會計師事務所有限公司 Guangzhou Jincheng Certified Public Accountants Company Limited	廣州志信會計師事務所有限公司 Guangzhou Reputation Certified Public Accountants Company Limited	廣州志信會計師事務所有限公司 Guangzhou Reputation Certified Public Accountants Company Limited

Name of companies	Statutory auditors		
	Year 2006	Year 2007	Year 2008
廣州市凱隆置業有限公司 Guangzhou Kailong Land Company Limited	廣州志信會計師事務所有限公司 Guangzhou Reputation Certified Public Accountants Company Limited	廣州志信會計師事務所有限公司 Guangzhou Reputation Certified Public Accountants Company Limited	廣州志信會計師事務所有限公司 Guangzhou Reputation Certified Public Accountants Company Limited
恒大地產集團天津薊縣有限公司 Hengda (Tianjin) Jixian Real Estate Group Company Limited	Not applicable	天津隆玉聯合會計師事務所 Tianjin Longyu United Certified Public Accountants	天津市正泰有限責任會計師 事務所 Tianjin Zhengtai Certified Public Accountants Ltd.
恒大地產集團彭山有限公司 Hengda (Pengshan) Real Estate Group Company Limited	Not applicable	四川光華會計師事務所有限 責任公司 Sichuan Guanghua Public Accountant Office Limited Company	四川恒通會計師事務所有限公司 Sichuan Hengtong Certified Public Accountants Co., Ltd.
恒大地產集團江津有限公司 Hengda (Jiangjin) Real Estate Group Company Limited	Not applicable	重慶鉞碼會計師事務所有限公司 Chongqing Boma Certified Public Accountants Co., Ltd.	重慶中凱會計師事務所有限公司 Chongqing zhongkai Certified Public Accountants Co., Ltd.
鄂州恒大房地產開發有限公司 E'zhou Hengda Real Estate Development Company Limited	武漢天鵬會計師事務有限 責任公司 Wuhan Tianpeng Certified Public Accountants Co., Ltd.	湖北鄂州融信有限責任會計師 事務所 Hubei Ezhou Rongxin Certified Public Accountants Co., Ltd.	湖北鄂州融信有限責任會計師 事務所 Hubei Ezhou Rongxin Certified Public Accountants Co., Ltd.
鄂州鑫金生態觀光產業園 有限公司 E'zhou Xinjin Ecology Sightseeing Park Company Limited	武漢天鵬會計師事務有限 責任公司 Wuhan Tianpeng Certified Public Accountants Co., Ltd.	湖北中天會計師事務所有限 責任公司 Hubei Zhongtian Certified Public Accountants Co., Ltd.	湖北鄂州融信有限責任會計師 事務所 Hubei Ezhou Rongxin Certified Public Accountants Co., Ltd.
恒大地產集團清新有限公司 Hengda (Qingxin) Real Estate Group Company Limited	廣州志信會計師事務所有限公司 Guangzhou Reputation Certified Public Accountants Company Limited	廣州志信會計師事務所有限公司 Guangzhou Reputation Certified Public Accountants Company Limited	廣州永道會計師事務所有限公司 Guangzhou Yongdao Certified Public Accountants Co., Ltd.
廣州市啟通實業有限公司 Guangzhou Qitong Real Estate Industry Company Limited	Not applicable	廣州南華會計師事務所有限公司 Guangzhou Nanhua Certified Public Accountants Limited	北京中瑞誠聯合會計師事務所 廣東分所 Guangdong Branch of China Regal CPAs
廣州市廣域實業有限公司 Guangzhou Guangyu Real Estate Industry Company Limited	Not applicable	廣州南華會計師事務所有限公司 Guangzhou Nanhua Certified Public Accountants Limited	北京中瑞誠聯合會計師事務所 廣東分所 Guangdong Branch of China Regal CPAs
廣州市力拓土石方工程有限公司 Guangzhou Lituo Site Preparation Company Limited	廣州志信會計師事務所有限公司 Guangzhou Reputation Certified Public Accountants Company Limited	廣州市華穗會計師事務所 有限公司 Guangzhou Huasui Certified Public Accountants Company Limited	北京中瑞誠聯合會計師事務所 廣東分所 Guangdong Branch of China Regal CPAs

Name of companies	Statutory auditors		
	Year 2006	Year 2007	Year 2008
成都恒大銀河新城置業有限公司 Chengdu Hengda Galaxy New City Property Company Limited	Not applicable	Not applicable	四川恒通會計師事務所有限公司 Sichuan Hengtong Certified Public Accountants Co., Ltd.
武漢東湖恒大房地產開發 有限公司 Wuhan Donghu Hengda Real Estate Development Company Limited	武漢天鵬會計師事務所有限 責任公司 Wuhan Tianpeng Certified Public Accountants Company Limited	武漢長城會計師事務所有限 責任公司 Wuhan Changcheng Certified Public Accountants Co., Ltd.	湖北天元會計師事務所有限 責任公司 Hubei Tianyuan Certified Public Accountants Co., Ltd.
重慶市鑫恒觀光農業有限公司 Chongqing Xinheng Sightseeing Industry Park Company Limited	Not applicable	重慶鉑碼會計師事務所有限公司 Chongqing Boma Certified Public Accountants Co., Ltd.	重慶中凱會計師事務所有限公司 Chongqing Zhongkai Certified Public Accountants Co., Ltd.
恒大鑫隆（瀋陽）置業有限公司 Hengda Xinlong (Shenyang) Real Estate Company Limited	遼寧爾立會計師事務所有限公司 Liaoning Lier Certified Public Accountants Co., Ltd.	遼寧爾立會計師事務所有限公司 Liaoning Lier Certified Public Accountants Co., Ltd.	遼寧爾立會計師事務所有限公司 Liaoning Lier Certified Public Accountants Co., Ltd.
恒大長基（瀋陽）置業有限公司 Hengda Changji (Shenyang) Property Company Limited	遼寧爾立會計師事務所有限公司 Liaoning Lier Certified Public Accountants Co., Ltd.	遼寧爾立會計師事務所有限公司 Liaoning Lier Certified Public Accountants Co., Ltd.	遼寧爾立會計師事務所有限公司 Liaoning Lier Certified Public Accountants Co., Ltd.
恒大鑫源（瀋陽）置業有限公司 Hengda Xinyuan (Shenyang) Property Company Limited	遼寧爾立會計師事務所有限公司 Liaoning Lier Certified Public Accountants Co., Ltd.	遼寧爾立會計師事務所有限公司 Liaoning Lier Certified Public Accountants Co., Ltd.	遼寧爾立會計師事務所有限公司 Liaoning Lier Certified Public Accountants Co., Ltd.
鶴山市鑫鑫觀光產業園有限公司 Heshan Xinxin Tourist Park Company Limited	鶴山市中信會計師事務所 Heshan Zhongxin Certified Public Accountants Co., Ltd.	廣州志信會計師事務所有限公司 Guangzhou Reputation Certified Public Accountants Company Limited	廣州永道會計師事務所有限公司 Guangzhou Yongdao Certified Public Accountants Co., Ltd.
成都市溫江區鑫金康置業有限 責任公司 Chengdu Wenjiang Xinjinkang Property Company Limited	四川寅洋會計師事務所有限 責任公司 Sichuan Yanyang Certified Public Accountants Co., Ltd.	Not applicable	四川恒通會計師事務所有限公司 Sichuan Hengtong Certified Public Accountants Co., Ltd.
恒大鑫豐（彭山）置業有限公司 Hengda Xinfeng (Pengshan) Property Company Limited	Not applicable	Not applicable	四川恒通會計師事務所有限公司 Sichuan Hengtong Certified Public Accountants Co., Ltd.
恒大盛宇（清新）置業有限公司 Hengda Shengyu (Qingxin) Company Limited	Not applicable	廣州志信會計師事務所有限公司 Guangzhou Reputation Certified Public Accountants Company Limited	廣州振和會計師事務所有限公司 Guangzhou Zhenhe Certified Public Accountants Co., Ltd.

Name of companies	Statutory auditors		
	Year 2006	Year 2007	Year 2008
武漢市金碧綠洲房地產開發有限公司 Wuhan Evergrande Oasis Real Estate Development Company Limited	Not applicable	武漢長城會計師事務所有限責任公司 Wuhan Changcheng Certified Public Accountants Co., Ltd.	湖北天元會計師事務所有限責任公司 Hubei Tianyuan Certified Public Accountants Co., Ltd.
啟東譽豪飲食廣場有限公司 Qidong Yuhao Catering Court Company Limited	Not applicable	南通陽光會計師事務所有限公司 Nantong Sunshine Certified Public Accountants Co., Ltd.	南通陽光會計師事務所有限公司 Nantong Sunshine Certified Public Accountants Co., Ltd.
啟東歡華大酒店有限公司 Qidong Huanhua Hotel Company Limited	Not applicable	南通陽光會計師事務所有限公司 Nantong Sunshine Certified Public Accountants Co., Ltd.	南通陽光會計師事務所有限公司 Nantong Sunshine Certified Public Accountants Co., Ltd.
啟東勤盛遊樂有限公司 Qidong Qingshen Amusement Company Limited	Not applicable	南通陽光會計師事務所有限公司 Nantong Sunshine Certified Public Accountants Co., Ltd.	南通陽光會計師事務所有限公司 Nantong Sunshine Certified Public Accountants Co., Ltd.
啟東衡美影視城有限公司 Qidong Hengmei Movie City Company Limited	Not applicable	南通陽光會計師事務所有限公司 Nantong Sunshine Certified Public Accountants Co., Ltd.	南通陽光會計師事務所有限公司 Nantong Sunshine Certified Public Accountants Co., Ltd.
啟東鑫華娛樂有限公司 Qidong Xinhua Entertainment Company Limited	Not applicable	南通三角州聯合會計師事務所 Nantong Shanji Zhou Lianhe Public Accountants Co., Ltd.	南通陽光會計師事務所有限公司 Nantong Sunshine Certified Public Accountants Co., Ltd.
啟東通譽健身俱樂部有限公司 Qidong Tongyu Gym Club Company Limited	Not applicable	南通三角州聯合會計師事務所 Nantong Shanji Zhou Lianhe Public Accountants Co., Ltd.	南通陽光會計師事務所有限公司 Nantong Sunshine Certified Public Accountants Co., Ltd.
啟東寶豐康復保健有限公司 Qidong Baofeng Health Recovery Company Limited	Not applicable	南通三角州聯合會計師事務所 Nantong Shanji Zhou Lianhe Public Accountants Co., Ltd.	南通陽光會計師事務所有限公司 Nantong Sunshine Certified Public Accountants Co., Ltd.
重慶恒大基宇置業有限公司 Hengda Chongqing Jiyu Property Company Limited	Not applicable	重慶鉅碼會計師事務所有限公司 Chongqing Boma Certified Public Accountants Co., Ltd.	重慶中凱會計師事務所有限公司 Chongqing Zhongkai Certified Public Accountants Co., Ltd.
恒大地產集團鄭州有限公司 Hengda (Zhengzhou) Real Estate Group Company Limited	Not applicable	河南久遠會計師事務所有限公司 Henan Jiuyuan Certified Public Accountants Co., Ltd.	河南久遠會計師事務所有限公司 Henan Jiuyuan Certified Public Accountants Co., Ltd.
湖北怡清雅築房地產開發有限公司 Hubei Yiqingyazhu Real Estate Development Company Limited	Not applicable	武漢長城會計師事務所有限責任公司 Wuhan Changcheng Certified Public Accountants Co., Ltd.	湖北天元會計師事務所有限責任公司 Hubei Tianyuan Certified Public Accountants Co., Ltd.

Name of companies	Statutory auditors		
	Year 2006	Year 2007	Year 2008
金碧物業有限公司 Jinbi Property Management Company Limited	廣州志信會計師事務所有限公司 Guangzhou Reputation Certified Public Accountants Company Limited	廣州南華會計師事務所有限公司 Guangzhou Nanhua Certified Public Accountants Limited	廣州振和會計師事務所有限公司 Guangzhou Zhenhe Certified Public Accountants Co., Ltd.
廣州市金碧房地產代理有限公司 Guangzhou Jinbi Real Estate Agency Company Limited	廣州志信會計師事務所有限公司 Guangzhou Reputation Certified Public Accountants Company Limited	廣州南華會計師事務所有限公司 Guangzhou Nanhua Certified Public Accountants Limited	廣州振和會計師事務所有限公司 Guangzhou Zhenhe Certified Public Accountants Co., Ltd.
廣州市金碧華府物業有限公司 Guangzhou Jinbi Huafu Property Company Limited	廣州志信會計師事務所有限公司 Guangzhou Reputation Certified Public Accountants Company Limited	廣州南華會計師事務所有限公司 Guangzhou Nanhua Certified Public Accountants Limited	廣州振和會計師事務所有限公司 Guangzhou Zhenhe Certified Public Accountants Co., Ltd.
廣州市金碧世家物業管理 有限公司 Guangzhou Jinbi shijia Property Management Company Limited	廣州志信會計師事務所有限公司 Guangzhou Reputation Certified Public Accountants Company Limited	廣州南華會計師事務所有限公司 Guangzhou Nanhua Certified Public Accountants Limited	廣州振和會計師事務所有限公司 Guangzhou Zhenhe Certified Public Accountants Co., Ltd.
廣州市金碧恒盈物業服務 有限公司 Guangzhou Jinbi Hengying Property Service Company Limited	廣州志信會計師事務所有限公司 Guangzhou Reputation Certified Public Accountants Company Limited	廣州南華會計師事務所有限公司 Guangzhou Nanhua Certified Public Accountants Limited	廣州振和會計師事務所有限公司 Guangzhou Zhenhe Certified Public Accountants Co., Ltd.
恒大地產集團洛陽有限公司 Hengda (Luoyang) Real Estate Group Company Limited	Not applicable	河南凱橋會計師事務所有限公司 Henan Kaiqiao Certified Public Accountants Co., Ltd.	洛陽中華會計師事務所有限 責任公司 Luoyang Zhonghua Certified Public Accountants Co., Ltd.
恒大地產集團太原有限公司 Hengda (Taiyuan) Real Estate Group Company Limited	Not applicable	山西晉強會計師事務所有限公司 Shanxi Jinqiang Certified Public Accountants Co., Ltd.	山西華鈺會計師事務所 ShanXi Huayu Certified Public Accountants
西安曲江投資建設有限公司 Xi'an Qujiang Investment Construction Company Limited	Not applicable	陝西正大有限責任會計師事務所 Shaanxi Zhengda Certified Public Accountants Ltd.	Not applicable
西安祺雲置業有限公司 Xi'an Qiyun Land Company Limited	Not applicable	陝西正大有限責任會計師事務所 Shaanxi Zhengda Certified Public Accountants Ltd.	陝西西秦金周會計師事務所有限 責任公司 Shaanxi Xiqin Jinzhou Certified Public Accountants
合肥祺嘉置業有限公司 Hefei Qijia Property Company Limited	Not applicable	安徽華建會計師事務所 Anhui Huajian Certified Public Accountants Co., Ltd.	安徽中健會計師事務所 Anhui Huajian Certified Public Accountants Co., Ltd.

Name of companies	Statutory auditors		
	Year 2006	Year 2007	Year 2008
恒大地產集團南寧有限公司 Hengda Nanning Real Estate Group Company Limited	Not applicable	南寧市華泰天正聯合會計師事務所 Nanning Huatai Tianzheng Lianhe Certified Public Accountants Co., Ltd.	南寧市華泰天正聯合會計師事務所 Nanning Huatai Tianzheng Lianhe Certified Public Accountants Co., Ltd.
南寧銀象房地產開發有限公司 Nanning Yinxiang Real Estate Development Company Liability limited	Not applicable	南寧市華泰天正聯合會計師事務所 Nanning Huatai Tianzheng Lianhe Certified Public Accountants Co., Ltd.	南寧市華泰天正聯合會計師事務所 Nanning Huatai Tianzheng Lianhe Certified Public Accountants Co., Ltd.
恒大地產集團貴陽置業有限公司 Hengda Real Estate Group Guiyang Property Company Limited	Not applicable	貴陽華正聯合會計師事務所 Guiyang Huazheng Certified Public Accountants Partnership	貴陽華正聯合會計師事務所 Guiyang Huazheng Certified Public Accountants Partnership
南京漢典房地產開發有限公司 Nanjing Handian Property Development Company Limited	Not applicable	南京中信會計師事務所 Nanjing Zhongxin Certified Public Accountants	南京國信均益會計師事務所有限公司 Nanjing Guoxin Junyi Certified Public Accountants Co., Ltd.
湖南雄震投資有限公司 Hunan Xiongzhen Investment Company Limited	Not applicable	湖南中和有限責任會計師事務所 Hunan Zhonghe Limited Certified Public Accounts' Firm	湖南遠誠聯合會計師事務所 Yuancheng United Certified Public Accounts Office of Hunan
恒大地產集團合肥有限公司 Hengda Hefei Real Estate Group Company Limited	Not applicable	安徽華建會計師事務所 Anhui Huajian Certified Public Accountants Co., Ltd.	安徽中健會計師事務所 Anhui Huajian Certified Public Accountants Co., Ltd.
恒大地產集團長沙置業有限公司 Hengda Changsha Property Company Limited	Not applicable	湖南中和有限責任會計師事務所 Hunan Zhonghe Limited Certified Public Accounts' Firm	湖南遠誠聯合會計師事務所 Yuancheng United Certified Public Accounts Office of Hunan
廣州恒暉建築工程有限公司 Guangzhou Henghui Construction Company Limited	廣州志信會計師事務所有限公司 Guangzhou Reputation Certified Public Accountants Company Limited	廣州南華會計師事務所有限公司 Guangzhou Nanhua Certified Public Accountants Limited	北京中瑞誠聯合會計師事務所廣東分所 Guangdong Branch of China Regal CPAs
廣州市恒大工程監理有限公司 Guangzhou Hengda Construction Supervisory Company Limited	廣州志信會計師事務所有限公司 Guangzhou Reputation Certified Public Accountants Company Limited	廣州市南華會計師事務所有限公司 Guangzhou Nanhua Certified Public Accountants Limited	北京中瑞誠聯合會計師事務所廣東分所 Guangdong Branch of China Regal CPAs
廣州市金碧園林藝術有限公司 Guangzhou Jinbi Landscaping Company Limited	廣州晉成會計師事務所有限公司 Guangzhou Jincheng Certified Public Accountants Company Limited	廣州南華會計師事務所有限公司 Guangzhou Nanhua Certified Public Accountants Limited	北京中瑞誠聯合會計師事務所廣東分所 Guangdong Branch of China Regal CPAs

Name of companies	Statutory auditors		
	Year 2006	Year 2007	Year 2008
廣州恒大裝飾工程有限公司 Guangzhou Hengda Decoration Engineering Company Limited	廣州晉成會計師事務所有限公司 Guangzhou Jincheng Certified Public Accountants Company Limited	廣州南華會計師事務所有限公司 Guangzhou Nanhua Certified Public Accountants Limited	北京中瑞誠聯合會計師事務所 廣東分所 Guangdong Branch of China Regal CPAs
佛山市恒大金屬建築材料 有限公司 Foshan Hengda Metallic Construction Material Company Limited	佛山市達正會計師事務所 Foshan Dazheng Certified Public Accountants Co., Ltd.	廣州志信會計師事務所有限公司 Guangzhou Reputation Certified Public Accountants Company Limited	廣州永道會計師事務所有限公司 Guangzhou Yongdao Certified Public Accountants Co., Ltd.
廣州市恒大廣告有限公司 Guangzhou Hengda Advertising Company Limited	廣州志信會計師事務所有限公司 Guangzhou Reputation Certified Public Accountants Company Limited	廣州志信會計師事務所有限公司 Guangzhou Reputation Certified Public Accountants Company Limited	廣州永道會計師事務所有限公司 Guangzhou Yongdao Certified Public Accountants Co., Ltd.
廣州市越秀住宅建設有限公司 Guangzhou Yuexiu Property Construction Company Limited	廣州市華穗會計師事務所 有限公司 Guangzhou Huasui Certified Public Accountants Company Limited	廣州市華穗會計師事務所 有限公司 Guangzhou Huasui Certified Public Accountants Company Limited	廣州市華穗會計師事務所 有限公司 Guangzhou Huasui Certified Public Accountants Company Limited
荊州市晴川建築設計院有限公司 Jingzhou Architecture Design Institute Company Limited	Not applicable	廣州南華會計師事務所有限公司 Guangzhou Nanhua Certified Public Accountants Limited	北京中瑞誠聯合會計師事務所 廣東分所 Guangdong Branch of China Regal CPAs
廣州市恒大材料設備有限公司 Hengda (Guangzhou) Material and Equipment Company Limited	Not applicable	廣州南華會計師事務所有限公司 Guangzhou Nanhua Certified Public Accountants Limited	北京中瑞誠聯合會計師事務所 廣東分所 Guangdong Branch of China Regal CPAs
河南省軟件園實業發展有限公司 Henan Ruanjianyuan Industrial Development Company Limited	Not applicable	河南久遠會計師事務所有限公司 Henan Jiuyuan Certified Public Accountants Co., Ltd.	河南久遠會計師事務所有限公司 Henan Jiuyuan Certified Public Accountants Co., Ltd.
佛山市南海俊誠房地產開發 有限公司 Foshan Nanhai Jun Cheng Property Development Company Limited	Not applicable	廣州志信會計師事務所有限公司 Guangzhou Reputation Certified Public Accountants Company Limited	廣州宏海會計師事務所有限公司 Guangzhou Honghai Certified Public Accountants Co., Ltd.
恒大地產集團廣東房地產開發 有限公司 Hengda Real Estate Group Guangdong Property Development Company Limited	Not applicable	廣州志信會計師事務所有限公司 Guangzhou Reputation Certified Public Accountants Company Limited	廣州振和會計師事務所有限公司 Guangzhou Zhenhe Certified Public Accountants Co., Ltd.
武漢恒大園林綠化工程有限公司 Wuhan Hengda Landscaping Planting Project Company Limited	Not applicable	Not applicable	湖北天元會計師事務有限 責任公司 Hubei Tianyuan Certified Public Accountants Co., Ltd.

Name of companies	Statutory auditors		
	Year 2006	Year 2007	Year 2008
天津金瑞園林藝術有限公司 Tianjin Jinrun Landscaping Company Limited	Not applicable	Not applicable	天津市正泰有限責任會計師 事務所 Tianjin Zhengtai Certified Public Accountants Ltd.
湖南盛基置業有限公司 Hunan Shengji Property Company Limited	Not applicable	Not applicable	湖南遠誠聯合會計師事務所 Yuancheng United Certified Public Accountants Office of Hunan
合肥恒大園林綠化工程有限公司 Hefei Hengda Landscaping Planting Project Company Limited	Not applicable	Not applicable	安徽中健會計師事務所 Anhui Zhongjian Certified Public Accountants Co., Ltd.
西安恒大園林綠化工程有限公司 Xi'an Hengda Landscaping Planting Project Company Limited	Not applicable	Not applicable	陝西西秦金周會計師事務所有限 責任公司 Shaanxi Xiqin Jinzhou Certified Public Accountants
南京菁潤園林綠化工程有限公司 Nanjing Jingrun Landscaping Planting Project Company Limited	Not applicable	Not applicable	南京國信均益會計師事務所 有限公司 Nanjing Guoxin Junyi Certified Public Accountants Co., Ltd.
昆明金翠園林綠化工程有限公司 Kunming Jincui Landscaping Planting Project Company Limited	Not applicable	Not applicable	昆明亞太會計師事務所有限 責任公司 Kunming Yatai Certified Public Accountants
佛山市南海區華南師範大學 附屬小學恒大南海學校投資 有限公司 Foshan Nanhai Affiliated Primary School of South China Normal University Hengda Nanhai School Investment Company Limited	Not applicable	Not applicable	廣州永道會計師事務所有限公司 Guangzhou Yongdao Certified Public Accountants Co., Ltd.
貴陽恒大園林綠化工程有限公司 Guiyang Hengda Landscaping Planting Project Company Limited	Not applicable	Not applicable	貴陽華正聯合會計師事務所 Guiyang Huazheng Certified Public Accountants Partnership
重慶潤豐園林綠化工程有限公司 Chongqing Runfeng Landscaping Planting Project Company Limited	Not applicable	Not applicable	重慶中凱會計師事務所有限公司 Chongqing Zhongkai Certified Public Accountants Co., Ltd.
鄂州恒大園林綠化工程有限公司 E'zhou Hengda Landscaping Planting Project Company Limited	Not applicable	Not applicable	湖北鄂州融信有限責任會計師 事務所 Hubei Ezhou Rongxin Certified Public Accountants Co., Ltd.

Name of companies	Statutory auditors		
	Year 2006	Year 2007	Year 2008
長沙天璽置業有限公司 Changsha Tianxi Zhiye Property Company Limited	Not applicable	Not applicable	湖南遠誠聯合會計師事務所 Hunan Yuancheng United Certified Public Accountants Office
長沙駿鴻園林綠化工程有限公司 Changsha Junhong Landscaping Planting Project Company Limited	Not applicable	Not applicable	湖南遠誠聯合會計師事務所 Hunan Yuancheng United Certified Public Accountants Office
成都鑫金康園林綠化工程 有限公司 Chengdu Xinjinkang Landscaping Planting Project Company Limited	Not applicable	Not applicable	四川恒通會計師事務所有限公司 Sichuan Hengtong Certified Public Accountants Co., Ltd.
太原園林綠化工程有限公司 Taiyuan Landscaping Planting Project Company Limited	Not applicable	Not applicable	山西華鈺會計師事務所 Shanxi Huayu Certified Public Accountants
恒大地產集團包頭有限公司 Hengda (Baotou) Real Estate Group Company Limited	Not applicable	Not applicable	包頭廣源會計師事務所 Baotou Guangyuan Certified Public Accountants Co., Ltd.
陝西金泓投資有限公司 Shanxi Jinhong Investment Company Limited	Not applicable	Not applicable	陝西興華會計師事務所有限 責任公司 Shanxi Xinghua Certified Public Accountants Co., Ltd.
南寧市御景園林綠化工程 有限公司 Nanning Yujing Landscaping Planting Project Company Limited	Not applicable	Not applicable	南寧市華泰天正聯合會計師 事務所 Nanning Huatai Tianzheng Lianhe Certified Public Accountants Co., Ltd.

The names of certain of the companies referred to in the Financial Information represent management's translation of the Chinese names of these companies into English as no English names have been registered or available for these companies.

**2. Summary of significant accounting policies**

The significant accounting policies applied in the preparation of the Financial Information are set out below. These policies have been consistently applied during the Relevant Periods, unless otherwise stated.

**(a) Basis of preparation**

For the purpose of this report, the Financial Information for the Relevant Periods have been prepared to reflect the reorganisation of a business under common control, in which all the companies comprising the Group are ultimately controlled by Dr. Hui. Accordingly, the Reorganisation has been accounted for using the principles of merger accounting, as prescribed in Hong Kong Accounting Guideline 5 "Merger Accounting for Common Control Combinations" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

The Financial Information has been prepared in accordance with the Hong Kong Financial Reporting Standards (the "HKFRSs") under the historical cost convention, as modified by the revaluation of investment properties, embedded financial derivatives and available-for-sale investments which are carried at fair value.

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

The Group finances the development of its projects primarily through proceeds from the shareholders' contributions, bank borrowings, pre-sale proceeds of properties, the Convertible Preferred Shares and the structured secured loan from a financial institution (the "Structured Secured Loan"). The directors of the Company have prepared the working capital forecast for the 18 months ending 31 December 2010 with certain key assumption as disclosed in note 3(a)(iv). The directors of the Company are of the opinion that the Group will have sufficient working capital to finance its operations and to maintain its operating existence in the foreseeable future and accordingly have prepared the Financial Information on a going concern basis.

The following new standards, amendments to standards and interpretations have been issued that are mandatory for accounting periods beginning on or after 1 July 2009 or later periods and which the Group has not early adopted.

- HKAS 27 (Revised), "Consolidated and Separate Financial Statements" (effective for annual period beginning on or after 1 July 2009). The revised standard requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value and a gain or loss is recognised in profit or loss. The Group will apply HKAS 27 (Revised) prospectively to transactions with non-controlling interests from 1 January 2010.
- HKFRS 1 (Amendment), "First time adoption of HKFRS" and HKAS 27 "Consolidated and separate financial statements" (effective for annual periods beginning on or after 1 July 2009). The amended standard allows first-time adopters to use a deemed cost of either fair value or the carrying amount under previous accounting practice to measure the initial cost of investments in subsidiaries, jointly controlled entities and associates in the separate financial statements. The amendment also removes the definition of the cost method from HKAS 27 and replaces it with a requirement to present dividends as income in the separate financial statements of the investor. The Company will apply HKAS 27 (Amendment) prospectively from 1 July 2009 in its separate financial statements. This amendment is not relevant to the Group.
- HKFRS 3 (Revised), "Business Combination" (effective for business combinations with acquisition date on or after the beginning of the first annual reporting period beginning on or after 1 July 2009). The revised standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the consolidated income statement. There is a choice on an acquisition by acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed. The Group will apply HKFRS 3 (Revised) prospectively to all business combinations from 1 January 2010.
- HKFRS 5 (Amendment), "Non-current assets held for sale and discontinued operations" (and consequential amendment to HKFRS 1, "First-time adoption") (effective for annual periods beginning on or after 1 July 2009). The amendment clarifies that all of a subsidiary's assets and liabilities are classified as held for sale if a partial disposal sale plan results in loss of control, and relevant disclosure should be made for this subsidiary if the definition of a discontinued operation is met. A consequential amendment to HKFRS 1 states that these amendments are applied prospectively from the date of transition to HKFRSs. The Group will apply the HKFRS 5 (Amendment) prospectively to all partial disposals of subsidiaries from 1 January 2010.
- HKFRS 2 (Amendment), "Share-based payment" (effective for annual periods beginning on or after 1 July 2009). The amended standard deals with vesting conditions and cancellations. It clarifies that vesting conditions are service conditions and performance conditions only. Other features of a share-based payment are not vesting conditions. These features would need to be included in the grant date fair value for transactions with employees and others providing similar services; they would not impact the number of awards expected to vest or valuation there of subsequent to grant date. All cancellations, whether by the entity or by other parties, should receive the same accounting treatment.
- There are a number of minor amendments to HKFRS 7, "Financial instruments: Disclosures", HKAS 8, "Accounting policies, changes in accounting estimates and errors", HKAS 10, "Events after the balance sheet date", HKAS 18, "Revenue" and HKAS 34, "Interim financial reporting"

which are not addressed above. These amendments are unlikely to have an impact on the Group's financial statements and have therefore not been analysed in detail.

- In 2009, the HKICPA published certain improvements to the HKFRS which will be effective for period beginning on or after 1 January 2010. These improvements have not been early adopted by the Group. Amendments have been made to the following standards according to the improvements:

HKAS 1 (Amendment)	Presentation of financial statements
HKAS 7 (Amendment)	Cash flow statements
HKAS 17 (Amendment)	Leases
HKAS 18 (Amendment)	Revenue
HKAS 36 (Amendment)	Impairment of assets
HKAS 38 (Amendment)	Intangible assets
HKAS 39 (Amendment)	Financial instruments: Recognition and measurement
HKFRS 2 (Amendment)	Scope of HKFRS 2 and revised HKFRS 3
HKFRS 5 (Amendment)	Disclosures of non-current assets (or disposal groups) classified as held for sales or discontinued operations
HKFRS 8 (Amendment)	Disclosure of information about segment assets
HK(IFRIC) 9 (Amendment)	Reassessment of embedded derivatives
HK(IFRIC) 16 (Amendment)	Hedges of a net investment in a foreign operation
HK(IFRIC)-Int 16 (Amendment)	Hedges of a net investment in a foreign operation
Amendments to Implementation Guidance on HKFRS 1	First-time adoption of Hong Kong financial reporting standards — additional exemptions for first-time adopters

The Group is in the process of making an assessment on the impact of these new/revised standards, amendments and interpretations to existing standards and does not anticipate that the adoption will result in any material impact on the Group's results of operations and financial position.

**(b) Merger accounting for common control combination**

The Financial Information incorporate the financial information of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party.

The net assets of the combining entities or businesses are combined using the existing book value from the controlling parties' perspective. No amount is recognised in consideration for goodwill or excess of acquirers' interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over acquisition cost at the time of common control combination, to the extent of the continuation of the controlling party's interest.

The consolidated income statement includes the results of each of the combining entities or businesses from the later of the earliest date presented and the date when the combining entities or businesses first came under common control, regardless of the date of the common control combination.

A uniform set of accounting policies is adopted by those entities. All intra-group transactions, balances and unrealised gains on transactions between combining entities or businesses are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the assets transferred.

Transaction costs, including professional fees, registration fees, costs of furnishing information to shareholders, costs or losses incurred in combining operations of the previously separate businesses, etc., incurred in relation to the common control combination that is to be accounted for using merger accounting is recognised as expenses in the period in which they are incurred.

**(c) Consolidation****(i) Subsidiaries**

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

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

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

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

**(ii) Transaction with minority interests**

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

**(d) Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is responsible for making strategic decisions, allocating resources and assessing performance of the operating segments.

**(e) Foreign currency translation****(i) Functional and presentation currency**

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

**(ii) Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated income statement.

**(iii) Group entities**

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

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

**(f) Property and equipment**

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

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

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

Buildings	30 years
Machinery	5–10 years
Motor vehicles	5–10 years
Furniture, fitting and equipment	5–8 years

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

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

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

**(g) Assets under construction**

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

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

**(h) *Investment properties***

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

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

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

After initial recognition, investment property is carried at fair value. Where fair value of investment property under construction is not reliably measurable, the property is measured at cost until the earlier of the date construction is completed or the date at which fair value becomes reliably measurable. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. These valuations are performed at each balance sheet date by independent valuers. Investment property that is being redeveloped for continuing use as investment property, or for which the market has become less active, continues to be measured at fair value.

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

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

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

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

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

**(i) *Impairment of non-financial assets***

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

**(j) Financial assets**

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

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date which are classified as non-current assets. Loans and receivables are classified as "Trade and other receivables" in the balance sheet. They are recognised as trade receivables, other receivables, cash and cash equivalent in balance sheet and carried at the amortised cost using the effective interest method.

**(k) Properties under development**

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

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

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

**(l) Completed properties held for sale**

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

Cost comprises development costs attributable to the unsold properties during property development, as explained in accounting policy for properties under development.

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

**(m) Trade and other receivables**

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are recognised on trade date — the date on which the Group provides fund, products or services directly to a debtor who has no intention to exchange the receivables. Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The carrying amount of the trade or other receivable is reduced through the use of an allowance account, and the amount of the provision is recognised in the consolidated income statement within selling and marketing costs. When an trade or other receivable is uncollectible, it is written off against the allowance account for trade and other receivables. Subsequent recoveries of amounts previously written off are credited to consolidated income statement.

Trade and other receivables are included in current assets, except for those mature after 12 months of the balance sheet date which are classified as non-current assets.

**(n) Cash and cash equivalents**

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

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

**(o) Share capital**

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

**(p) Trade and other payables**

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

**(q) Borrowings**

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

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

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

Borrowing is derecognised when, and only when the obligation specified in the contract is discharged or cancelled or expires.

**(r) Convertible Preferred Shares**

The Company issued US dollar ("US\$") denominated Convertible Preferred Shares which can be converted to ordinary shares of the Company and redeemed under certain circumstances.

If the conversion of the Convertible Preferred Shares will not result in delivering a fixed number of the Company's own equity instruments in exchange for a fixed amount of cash or another financial asset, the Convertible Preferred Shares contract will be separated into two component elements: a derivative component consisting of the conversion option and the redemption option and a liability component consisting of the straight debt element of the Convertible Preferred Shares.

On the issue of the Convertible Preferred Shares, the fair value of the embedded derivative was calculated using a valuation technique. The derivative component is carried at fair value on the balance sheet with any changes in fair value being charged or credited to the consolidated income statement in the period when the change occurs. The remainder of the proceeds is allocated to debt element of the Convertible Preferred Shares, net of transaction costs, and is recorded as the liability component. The liability component is subsequently carried at amortised cost until extinguished on conversion or redemption. Interest expense is calculated using the effective interest method by applying the effective interest rate to the liability component through the maturity date.

If the Convertible Preferred Shares are converted, the carrying amounts of the derivative and liability components are transferred to share capital and share premium as consideration for the shares issued. If the Convertible Preferred Shares are redeemed, any difference between the amount paid and the carrying amounts of both components is recognised in the consolidated income statement.

**(s) Current and deferred income tax**

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

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

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

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

**(t) Employee benefits****(i) Employee leave entitlements**

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

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

**(ii) Retirement benefits**

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

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

The Group also participates in a pension scheme under the rules and regulations of the Mandatory Provident Fund Scheme Ordinance ("MPF Scheme") for all employees in Hong Kong. The contributions to the MPF Scheme are based on minimum statutory contribution requirement of 5% of eligible employees' relevant aggregate income. The assets of this pension scheme are held separately from those of the Group in independently administered funds. Other than the contributions, the Group has no further obligation for the payment of retirement and other post retirement benefits of its employees in Hong Kong.

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

(iii) *Termination benefits*

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

(u) ***Provisions and contingent liabilities***

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

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

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

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

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

(v) ***Revenue recognition***

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

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

(i) *Sales of properties*

Revenue from sales of properties is recognised when the risks and rewards of properties are transferred to the purchasers, which is when the construction of relevant properties has been completed and the properties have been delivered to the purchasers and collectibility of related receivables is reasonably assured. To the extent that the Group has to perform further work on the

real estate already delivered to the purchasers, the relevant expenses shall be recognised simultaneously. Deposits and instalments received on properties sold prior to the date of revenue recognition are included in the consolidated balance sheets under current liabilities.

(ii) *Property management*

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

(iii) *Construction and decoration services*

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

(iv) *Interest income*

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

(v) *Rental income*

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

**(w) Leases**

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

(i) *The Group is the lessee*

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

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

(ii) *The Group is the lessor*

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

**(x) Dividend distribution**

Dividend distribution to the then equity holders of the Group is recognised in this report in the period in which the dividends are approved by the equity holders or the board of directors, where applicable, of relevant Group companies.

(y) **Financial guarantee liabilities**

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

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

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

**3. Financial risk management**

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

(a) **Financial risk factor**

(i) *Foreign exchange risk*

The Group's businesses are principally conducted in RMB, except that certain receipts of sales proceeds and proceeds from borrowings and Convertible Preferred Shares are in other foreign currencies. As at 30 June 2009, the non-RMB assets and liabilities of the Group are mainly cash proceeds from borrowings deposited in US\$ bank accounts and borrowings from a financial institution denominated in US\$. The Group has not entered into any significant forward exchange contract to hedge its exposure to foreign exchange risk.

As at 31 December 2006, the Group did not have significant monetary assets or liabilities denominated in foreign currency. As at 31 December 2007 and 2008 and 30 June 2009, if RMB had strengthened/weakened by 5% against US\$, with all other variables held constant, post-tax profit for the years ended 31 December 2007 and 2008 and six months ended 30 June 2009 would have been approximately RMB 45 million, RMB 163 million and RMB 87 million higher/lower.

(ii) *Interest rate risk*

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

As at 31 December 2006, 2007 and 2008 and 30 June 2009, if interest rate on borrowing had been 100 basic point higher/lower with all variables held constant, post-tax profit for the end ended 31 December 2006, 2007 and 2008 and six months ended 30 June 2009 would have been approximately RMB 5 million, RMB 15 million, RMB 5 million and RMB 1 million lower/higher, respectively, mainly as a result of more/less interest expense on floating rate borrowings.

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

(iii) *Credit risk*

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

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

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

(iv) *Liquidity risk*

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

Certain events of default occurred under the Structured Secured Loan in 2008 (note 16(b)), which have also caused cross-defaults under the financial arrangement with the holders of Convertible Preferred Shares (the "Financial Investors") (note 17) and certain shareholders of the Company (the "New Investors") (note 14(e)). On 17 September 2009, the Group has obtained waivers from the Financial Investors, the lenders of Structured Secured Loan and the New Investors with respect to any existing or purported defaults, events of default or cross-default under the various investment and loan agreements, such waivers will remain valid until 31 March 2010; and the Group has also obtained an extension of the exercise date of the put option in relation to the Structured Secured Loan from the lenders to 31 March 2010.

The directors of the Company have prepared cash flow projections for the period from 1 July 2009 to 31 December 2010 (the "Projected Period"). Key assumptions used in the preparation of the cash flow projections for the Projected Period are disclosed below:

- (1) A qualified initial public offering ("QIPO") can be completed by 31 March 2010;
- (2) Unit selling price of the properties of the Group in the Projected Period is not expected to fluctuate significantly from that of the six months ended 30 June 2009. The contracted sales in the Projected Period are expected to be derived from 38 projects of the Group over 10 cities within the PRC;
- (3) To finance the development of its projects, the Group will continue to obtain bank borrowings under credit lines for which the Group has entered into strategic cooperation agreement or received non-binding letters of intent from certain domestic banks. The issuance of non-binding offers for credit lines is not uncommon in the PRC.

The Group has certain alternative plans to mitigate the potential impacts on anticipated cash flows should there be significant adverse changes in economic environment. These include adjusting and further slowing down the construction plans for properties under development, implementing cost control measures, accelerating sales with more flexible pricing, seeking joint venture partners to co-develop quality projects, disposal of certain land use rights and investment properties with acceptable

prices and renegotiating payment terms with counterparties for certain land acquisitions. The Group will, based on its assessment of the relevant future costs and benefits, pursue such options as are appropriate.

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

	<u>Less than 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 5 years</u>	<u>Over 5 years</u>	<u>Total</u>
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 31 December 2006					
Borrowings . . . . .	939,710	465,982	1,062,669	—	2,468,361
Trade and other payables . . .	857,081	—	—	—	857,081
Convertible Preferred Shares	—	—	2,830,322	—	2,830,322
Total . . . . .	<u>1,796,791</u>	<u>465,982</u>	<u>3,892,991</u>	<u>—</u>	<u>6,155,764</u>
At 31 December 2007					
Borrowings . . . . .	1,420,408	6,048,236	3,692,152	—	11,160,796
Trade and other payables . . .	4,194,060	—	—	—	4,194,060
Convertible Preferred Shares	—	—	3,153,928	—	3,153,928
Total . . . . .	<u>5,614,468</u>	<u>6,048,236</u>	<u>6,846,080</u>	<u>—</u>	<u>18,508,784</u>
At 31 December 2008					
Borrowings . . . . .	6,829,100	3,724,936	393,924	293,831	11,241,791
Trade and other payables . . .	4,469,168	—	—	—	4,469,168
Total . . . . .	<u>11,298,268</u>	<u>3,724,936</u>	<u>393,924</u>	<u>293,831</u>	<u>15,710,959</u>
At 30 June 2009					
Borrowings . . . . .	6,754,625	2,791,839	1,086,229	293,831	10,926,524
Trade and other payables . . .	5,122,154	—	—	—	5,122,154
Total . . . . .	<u>11,876,779</u>	<u>2,791,839</u>	<u>1,086,229</u>	<u>293,831</u>	<u>16,048,678</u>

**(b) Capital risk management**

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

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

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

During the Relevant Periods, the Group's strategy was to maintain a gearing ratio within 20% to 50%. The gearing ratios as at 31 December 2006, 2007 and 2008 and 30 June 2009 were as follows:

	<u>31 December</u>			<u>30 June</u>
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
	RMB'000	RMB'000	RMB'000	RMB'000
Total borrowings . . . . .	<u>2,255,383</u>	<u>9,561,716</u>	<u>10,440,256</u>	<u>10,172,311</u>
Total assets . . . . .	<u>7,793,977</u>	<u>21,384,385</u>	<u>28,522,598</u>	<u>36,455,376</u>
Gearing ratio . . . . .	<u>29%</u>	<u>45%</u>	<u>37%</u>	<u>28%</u>

**(c) Fair value estimation**

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

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

**4. Critical accounting estimates and judgements**

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

**(a) PRC enterprise income taxes and deferred taxation**

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

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

**(b) PRC land appreciation taxes**

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

**(c) Convertible Preferred Shares**

As described in note 17, the Company's Convertible Preferred Shares contain a number of embedded financial derivatives that are measured to fair value through profit or loss. The Company engaged an independent appraiser to assist it in determining the fair value of these embedded financial derivatives. The determination of fair value was made after consideration of a number of factors, including but not limited to: the Group's financial and operating results; the global economic outlook in general and the specific economic and competitive factors affecting the Group's business; the nature and prospects of the PRC property market; the Group's business plan and prospects; business risks the Group faces; and market yields and return volatility of comparable corporate bonds. This conclusion of value was based on generally accepted valuation procedures and practices that rely extensively on the use of numerous assumptions and

the consideration of many uncertainties, not all of which can be easily quantified or ascertained. As at 31 December 2006 and 2007, the fair values of the embedded financial derivatives were approximately RMB 294 million and RMB 816 million, respectively.

**(d) *Estimated fair value of investment properties***

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

- (i) current prices in an active market for properties of different nature, condition or location (or subject to different lease or other contracts), adjusted to reflect those differences;
- (ii) recent prices of similar properties in less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices; and
- (iii) discounted cash flow projections based on reliable estimates of future cash flows, derived from the terms of any existing lease and other contracts and (where possible) from external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

The Group assesses the fair value of its investment properties based on valuations determined by independent and professional qualified valuers. As at 31 December 2006, 2007 and 2008 and 30 June 2009, the fair values of the investment properties were approximately RMB 847 million, RMB 1,571 million, RMB 1,741 million and RMB 2,148 million, respectively.

**(e) *Estimated fair value of financial guarantee liabilities***

The Group determines the amount of the fair values of financial guarantee liabilities with a range of reasonable fair value estimates. In making its estimates, the Group considers information from a variety of sources including: the Group's financial position and operating results; the global economic outlook in general and the specific economic and competitive factors affecting the Group's business; probability of a successful IPO; probability of default and recovery ratio; and market yields and return volatility of comparable corporate bonds.

These conclusions of values were based on generally accepted valuation procedures and practices that rely on the use of various assumptions and the consideration of many uncertainties, not all of which can be easily quantified or ascertained.

The Group assesses the fair value of its financial guarantee liabilities for their initial recognition and the present values of the expenditures required to settle the present obligations subsequently based on assessments conducted by independent and professional qualified valuers.

**(f) *Provision for properties held for sale and properties under development***

The Group assesses the carrying amounts of completed properties held for sale and properties under development according to their net realisable value based on the realisability of these properties, taking into account costs to completion based on past experience and net sales value based on prevailing market conditions. Provision is made when events or changes in circumstances indicate that the carrying amounts may not be realised. The assessment requires the use of judgement and estimates.

## 5. Segment information

The chief operating decision-maker has been identified as the senior management at the headquarter level. The chief operating decision-maker reviews the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports. The Group is organised into four business segments: property development, property investment, property management, property construction and other property development related services. As chief operating decision-maker of the Group considers most of the Group's consolidated revenue and results are attributable to the market in the PRC, only an immaterial part (less than 10%) of the Group's consolidated assets are located outside the PRC, no geographical segment information is presented.

Revenue consists of sales of properties, rental income of investment properties, property management services and income for provision of construction and other property development related services. Revenue of the Relevant Periods consists of the following:

	Year ended 31 December			Six months ended 30 June	
	2006	2007	2008	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Sales of properties . . . . .	1,885,344	3,014,766	3,495,057	2,471,276	1,490,107
Rental income of investment properties . . . . .	11,775	28,592	25,758	11,852	12,360
Property management services . . . .	46,339	66,940	78,694	37,303	44,723
Property construction and other property development related services . . . . .	39,846	56,394	7,282	4,982	87,940
	<u>1,983,304</u>	<u>3,166,692</u>	<u>3,606,791</u>	<u>2,525,413</u>	<u>1,635,130</u>

The segment results and other segment items included in the consolidated income statement for the year ended 31 December 2006 are as follows:

	Property development	Property investment	Property management services	Property construction and other services	Elimination	Group
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Gross segment revenue . . .	1,885,344	11,775	46,339	162,081		2,105,539
Inter-segment revenue . . . .	—	—	—	(122,235)		(122,235)
Revenue . . . . .	<u>1,885,344</u>	<u>11,775</u>	<u>46,339</u>	<u>39,846</u>		<u>1,983,304</u>
Segment results . . . . .	338,353	311,267	7,460	(2,112)	(6,111)	648,857
Fair value change on embedded financial derivatives . . . . .						(2,515)
Finance costs, net . . . . .						(55,809)
Profit before income tax . . .						590,533
Income tax expense . . . . .						(265,074)
Profit for the year . . . . .						<u>325,459</u>
Depreciation (note 6) . . . . .	8,165	—	389	875	—	9,429
Amortisation of land use rights recognised as expenses (note 7) . . . . .	7,953	—	—	—	—	7,953
Fair value gains on investment properties . . . .	—	300,103	—	—	—	300,103

The segment results and other segment items included in the consolidated income statement for the year ended 31 December 2007 are as follows:

	Property development	Property investment	Property management services	Property construction and other services	Elimination	Group
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Gross segment revenue . . .	3,014,766	36,606	66,940	852,897		3,971,209
Inter-segment revenue . . .	—	(8,014)	—	(796,503)		(804,517)
Revenue . . . . .	<u>3,014,766</u>	<u>28,592</u>	<u>66,940</u>	<u>56,394</u>		<u>3,166,692</u>
Segment results . . . . .	1,295,903	691,843	(13,484)	101,122	(114,595)	1,960,789
Fair value change on embedded financial derivatives . . . . .						(562,684)
Finance income, net . . . . .						<u>118,765</u>
Profit before income tax . . .						1,516,870
Income tax expense . . . . .						<u>(437,766)</u>
Profit for the year . . . . .						<u>1,079,104</u>
Depreciation (note 6) . . . . .	10,190	—	533	4,303	—	15,026
Amortisation of land use rights recognised as expenses (note 7) . . . . .	31,588	—	—	—	—	31,588
Fair value gains on investment properties . . .	<u>—</u>	<u>657,067</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>657,067</u>

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

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

**APPENDIX I**
**ACCOUNTANTS' REPORT**

The segment results and other segment items included in the consolidated income statement for the six months ended 30 June 2009 are as follows:

	Property development	Property investment	Property management services	Property construction and other services	Elimination	Group
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Gross segment revenue . . .	1,490,107	16,863	44,723	1,193,408		2,745,101
Inter-segment revenue . . .	—	(4,503)	—	(1,105,468)		(1,109,971)
Revenue . . . . .	<u>1,490,107</u>	<u>12,360</u>	<u>44,723</u>	<u>87,940</u>		<u>1,635,130</u>
Segment results . . . . .	34,161	311,399	(39,078)	202,897	(133,760)	375,619
Reversal of provision for financial guarantees . . . . .						146,341
Finance costs, net . . . . .						(12,308)
Profit before income tax . . .						509,652
Income tax credit . . . . .						12,708
Profit for the period . . . . .						<u>522,360</u>
Depreciation ( <i>note 6</i> ) . . . . .	19,528	—	632	2,293	—	22,453
Amortisation of land use rights recognised as expenses ( <i>note 7</i> ) . . . . .	10,757	—	—	—	—	10,757
Fair value gains on investment properties . . .	—	299,657	—	—	—	<u>299,657</u>

The segment results and other segment items included in the consolidated income statement for the six months ended 30 June 2008 are as follows:

	Property development	Property investment	Property management services	Property construction and other services	Elimination	Group
	RMB'000 (unaudited)	RMB'000 (unaudited)	RMB'000 (unaudited)	RMB'000 (unaudited)	RMB'000 (unaudited)	RMB'000 (unaudited)
Gross segment revenue . . .	2,471,276	15,761	37,303	903,435		3,427,775
Inter-segment revenue . . .	—	(3,909)	—	(898,453)		(902,362)
Revenue . . . . .	<u>2,471,276</u>	<u>11,852</u>	<u>37,303</u>	<u>4,982</u>		<u>2,525,413</u>
Segment results . . . . .	739,612	122,885	(25,044)	266,185	(90,259)	1,013,379
Provision for financial guarantees . . . . .						(32,315)
Finance income, net . . . . .						183,980
Profit before income tax . . .						1,165,044
Income tax expense . . . . .						(304,480)
Profit for the period . . . . .						<u>860,564</u>
Depreciation ( <i>note 6</i> ) . . . . .	9,903	—	398	2,097	—	12,398
Amortisation of land use rights recognised as expenses ( <i>note 7</i> ) . . . . .	5,645	—	—	—	—	5,645
Fair value gains on investment properties . . .	—	107,912	—	—	—	<u>107,912</u>

Segment assets and liabilities as at 31 December 2006 are as follows:

	Property development	Property investment	Property management services	Property construction and other services	Elimination	Group
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Segment assets . . . . .	6,487,208	847,487	346,160	114,294	(29,257)	7,765,892
Unallocated . . . . .						28,085
Total assets . . . . .						<u>7,793,977</u>
Segment liabilities . . . . .	2,161,800	—	144,759	41,912	(19,294)	2,329,177
Unallocated . . . . .						5,973,134
Total liabilities . . . . .						<u>8,302,311</u>
Capital expenditure . . . . .	<u>11,117</u>	<u>—</u>	<u>526</u>	<u>5,577</u>	<u>—</u>	<u>17,220</u>

Segment assets and liabilities as at 31 December 2007 are as follows:

	Property development	Property investment	Property management services	Property construction and other services	Elimination	Group
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Segment assets . . . . .	19,521,753	1,571,468	232,746	780,658	(846,144)	21,260,481
Unallocated . . . . .						123,904
Total assets . . . . .						<u>21,384,385</u>
Segment liabilities . . . . .	6,143,685	—	46,181	493,176	(725,438)	5,957,604
Unallocated . . . . .						14,575,508
Total liabilities . . . . .						<u>20,533,112</u>
Capital expenditure . . . . .	<u>100,847</u>	<u>60,659</u>	<u>1,958</u>	<u>23,583</u>	<u>—</u>	<u>187,047</u>

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

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

Segment assets and liabilities as at 30 June 2009 are as follows:

	Property development	Property investment	Property management services	Property construction and other services	Elimination	Group
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Segment assets . . . . .	34,150,435	2,148,108	261,840	2,053,931	(2,661,106)	35,953,208
Unallocated . . . . .						502,168
Total assets . . . . .						<u>36,455,376</u>
Segment liabilities . . . . .	16,805,243	—	140,144	1,146,399	(2,203,644)	15,888,142
Unallocated . . . . .						11,560,543
Total liabilities . . . . .						<u>27,448,685</u>
Capital expenditure . . . . .	<u>30,699</u>	<u>—</u>	<u>4,152</u>	<u>1,889</u>	<u>—</u>	<u>36,740</u>

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

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

Segment liabilities consist of operating liabilities.

Capital expenditure comprises additions to property and equipment.

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

	31 December			30 June
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Segment assets . . . . .	7,765,892	21,260,481	28,166,418	35,953,208
Unallocated:				
Income tax recoverable . . . . .	8,128	—	31,816	100,707
Deferred income tax assets . . . . .	19,957	123,904	324,364	401,461
Total assets per balance sheets . . . . .	<u>7,793,977</u>	<u>21,384,385</u>	<u>28,522,598</u>	<u>36,455,376</u>

Reportable segments liabilities are reconciled to total liabilities as follows:

	31 December			30 June
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Segment liabilities . . . . .	2,329,177	5,957,604	7,972,433	15,888,142
Unallocated:				
Current income tax liabilities . . . . .	170,435	561,291	877,848	895,183
Deferred income tax liabilities . . . . .	422,762	482,137	451,527	441,987
Borrowings . . . . .	2,255,383	9,561,716	10,440,256	10,172,311
Convertible Preferred Shares . . . . .	2,830,322	3,153,928	—	—
Embedded financial derivatives . . . . .	294,232	816,436	—	—
Financial guarantee liabilities . . . . .	—	—	197,403	51,062
Total liabilities per balance sheets . . . . .	<u>8,302,311</u>	<u>20,533,112</u>	<u>19,939,467</u>	<u>27,448,685</u>

## 6. Property and equipment

*The Group*

	<b>Buildings</b>	<b>Machinery</b>	<b>Motor vehicles</b>	<b>Furniture, fitting and equipment</b>	<b>Assets under construction</b>	<b>Total</b>
	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>
At 1 January 2006						
Cost . . . . .	14,193	3,526	45,606	11,378	—	74,703
Accumulated depreciation . . . . .	(2,795)	(1,108)	(20,430)	(5,644)	—	(29,977)
Net book amount . . . . .	<u>11,398</u>	<u>2,418</u>	<u>25,176</u>	<u>5,734</u>	<u>—</u>	<u>44,726</u>
Year ended 31 December 2006						
Opening net book amount . . . . .	11,398	2,418	25,176	5,734	—	44,726
Additions . . . . .	—	5,599	9,440	2,181	—	17,220
Disposals . . . . .	—	(150)	(5,258)	(328)	—	(5,736)
Depreciation . . . . .	(460)	(845)	(6,488)	(1,636)	—	(9,429)
Closing net book amount . . . . .	<u>10,938</u>	<u>7,022</u>	<u>22,870</u>	<u>5,951</u>	<u>—</u>	<u>46,781</u>
At 31 December 2006						
Cost . . . . .	14,193	8,789	48,409	12,882	—	84,273
Accumulated depreciation . . . . .	(3,255)	(1,767)	(25,539)	(6,931)	—	(37,492)
Net book amount . . . . .	<u>10,938</u>	<u>7,022</u>	<u>22,870</u>	<u>5,951</u>	<u>—</u>	<u>46,781</u>
Year ended 31 December 2007						
Opening net book amount . . . . .	10,938	7,022	22,870	5,951	—	46,781
Acquisition of subsidiary . . . . .	—	10,897	—	—	—	10,897
Additions . . . . .	32,621	12,277	29,272	18,253	83,727	176,150
Disposals . . . . .	—	(378)	(81)	(365)	—	(824)
Depreciation . . . . .	(444)	(5,626)	(5,808)	(3,148)	—	(15,026)
Closing net book amount . . . . .	<u>43,115</u>	<u>24,192</u>	<u>46,253</u>	<u>20,691</u>	<u>83,727</u>	<u>217,978</u>
At 31 December 2007						
Cost . . . . .	46,814	31,017	77,525	30,494	83,727	269,577
Accumulated depreciation . . . . .	(3,699)	(6,825)	(31,272)	(9,803)	—	(51,599)
Net book amount . . . . .	<u>43,115</u>	<u>24,192</u>	<u>46,253</u>	<u>20,691</u>	<u>83,727</u>	<u>217,978</u>
Year ended 31 December 2008						
Opening net book amount . . . . .	43,115	24,192	46,253	20,691	83,727	217,978
Additions . . . . .	35	2,761	19,650	29,062	209,194	260,702
Disposals . . . . .	—	(2,179)	(1,935)	(367)	—	(4,481)
Transfer to buildings . . . . .	291,795	—	—	—	(291,795)	—
Depreciation . . . . .	(2,030)	(3,618)	(11,088)	(7,322)	—	(24,058)
Closing net book amount . . . . .	<u>332,915</u>	<u>21,156</u>	<u>52,880</u>	<u>42,064</u>	<u>1,126</u>	<u>450,141</u>
At 31 December 2008						
Cost . . . . .	338,644	29,455	95,237	58,825	1,126	523,287
Accumulated depreciation . . . . .	(5,729)	(8,299)	(42,357)	(16,761)	—	(73,146)
Net book amount . . . . .	<u>332,915</u>	<u>21,156</u>	<u>52,880</u>	<u>42,064</u>	<u>1,126</u>	<u>450,141</u>
Six months ended 30 June 2009						
Opening net book amount . . . . .	332,915	21,156	52,880	42,064	1,126	450,141
Additions . . . . .	—	656	2,097	33,987	—	36,740
Disposals . . . . .	—	(184)	(36)	(8,666)	—	(8,886)
Transfer to investment properties	(64,601)	—	—	—	(1,126)	(65,727)
Depreciation . . . . .	(4,740)	(1,692)	(6,792)	(9,229)	—	(22,453)
Closing net book amount . . . . .	<u>263,574</u>	<u>19,936</u>	<u>48,149</u>	<u>58,156</u>	<u>—</u>	<u>389,815</u>
At 30 June 2009						
Cost . . . . .	274,043	29,837	97,288	81,277	—	482,445
Accumulated depreciation . . . . .	(10,469)	(9,901)	(49,139)	(23,121)	—	(92,630)
Net book amount . . . . .	<u>263,574</u>	<u>19,936</u>	<u>48,149</u>	<u>58,156</u>	<u>—</u>	<u>389,815</u>

*The Group*

	<u>Buildings</u>	<u>Machinery</u>	<u>Motor vehicles</u>	<u>Furniture, fitting and equipment</u>	<u>Assets under construction</u>	<u>Total</u>
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Unaudited</b>						
Six months ended 30 June 2008						
Opening net book amount . . . . .	43,115	24,192	46,253	20,691	83,727	217,978
Additions . . . . .	—	2,301	12,265	9,277	59,895	83,738
Disposals . . . . .	—	(1,468)	(1,343)	(43)	—	(2,854)
Depreciation . . . . .	(1,004)	(1,966)	(6,171)	(3,257)	—	(12,398)
Closing net book amount . . . . .	<u>42,111</u>	<u>23,059</u>	<u>51,004</u>	<u>26,668</u>	<u>143,622</u>	<u>286,464</u>
At 30 June 2008						
Cost . . . . .	46,814	31,043	87,622	39,693	143,622	348,794
Accumulated depreciation . . . . .	(4,703)	(7,984)	(36,618)	(13,025)	—	(62,330)
Net book amount . . . . .	<u>42,111</u>	<u>23,059</u>	<u>51,004</u>	<u>26,668</u>	<u>143,622</u>	<u>286,464</u>

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

	<u>Year ended 31 December</u>			<u>Six months ended 30 June</u>	
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2008</u>	<u>2009</u>
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Cost of sales . . . . .	1,029	2,993	3,576	1,424	1,551
Selling and marketing costs . . . . .	5	124	253	158	3,056
Administrative expenses . . . . .	<u>8,395</u>	<u>11,909</u>	<u>20,229</u>	<u>10,816</u>	<u>17,846</u>
	<u>9,429</u>	<u>15,026</u>	<u>24,058</u>	<u>12,398</u>	<u>22,453</u>

Interests of RMB 10,490,000, RMB 21,149,000 and RMB 12,811,000 were capitalised in assets under construction for the years ended 31 December 2007 and 2008 and six months ended 30 June 2008, respectively. There was no interest capitalised in assets under construction for the year ended 31 December 2006 or six months ended 30 June 2009.

The capitalisation rate of borrowings was 12.53%, 11.23% and 11.27% for the years ended 31 December 2007 and 2008 and the six months ended 30 June 2008, respectively.

*The Company*

	Motor vehicles	Furniture, fitting and equipment	Total
	RMB'000	RMB'000	RMB'000
Period ended 31 December 2006:			
Additions and as at 31 December 2006 . . . . .	1,389	11	1,400
Year ended 31 December 2007:			
Opening net book amount . . . . .	1,389	11	1,400
Additions . . . . .	—	376	376
Disposal . . . . .	(53)	—	(53)
Depreciation . . . . .	(266)	(54)	(320)
Closing net book amount . . . . .	1,070	333	1,403
At 31 December 2007			
Cost . . . . .	1,336	387	1,723
Accumulated depreciation . . . . .	(266)	(54)	(320)
Net book amount . . . . .	1,070	333	1,403
Year ended 31 December 2008:			
Opening net book amount . . . . .	1,070	333	1,403
Additions . . . . .	—	52	52
Depreciation . . . . .	(268)	(81)	(349)
Closing net book amount . . . . .	802	304	1,106
At 31 December 2008			
Cost . . . . .	1,336	439	1,775
Accumulated depreciation . . . . .	(534)	(135)	(669)
Net book amount . . . . .	802	304	1,106
Six months ended 30 June 2009			
Opening net book amount . . . . .	802	304	1,106
Additions . . . . .	—	10	10
Depreciation . . . . .	(134)	(44)	(178)
Closing net book amount . . . . .	668	270	938
At 30 June 2009			
Cost . . . . .	1,336	449	1,785
Accumulated depreciation . . . . .	(668)	(179)	(847)
Net book amount . . . . .	668	270	938
<b>Unaudited</b>			
Six months ended 30 June 2008			
Opening net book amount . . . . .	1,070	333	1,403
Additions . . . . .	—	29	29
Depreciation . . . . .	(133)	(39)	(172)
Closing net book amount . . . . .	937	323	1,260
At 30 June 2008			
Cost . . . . .	1,336	416	1,752
Accumulated depreciation . . . . .	(399)	(93)	(492)
Net book amount . . . . .	937	323	1,260

## 7. Land use rights — Group

	Year ended 31 December			Six months ended 30 June	
	2006	2007	2008	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Opening net book amount . . . . .	1,548,501	1,537,166	6,984,912	6,984,912	8,895,113
Additions . . . . .	371,611	5,796,646	2,855,403	998,664	1,895,089
Amortisation . . . . .	(27,913)	(66,022)	(121,024)	(62,294)	(76,518)
— Capitalised in properties under development . . . . .	(19,960)	(34,434)	(103,620)	(56,649)	(65,761)
— Recognised as expenses . . . . .	(7,953)	(31,588)	(17,404)	(5,645)	(10,757)
Transfer to cost of sales . . . . .	(348,015)	(259,747)	(270,381)	(168,786)	(202,198)
Transfer to investment properties . . . . .	(7,018)	(23,131)	(4,543)	(3,146)	(30,706)
Transfer of project development rights (note 21(a)) . . . . .	—	—	(549,254)	(549,254)	—
Closing net book amount . . . . .	<u>1,537,166</u>	<u>6,984,912</u>	<u>8,895,113</u>	<u>7,200,096</u>	<u>10,480,780</u>
Amount to be realised within one normal operating cycle included under current assets . . . . .	1,158,544	6,514,092	8,644,245	6,966,079	10,202,174
Land use rights included under non- current assets . . . . .	<u>378,622</u>	<u>470,820</u>	<u>250,868</u>	<u>234,017</u>	<u>278,606</u>
	<u>1,537,166</u>	<u>6,984,912</u>	<u>8,895,113</u>	<u>7,200,096</u>	<u>10,480,780</u>

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

As at 31 December 2006, 2007 and 2008 and 30 June 2009, land use rights of RMB 428,365,000, RMB 2,262,500,000, RMB 3,238,778,000 and RMB 5,408,159,000, respectively, were pledged as collateral for the Group's bank borrowings (note 16).

As at 30 June 2009, with respect to land use rights of RMB 278,606,000, the Group needs to obtain further governmental approvals and pay additional land premium before sale of the properties.

## 8. Investment properties — Group

	Year ended 31 December			Six months ended 30 June	
	2006	2007	2008	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Opening balance . . . . .	513,531	847,487	1,571,468	1,571,468	1,741,390
Additions . . . . .	333,956	723,981	169,922	144,732	425,728
— Transfer from land use rights . . . . .	7,018	23,131	4,543	3,146	30,706
— Transfer from property and equipment . . . . .	—	—	—	—	65,727
— Transfer from completed properties held for sale . . . . .	26,835	43,783	87,964	33,674	29,638
— Fair value gains . . . . .	300,103	657,067	77,415	107,912	299,657
Disposal of investment properties . . . . .	—	—	—	—	(19,010)
Ending balance . . . . .	<u>847,487</u>	<u>1,571,468</u>	<u>1,741,390</u>	<u>1,716,200</u>	<u>2,148,108</u>

The fair values of the Group's investment properties as at 31 December 2006, 2007 and 2008 and 30 June 2009 were assessed by CB Richard Ellis Limited, an independent qualified valuer. Valuations were based on either i) capitalisation of net rental income derived from the existing tenancies with allowance for the reversionary income potential of the properties, using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows; or ii) on direct comparison approach assuming sale of each of these properties in its existing state with the benefit of vacant possession by making reference to comparable sales transactions as available in the relevant market.

The investment properties are all in the PRC and have lease periods of between 10 years to 50 years.

As at 31 December 2006, 2007 and 2008 and 30 June 2009, investment properties of RMB 757,185,000, RMB 624,204,000, RMB 628,036,000 and RMB 402,997,000, respectively, were pledged as collateral for the Group's bank borrowings (note 16).

#### 9. Properties under development — Group

	31 December			30 June
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Properties under development include:				
Construction costs and capitalised expenditures	971,583	2,579,962	7,432,993	9,617,137
Interests capitalised . . . . .	111,894	707,055	1,616,199	1,703,113
	<u>1,083,477</u>	<u>3,287,017</u>	<u>9,049,192</u>	<u>11,320,250</u>

The properties under development are located in the PRC.

As at 31 December 2006, 2007 and 2008 and 30 June 2009, properties under development of approximately RMB 179,019,000, RMB 67,073,000, RMB 969,068,000 and RMB 897,530,000, respectively, were pledged as collateral for the Group's bank borrowings (note 16).

The capitalisation rate of borrowings is 6.19%, 12.53%, 11.23% and 10.41% for the years ended 31 December 2006, 2007 and 2008 and the six months ended 30 June 2009, respectively.

#### 10. Completed properties held for sale — Group

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

As at 31 December 2006, 2007 and 2008 and 30 June 2009, completed properties held for sale of approximately RMB 64,819,000, RMB 180,013,000, RMB 30,898,000 and RMB 354,288,000, respectively, were pledged as collateral for the Group's bank borrowings (note 16).

## 11. Trade and other receivables and prepayments

	Group				Company			
	31 December			30 June	31 December			30 June
	2006	2007	2008	2009	2006	2007	2008	2009
	RMB'000							
Trade receivables								
(note (a)): . . . . .	16,171	11,785	16,389	143,268	—	—	—	—
— related parties								
(note 34 (d)) . . . . .	—	2,682	2,537	3,805	—	—	—	—
— third parties . . . . .	16,171	9,103	13,852	139,463	—	—	—	—
Other receivables due								
from: . . . . .	248,912	494,741	601,711	558,914	2,876,263	3,134,092	6,333,532	6,448,999
— related parties								
(note 34 (d)) . . . . .	—	—	877	400	—	—	—	—
— a shareholder								
(note 34 (d)) . . . . .	125,000	125,000	91	522	125,000	125,000	91	522
— a subsidiary . . . . .	—	—	—	—	2,748,163	2,999,493	6,332,413	6,447,457
— third parties . . . . .	123,912	369,741	600,743	557,992	3,100	9,599	1,028	1,020
Prepayments — third								
parties . . . . .	1,653,497	4,338,906	2,972,260	2,229,391	—	—	17,621	22,440
— for acquisition of								
land use rights . . . . .	1,605,996	3,837,448	2,528,633	1,820,937	—	—	—	—
— others . . . . .	47,501	501,458	443,627	408,454	—	—	17,621	22,440
	<u>1,918,580</u>	<u>4,845,432</u>	<u>3,590,360</u>	<u>2,931,573</u>	<u>2,876,263</u>	<u>3,134,092</u>	<u>6,351,153</u>	<u>6,471,439</u>

As at 31 December 2006, 2007 and 2008 and 30 June 2009, the fair value of trade and other receivables and prepayments approximated their carrying amounts.

The amounts due from related parties, shareholder and subsidiary are unsecured, interest free and have no fixed repayment terms.

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

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

	31 December			30 June
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Within 90 days . . . . .	13,016	9,900	5,532	126,827
Over 90 days and within 180 days . . . . .	1,396	681	4,390	5,310
Over 180 days and within 365 days . . . . .	1,759	1,204	6,467	11,131
	<u>16,171</u>	<u>11,785</u>	<u>16,389</u>	<u>143,268</u>

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

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

## 12. Restricted cash — Group

	31 December			30 June
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Guarantee deposit for construction of projects (note (a)) . . . . .	101,098	851,679	644,609	1,581,411
Guarantee deposit for bank acceptance notes and loans (note (b)) . . . . .	278,969	868,090	467,601	465,363
Guarantee deposit for payments of cost of relocation (note (c)) . . . . .	6,025	6,080	55,732	79,625
	<u>386,092</u>	<u>1,725,849</u>	<u>1,167,942</u>	<u>2,126,399</u>

- (a) In accordance with relevant documents issued by the PRC local State-Owned Land and Resource Bureau, certain property development companies of the Group were required to place the proceeds received from pre-sale of properties as guarantee deposits for construction of properties. The deposits can only be used to pay for construction fees and purchase of construction materials of the relevant projects when approvals are obtained from the PRC local State-Owned Land and Resource Bureau. The restriction will be released after the construction is completed or real estate ownership certificate of the pre-sold properties is issued, whichever is earlier.
- (b) The Group placed certain cash deposits with designated banks as security for bank acceptance notes and bank loans.
- (c) Pursuant to the policy of the PRC Bureau of Land Resources and Housing Management, the Group should place certain deposits with designated bank accounts to guarantee the payments to original occupants of the land to be acquired by the Group for compensating their relocation costs.

Restricted cash earns interest at floating daily bank deposit rates.

## 13. Cash and cash equivalents

	Group				Company			
	31 December			30 June	31 December			30 June
	2006	2007	2008	2009	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Cash at bank and in hand:								
— Denominated								
in RMB . . . . .	1,398,396	2,686,463	1,540,017	4,854,969	—	—	—	—
— Denominated								
in other currencies	643,666	680,249	377,643	245,618	316,432	617	420	1,659
	2,042,062	3,366,712	1,917,660	5,100,587	316,432	617	420	1,659
Less: Restricted cash (note 12) . . . . .	(386,092)	(1,725,849)	(1,167,942)	(2,126,399)	—	—	—	—
	<u>1,655,970</u>	<u>1,640,863</u>	<u>749,718</u>	<u>2,974,188</u>	<u>316,432</u>	<u>617</u>	<u>420</u>	<u>1,659</u>

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

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

## 14. Share capital

	Note	Number of ordinary shares	Nominal value of ordinary shares US\$	Number of Convertible Preferred Shares	Nominal value of Convertible Preferred Shares US\$
Authorised:					
Ordinary shares of US\$1.00 each upon incorporation . . .	(a)	50,000	50,000	—	—
Subdivision of shares of US\$0.01 each . . . . .	(c)	4,950,000	—	—	—
Increase in authorised share capital . . . . .	(c)	4,195,000,000	41,950,000	800,000,000	8,000,000
Cancellation of Convertible Preferred Shares and increase in authorised ordinary shares . . . . .	(g)	800,000,000	8,000,000	(800,000,000)	(8,000,000)
Increase in authorised share capital . . . . .	(h)	95,000,000,000	950,000,000	—	—
		<u>100,000,000,000</u>	<u>1,000,000,000</u>	<u>—</u>	<u>—</u>
		<b>Number of ordinary shares</b>	<b>Nominal value of ordinary shares US\$</b>	<b>Equivalent nominal value of ordinary share RMB'000</b>	<b>Share premium RMB'000</b>
Issued and fully paid:					
Ordinary shares of US\$1.00 each . . . . .	(b)	100	100	1	—
Subdivision of shares of US\$0.01 each . . . . .	(c)	9,900	—	—	—
		10,000	100	1	—
Issuance of ordinary shares of US\$0.01 each . . . . .	(d)	1,599,990,000	15,999,900	124,999	—
As at 31 December 2006 and 2007 . . . . .		<u>1,600,000,000</u>	<u>16,000,000</u>	<u>125,000</u>	<u>—</u>
Issuance of ordinary shares of US\$0.01 each . . . . .	17	800,000,000	8,000,000	58,652	2,873,948
Issuance of ordinary shares of US\$0.01 each . . . . .	(e)	374,104,266	3,741,043	25,680	3,252,263
Dividends . . . . .	(f)	—	—	—	(125,651)
As at 31 December 2008 and 30 June 2009 . . . . .		<u>2,774,104,266</u>	<u>27,741,043</u>	<u>209,332</u>	<u>6,000,560</u>

- (a) On 26 June 2006 (the date of incorporation of the Company), the authorised share capital of the Company was US\$50,000 divided into 50,000 shares of US\$1 each.
- (b) On 26 June 2006, 100 ordinary shares of the Company were allotted and issued at par value of US\$1.00 each to Xin Xin.
- (c) On 29 November 2006, every issued and unissued ordinary share of US\$1.00 each was subdivided into 100 shares of US\$0.01 each and the authorised share capital of the Company was increased from US\$50,000 to US\$50,000,000 divided into 4,200,000,000 ordinary shares of US\$0.01 each and 800,000,000 Convertible Preferred Shares of US\$0.01 each.
- (d) On 29 November 2006, 1,599,990,000 ordinary shares of the Company were allotted and issued to Xin Xin at par.
- (e) On 25 June 2008, 374,104,266 ordinary shares of the Company were allotted and issued to certain investors with subscription price of US\$1.35 per share ("New Investment"). The investors have a right to put all subscribed shares to Xin Xin when the put payment option of the loan from a financial institution is exercised or due for repayment upon its maturity (note 16(b)). The put right will lapse upon the consummation of QIPO. The put option price payable by Xin Xin and/or Dr. Hui upon the exercise of the put option shall be equal to an amount which will yield a certain internal rate of return

on the subscription price. The put option granted to the investors was treated as a transaction between shareholders and as such it did not affect the Financial Information. The Company has provided a guarantee and pledge of shares of certain of its subsidiaries as security for the performance of the obligation of Xin Xin and Dr. Hui (note 31(b)(ii)).

On 17 September 2009, the Group has obtained waivers from the New Investors with respect to any existing or purported defaults, events of default or cross-default under the various investment and loan agreements, such waivers will remain valid until 31 March 2010; and the Group has also obtained an extension of the exercise date of the put option in relation to the Structured Secured Loan to 31 March 2010 (note 16(b)).

- (f) On 31 January 2008, following the redemption of the Convertible Preferred Shares (note 17) and before Xin Xin transferred part of its ordinary shares to the holders of Convertible Preferred Shares (note 16(b)(iv)), the Company has declared dividends of US\$0.05 per ordinary share totaling US\$17,372,026 (equivalent to RMB 125,651,000) out of the Company's share premium to its ordinary shareholders of which US\$17,278,080 (equivalent to approximately RMB 125,000,000) was set off against amounts due from Xin Xin.
- (g) On 24 January 2008, 800,000,000 Convertible Preferred Shares were cancelled and the authorised ordinary shares were increased by an equivalent number.
- (h) On 3 March 2008, the authorised share capital of the Company was increased from US\$50,000,000 to US\$1,000,000,000 by the creation of an additional 95,000,000,000 shares.
- (i) Pursuant to a board resolution dated 14 October 2009, conditional on the share premium account of the Company being credited as a result of the proposed global offering described in the Prospectus, the Company will capitalise an amount of US\$112,208,957.34 standing to the credit of its share premium account in paying up in full at par 11,220,895,734 shares, which will be allotted and issued to the shareholders of the Company as at the date of Prospectus in accordance with their respective shareholding.

## 15. Reserves

### The Group

	<u>Merger reserve</u>	<u>Other reserves</u>	<u>Statutory reserves</u>	<u>Total</u>
	RMB'000 <i>(note (a))</i>	RMB'000 <i>(note (b))</i>	RMB'000 <i>(note (c))</i>	RMB'000
Balance at 1 January 2006 . . . . .	829,812	—	152,573	982,385
Deemed contribution by the shareholder of the Company <i>(note (b))</i> . . . . .	—	82,759	—	82,759
Distribution to the then equity holder of the Group <i>(note (a))</i> . . . . .	(1,816,286)	—	—	(1,816,286)
Transfer to statutory surplus reserve fund and statutory welfare fund . . . . .	—	—	6,827	6,827
Balance at 31 December 2006 . . . . .	(986,474)	82,759	159,400	(744,315)
Deemed contribution by the shareholder of the Company <i>(note (b))</i> . . . . .	—	64,481	—	64,481
Transfer to statutory surplus reserve fund and statutory welfare fund . . . . .	—	—	39,369	39,369
Balance at 31 December 2007 . . . . .	(986,474)	147,240	198,769	(640,465)
Transfer to statutory surplus reserve fund and statutory welfare fund . . . . .	—	—	15,766	15,766
Deemed contribution by the shareholder of the Company <i>(note 17)</i> . . . . .	—	1,014,536	—	1,014,536
Balance at 31 December 2008 and 30 June 2009.	<u>(986,474)</u>	<u>1,161,776</u>	<u>214,535</u>	<u>389,837</u>
<b>Unaudited</b>				
Balance at 1 January 2008 . . . . .	(986,474)	147,240	198,769	(640,465)
Deemed contribution by the shareholder of the Company <i>(note 17)</i> . . . . .	—	1,014,536	—	1,014,536
Balance at 30 June 2008 . . . . .	<u>(986,474)</u>	<u>1,161,776</u>	<u>198,769</u>	<u>374,071</u>

(a) *Merger reserve*

The merger reserve represents the aggregate nominal value of share capital/paid-in capital of the subsidiaries acquired in the Reorganisation. Movement of merger reserve during the Relevant Periods includes cash considerations paid to Guangzhou Hengda Industrial Group Limited totalling RMB 1,816,286,000 pursuant to the Reorganisation mentioned in note 1 of section II, which have been treated as a distribution to the equity holder during the year ended 31 December 2006.

(b) *Other reserves*

In 2006, Guangzhou Hengda Industrial Group Company Limited, a company beneficially owned by Dr. Hui, granted a loan with a principal of RMB 293,831,000 to the Group (note 16). The loan is free of interest and should be initially recognised at fair value which is determined at the present value of the contractually determined stream of future cash flows discounted at the prevailing market interest rate. The difference between the consideration received and fair value of the loan of approximately RMB 82,759,000 was deemed as a contribution from Dr. Hui.

On 27 August 2007, the Group entered into the Structured Secured Loan agreement with a financial institution (note 16(b)). In connection with this transaction, Xin Xin transferred 12,978,900 ordinary shares of the Company held by it to this financial institution at a notional consideration of US\$150. The loan should be initially recognised at the present value of the contractually determined stream of future cash flows discounted at the prevailing market interest rate. The difference between the consideration received and fair value of the loan of approximately RMB 64,481,000 was deemed as a contribution from shareholder of the Company.

(c) *Statutory reserves*

In accordance with the relevant rules and regulation in the PRC and the provision of the articles of association of the group companies established in the PRC, before the Reorganisation, these group companies were required to appropriate 10% and 5% of the profit for the year after setting off the accumulated losses brought forward (based on the figures reported in the statutory financial statements) to the statutory surplus reserve and the statutory public welfare fund, respectively.

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

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

***The Company***

	<u>Other reserve</u>
	<u>RMB'000</u>
Deemed contribution by the shareholder of the Company ( <i>note 17</i> ) and balance at 31 December 2008 and 30 June 2009 .....	<u>1,014,536</u>

## 16. Borrowings — Group

	31 December			30 June
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Borrowings included in non-current liabilities:				
Bank borrowings — secured . . . . .	1,732,368	8,980,508	9,779,323	9,468,275
Borrowing from a related party (note (a), note 34(e)) . . . . .	211,071	225,508	240,933	249,036
	<u>1,943,439</u>	<u>9,206,016</u>	<u>10,020,256</u>	<u>9,717,311</u>
Less: current portion of non-current borrowings . . . . .	(517,718)	(290,500)	(5,793,843)	(5,839,425)
	<u>1,425,721</u>	<u>8,915,516</u>	<u>4,226,413</u>	<u>3,877,886</u>
Borrowings included in current liabilities:				
Bank borrowings — secured . . . . .	311,944	355,700	420,000	455,000
Current portion of non-current borrowings. . . . .	517,718	290,500	5,793,843	5,839,425
	<u>829,662</u>	<u>646,200</u>	<u>6,213,843</u>	<u>6,294,425</u>
The total borrowings are denominated in the following currencies:				
RMB . . . . .	2,255,383	6,477,710	7,172,193	7,097,758
US dollar (note (b)) . . . . .	—	3,084,006	3,268,063	3,074,553
	<u>2,255,383</u>	<u>9,561,716</u>	<u>10,440,256</u>	<u>10,172,311</u>

- (a) The loan from related party is unsecured, interest-free and matured in 2014. The loan was initially recognised at fair value which is determined at the present value of the contractually determined stream of future cash flows discounted at the prevailing market interest rate, and then subsequently stated at amortised cost.
- (b) On 27 August 2007, the Group and a financial institution entered into the Structured Secured Loan with a maximum principal of US\$500,000,000. Up to 31 October 2007, US\$430,000,000 (“Offshore Structured Secured Loan”) and RMB 20,000,000 (“Onshore Structured Secured Loan”) have been drawn down. The Structured Secured Loan matures on 31 October 2010 and bears interests at LIBOR plus a margin (“Annual Margin”). The other key terms of the Structured Secured Loan are as follows:
- (i) Put payment: if the QIPO does not occur by 31 October 2009, the lender has right to request the Group to repay the Structured Secured Loan in whole together with a redemption premium, which together with the Annual Margin, provides an agreed annual return to the financial institution;
  - (ii) Mandatory prepayment: the Group is required to repay one-third of the outstanding principal balance of the Structured Secured Loan and Xin Xin has undertaken to pay a premium, which together with the Annual Margin paid by the Group, provides an agreed annual return to the financial institution upon QIPO;
  - (iii) Security: the Structured Secured Loan is secured by the equity interests and land use rights of certain subsidiaries of the Group, the Company’s shares held by Xin Xin and guarantees of Xin Xin and Dr. Hui;
  - (iv) Structuring fee and shares in the Company held by Xin Xin: structuring fee is payable to the financial institution upon each draw down of the Structured Secured Loan and certain number of shares in the Company held by Xin Xin should be transferred to the financial institution upon each grant of commitment.

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

In accordance with the waiver from the lenders of Structured Secured Loan, if the QIPO fails to occur on or prior to 30 November 2009, the Group will be required to repay 25% of the Offshore Structured Secured Loan. If the Company fails to complete a QIPO by 31 March 2010, the Group will be required to repay the remaining principal of the Offshore Structured Secured Loan in three equal installments, each being 25% of the Offshore Structured Secured Loan and payable by 31 March 2010, 30 June 2010 and 30 September 2010, respectively. The Group will also be required to repay the Onshore Structured Secured Loan when it repays the last installment of the Offshore Structured Secured Loan.

A portion of the Structured Secured Loan has been repurchased during the six months ended 30 June 2009 (note 21(c)).

As at 31 December 2006, 2007 and 2008 and 30 June 2009, the Group's borrowings of RMB 2,044,312,000, RMB 9,336,208,000, RMB 10,199,323,000 and RMB 9,923,275,000, respectively, were secured by its land use rights, investment properties, properties under development, completed properties held for sale, cash in bank and equity interests of certain subsidiaries of the Group.

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

	<u>6 months or less</u>	<u>6–12 months</u>	<u>1–5 years</u>	<u>Total</u>
	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>
Borrowings included in non-current liabilities:				
At 31 December 2006 . . . . .	751,950	462,700	211,071	1,425,721
At 31 December 2007 . . . . .	5,711,341	2,978,667	225,508	8,915,516
At 31 December 2008 . . . . .	2,200,980	1,784,500	240,933	4,226,413
At 30 June 2009 . . . . .	<u>1,706,180</u>	<u>1,922,670</u>	<u>249,036</u>	<u>3,877,886</u>
Borrowings included in current liabilities:				
At 31 December 2006 . . . . .	161,069	668,593	—	829,662
At 31 December 2007 . . . . .	316,700	329,500	—	646,200
At 31 December 2008 . . . . .	4,717,113	1,496,730	—	6,213,843
At 30 June 2009 . . . . .	<u>5,026,293</u>	<u>1,268,132</u>	<u>—</u>	<u>6,294,425</u>

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

	<u>31 December</u>			<u>30 June</u>
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>
Bank borrowings:				
1–2 years . . . . .	182,700	5,160,369	3,605,480	2,586,060
2–5 years . . . . .	1,031,950	3,529,639	380,000	1,042,790
Borrowing from a related party:				
1–2 years . . . . .	211,071	225,508	—	—
After 5 years . . . . .	—	—	240,933	249,036
	<u>1,425,721</u>	<u>8,915,516</u>	<u>4,226,413</u>	<u>3,877,886</u>

The effective interest rates at 31 December 2006, 2007 and 2008 and 30 June 2009 were as follows:

	31 December			30 June
	2006	2007	2008	2009
Bank borrowings . . . . .	6.19%	12.53%	10.92%	10.16%

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

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

#### 17. Convertible Preferred Shares and embedded financial derivatives

On 29 November 2006, the Company issued 800,000,000 Convertible Preferred Shares at a total consideration of US\$400,000,000. The Convertible Preferred Shares are subject to dividends at 5% of subscription price per annum and would have matured on 29 November 2011 unless extended, at the election of the holders of Convertible Preferred Shares (the "Financial Investors"), by two years. All equity interests in the PRC subsidiaries held by ANJI (BVI) Limited has been pledged to the Financial Investors to secure the Group's obligation in relation to the Convertible Preferred Share.

The principal terms of the Convertible Preferred Shares are as follows:

##### (a) Conversion

The Convertible Preferred Shares can be converted to ordinary shares at the option of the Financial Investors from the issue date up to the maturity date and all outstanding Convertible Preferred Shares should be mandatorily converted to ordinary shares upon the consummation of QIPO at conversion price, which is initially equal to subscription price and subject to adjustments under certain circumstances.

##### (b) Redemption

The Financial Investors have an option to require the Company to redeem the Convertible Preferred Shares under certain circumstances at a put price which is equal to subscription price plus an amount of premium calculated at a compounded rate of return of 15% per annum and deducted by all paid dividends.

##### (c) Guaranteed minimum return and upside sharing

Upon the conversion of the Convertible Preferred Shares, 800,000,000 Convertible Preferred Shares will be converted to 800,000,000 ordinary shares and allotted to the Financial Investors in the proportion of their initial investments. However, the final number of ordinary shares the Financial Investors are entitled to receive is subject to adjustments, which are calculated in accordance with the mechanism designed based on the Financial Investors' initial investment cost, the timing of the QIPO and the fair value of the Company. Immediately prior to the listing of the Company, depending on the offer price of the Company's shares, the Financial Investors may return to Xin Xin a portion of the shares of the Company received, or Xin Xin may transfer additional shares of the Company to the Financial Investors, to arrive at the agreed upon return benchmark under the Convertible Preferred Shares agreement.

The net proceeds received from the issue of the Convertible Preferred Shares of approximately US\$392,982,000 have been split into a liability component and a number of embedded financial derivatives as follows:

- (i) Liability component initially recognised at its fair value, which is the residual amount after deducting the fair value of the derivative component as at 29 November 2006, and is subsequently carried at amortised cost.

The interest charged for the subsequent periods is calculated by applying an effective interest rate of approximately 18.61%.

(ii) Embedded financial derivatives, comprising:

- The fair value of the option of the Financial Investors to convert the Convertible Preferred Shares into ordinary shares of the Company at the conversion price; and
- The fair value of the option of the Financial Investors to require the Company to redeem the Convertible Preferred Shares.

These embedded options are interdependent as only one of these options can be exercised. Therefore, they are not able to be accounted for separately and a single compound financial derivative was recognised.

A valuation on the Convertible Preferred Shares was carried out jointly by DTZ Debenham Tie Leung Limited and Real Actuarial Consulting Limited. The binomial model is used in the valuation of the embedded derivatives. Key assumption and variables used in the model are as follows:

	<u>29 November 2006</u>	<u>31 December 2006</u>	<u>31 December 2007</u>
Exercise price . . . . .	US\$0.50	US\$0.50	US\$0.50
Risk-free rate of interest . . . . .	4.50%	4.50%	4.50%
Dividend yield . . . . .	—	—	—
Volatility . . . . .	35%	35%	35%

*Notes:*

- (a) The risk-free rate of interest adopted approximated the US five-year treasury yield between 30 November 2006 and 31 December 2007.
- (b) In accordance with the terms and conditions of the relevant agreement, the conversion price of the Convertible Preferred Shares would be adjusted for any future share dividend and asset distribution. As a result, a nil dividend yield was used in determining the fair value of the embedded financial derivatives.
- (c) The volatility adopted for a private company was based on the average of the upper range between the industry volatility and the peer companies' volatilities.

The variables and assumptions used in computing the fair value of the embedded financial derivatives are based on the best estimates of the directors of the Company. The value of embedded derivatives varies with different variables of certain subjective assumptions.

The movements of the liability component and embedded financial derivatives of the Convertible Preferred Shares are set out below:

	<b>The Group and the Company</b>		
	<b>Liability component</b>	<b>Embedded financial derivatives</b>	<b>Total</b>
	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>
Convertible Preferred Shares issued on 29 November 2006	2,820,131	295,424	3,115,555
Exchange gain . . . . .	(35,524)	(3,707)	(39,231)
Interest charged . . . . .	45,715	—	45,715
Changes in fair value . . . . .	—	2,515	2,515
As at 31 December 2006 . . . . .	2,830,322	294,232	3,124,554
Exchange gain . . . . .	(195,483)	(40,480)	(235,963)
Interest charged . . . . .	519,089	—	519,089
Changes in fair value . . . . .	—	562,684	562,684
As at 31 December 2007 . . . . .	3,153,928	816,436	3,970,364
Transfer to ordinary share . . . . .	(58,652)	—	(58,652)
Transfer to share premium . . . . .	(2,057,512)	(816,436)	(2,873,948)
Transfer to reserves . . . . .	(1,014,536)	—	(1,014,536)
Financial guarantee liability . . . . .	(23,228)	—	(23,228)
As at 31 December 2008 and 30 June 2009 . . . . .	—	—	—
<b>Unaudited</b>			
As at 1 January 2008 . . . . .	3,153,928	816,436	3,970,364
Transfer to ordinary share . . . . .	(58,652)	—	(58,652)
Transfer to share premium . . . . .	(2,057,512)	(816,436)	(2,873,948)
Transfer to reserves . . . . .	(1,014,536)	—	(1,014,536)
Financial guarantee liability . . . . .	(23,228)	—	(23,228)
As at 30 June 2008 . . . . .	—	—	—

On 11 December 2007, the Company entered into an agreement with the Financial Investors, pursuant to which the Company repurchased and cancelled the 800,000,000 Convertible Preferred Shares for an aggregate consideration of US\$400 million in January 2008. The repurchase was financed by a loan of the same amount lent by the Financial Investors to Xin Xin (the "SI Loan"), which has been injected into the Company by Xin Xin to subscribe 800,000,000 newly issued ordinary shares of the Company. Xin Xin has also conditionally transferred totalling 33.24% of shares of the Company, which is subject to adjustment and finalisation, to the Financial Investors. The Company has provided guarantee and pledge of shares of certain of its subsidiaries to secure the repayment obligations of Xin Xin. In accordance with the loan agreement between Xin Xin and the Financial Investors, the Financial Investors have the right to require Xin Xin to repay all or a portion of the loan in cash at any time after the occurrence of any events of default, which include: i) the QIPO does not occur by 31 October 2009; and ii) any events of default or breach occurs under any document in relation to the Structured Secured Loan (note 16(b)), the partial disposal of Success Will Group Limited (note 21(b)), the New Investment (note 14(e)), the SI Loan or the cooperative agreements in respect of two property development projects (note 21(a)).

As a result of the above transactions, liability portion and embedded financial derivatives of the Convertible Preferred Shares totalling approximately RMB 3,970 million were derecognised in 2008, simultaneously share capital plus premium of approximately RMB 2,933 million (equivalent to the subscription price of 800,000,000 newly issued ordinary shares of US\$400 million), reserves of approximately RMB 1,014 million and financial guarantee liability of approximately RMB 23 million have been recognised, no gain or loss was recognised in the financial statements.

On 17 September 2009, the Group has obtained waivers from the Financial Investors with respect to any existing or purported defaults, events of default or cross-default under the various investment and loan agreements, such waivers will remain valid until 31 March 2010.

## 18. Deferred income tax — Group

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

	31 December			30 June
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Deferred income tax assets to be recovered				
within 12 months . . . . .	—	(75,327)	(112,235)	(191,932)
Deferred income tax assets to be recovered after				
more than 12 months . . . . .	(19,957)	(48,577)	(212,129)	(209,529)
Deferred income tax assets . . . . .	(19,957)	(123,904)	(324,364)	(401,461)
Deferred income tax liabilities to be settled after				
more than 12 months . . . . .	422,762	482,137	451,527	441,987
	<u>402,805</u>	<u>358,233</u>	<u>127,163</u>	<u>40,526</u>

The net movements on the deferred taxation are as follows:

	Year ended 31 December			Six months ended	
	2006	2007	2008	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Beginning of the year/period . . . . .	277,716	402,805	358,233	358,233	127,163
Recognised in consolidated income					
statements ( <i>note 26</i> ) . . . . .	125,089	(44,572)	(231,070)	(77,025)	(86,637)
End of the year/period . . . . .	<u>402,805</u>	<u>358,233</u>	<u>127,163</u>	<u>281,208</u>	<u>40,526</u>

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

**Deferred income tax assets**

	Temporary difference on recognition of sales and related cost of sales		Total
	RMB'000	Tax losses RMB'000	
As at 1 January 2006 . . . . .	(38,541)	(13,244)	(51,785)
Charged/(credited) to the consolidated income statement . . . . .	28,740	(6,713)	22,027
As at 31 December 2006 . . . . .	(9,801)	(19,957)	(29,758)
Credited to the consolidated income statement . . . . .	(28,531)	(65,615)	(94,146)
As at 31 December 2007 . . . . .	(38,332)	(85,572)	(123,904)
Credited to the consolidated income statement . . . . .	(46,804)	(161,156)	(207,960)
As at 31 December 2008 . . . . .	(85,136)	(246,728)	(331,864)
Credited to the consolidated income statement . . . . .	(26,601)	(50,496)	(77,097)
As at 30 June 2009 . . . . .	<u>(111,737)</u>	<u>(297,224)</u>	<u>(408,961)</u>
<b>Unaudited</b>			
As at 1 January 2008 . . . . .	(38,332)	(85,572)	(123,904)
Credited to the consolidated income statement . . . . .	(18,469)	(50,917)	(69,386)
As at 30 June 2008 . . . . .	<u>(56,801)</u>	<u>(136,489)</u>	<u>(193,290)</u>

Deferred income tax assets are recognised for tax losses carry-forwards to the extent that the realisation of the related benefit through the future taxable profits is probable.

**Deferred income tax liabilities**

	Excess of carrying amount of land use rights over the tax bases	Temporary difference on recognition of fair value gain of investment properties	Total
	RMB'000	RMB'000	RMB'000
As at 1 January 2006 . . . . .	224,810	104,691	329,501
(Credited)/charged to the consolidated income statement . . . . .	(756)	103,818	103,062
As at 31 December 2006 . . . . .	224,054	208,509	432,563
(Credited)/charged to the consolidated income statement . . . . .	(64,951)	114,525	49,574
As at 31 December 2007 . . . . .	159,103	323,034	482,137
(Credited)/charged to the consolidated income statement . . . . .	(39,145)	16,035	(23,110)
As at 31 December 2008 . . . . .	119,958	339,069	459,027
(Credited)/charged to the consolidated income statement . . . . .	(80,537)	70,997	(9,540)
As at 30 June 2009 . . . . .	<u>39,421</u>	<u>410,066</u>	<u>449,487</u>
<b>Unaudited</b>			
As at 1 January 2008 . . . . .	159,103	323,034	482,137
(Credited)/charged to the consolidated income statement . . . . .	(31,299)	23,660	(7,639)
As at 30 June 2008 . . . . .	<u>127,804</u>	<u>346,694</u>	<u>474,498</u>

**19. Trade and other payables**

	The Group				The Company			
	31 December		30 June		31 December		30 June	
	2006	2007	2008	2009	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables								
— third parties . . . . .	265,185	805,135	2,786,243	3,045,379	—	—	—	—
Other payables: . . . . .	555,336	3,233,023	1,514,839	1,809,814	1	16,406	14,117	17,871
— related parties (note 34(d)) . . . . .	—	—	850	—	1	16,254	14,117	17,395
— third parties . . . . .	154,404	2,168,857	347,316	834,267	—	152	—	476
— Payables for acquisition of land use rights . . . . .	400,932	1,064,166	1,166,673	975,547	—	—	—	—
Accrued expenses . . . . .	12,266	138,113	94,013	135,676	—	—	—	—
Other taxes payable . . . . .	24,294	17,789	74,073	131,285	—	—	—	—
	<u>857,081</u>	<u>4,194,060</u>	<u>4,469,168</u>	<u>5,122,154</u>	<u>1</u>	<u>16,406</u>	<u>14,117</u>	<u>17,871</u>

The ageing analysis of trade payables of the Group at 31 December 2006, 2007 and 2008 and 30 June 2009 is as follows:

	31 December			30 June
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Within 90 days . . . . .	251,668	509,963	2,642,391	2,343,820
Over 90 days and within 180 days . . . . .	8,599	292,753	41,343	330,849
Over 180 days and within 365 days . . . . .	1,917	1,038	79,700	315,077
Over 365 days . . . . .	3,001	1,381	22,809	55,633
	<u>265,185</u>	<u>805,135</u>	<u>2,786,243</u>	<u>3,045,379</u>

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

## 20. Current income tax liabilities — Group

The current income tax liabilities are analysed as follows:

	31 December			30 June
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Income tax payables				
— PRC corporate income tax payable . . . . .	8,984	179,096	230,325	215,749
— PRC land appreciation tax payable . . . . .	161,451	382,195	647,523	679,434
	<u>170,435</u>	<u>561,291</u>	<u>877,848</u>	<u>895,183</u>

## 21. Other gains

	Year ended 31 December			Six months ended 30 June	
	2006	2007	2008	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Interest income from bank deposits . . . . .	6,846	27,875	34,495	8,977	12,351
Forfeited customer deposits . . . . .	2,975	5,394	5,338	1,399	6,277
Gain on the transfers of project development rights (note (a)) . . . . .	—	—	474,465	474,465	—
Gain on partial disposal of a subsidiary (note (b)) . . . . .	—	760,382	—	—	98,800
Gain on the disposal of available- for-sale investments . . . . .	10,800	—	—	—	—
Interest income from non-current receivables (note (a)) . . . . .	—	—	13,168	—	8,502
Gain from repurchase of loan (note (c)) . . . . .	—	—	—	—	172,475
Others . . . . .	5,283	3,226	3,624	1,042	2,689
	<u>25,904</u>	<u>796,877</u>	<u>531,090</u>	<u>485,883</u>	<u>301,094</u>

- (a) In April 2008, the Group entered into cooperative agreements with a related party of one of the Company's shareholders in respect of two property development projects, pursuant to which the Group transferred the controlling rights on the property development and management business of these two projects to the counterparty. The counterparty has guaranteed a return to the Group totaling RMB 1,100,000,000. The Group is also entitled to share the net profit generated by the projects in

future under agreed mechanism. The Group has recognised a gain from this cooperative arrangement of RMB 474,465,000, which represents the excess of guaranteed returns received and receivable, after taking into account of the discounting effect, over the net assets of the two projects. The guaranteed returns to be received upon the completion of property development projects are recognised as long-term other receivables. The long-term receivables were initially recognised at fair value which is assessed by Real Actuarial Consulting Limited, an independent qualified valuer, and subsequently stated at amortised cost.

- (b) As described in note 1(a) of section II, in September 2007, ANJI (BVI) Limited disposed of 40% equity interest in Success Will Group Limited, who wholly owned Foshan Nanhai Xinzhongjian Real Estate Development Company Limited ("Xinzhongjian", who is principally engaged in development of a real estate project in Guangzhou) to a related party of one of the Company's shareholders at a consideration of US\$130,000,000, equivalent to RMB 976,404,000. The gain to the Group, which represents net consideration deducted by net assets of Success Will Group Limited shared by the counterparty of RMB 216,022,000, amounted to RMB 760,382,000.

When the Group and the counterparty entered into such share purchase agreement of Success Will Group Limited, there was a land premium payable of approximately RMB 247 million as the official invoice had not been obtained by that time. Pursuant to the share purchase agreement, it was agreed that the counterparty would undertake its share (40%) of the unpaid land premium, only if the Group provide an official invoice for this land premium. If the invoice was not obtained, the Group would undertake to pay this liability in full. When calculating the gain of partial disposal of Success Will Group Limited in 2007, the Group has assumed it would need to pay this land premium without obtaining the invoice. In June 2009, the Group obtained the official invoice and therefore recognised an additional gain from partial disposal of Success Will Group Limited of RMB 98,800,000.

- (c) Pursuant to the agreement between Tianji Holding Limited ("Tianji"), a subsidiary of the Group, and independent third parties, Tianji repurchased a portion of the Structured Secured Loan of US\$48,500,000 and unpaid interest of RMB 73,069,000, at a consideration of US\$33,950,000, which resulted in a gain of RMB 172,475,000 in the six months ended 30 June 2009.

## 22. Expenses by nature

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

	Year ended 31 December			Six months ended 30 June	
	2006	2007	2008	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Cost of properties sold . . . . .	1,280,820	1,592,588	1,712,158	1,394,847	909,852
Business tax and other levies (note (a)) . . . . .	110,993	201,963	212,872	159,427	108,361
Staff costs — excluding directors' emoluments (note 23) . . . . .	99,997	226,876	361,189	176,701	204,291
Advertising costs . . . . .	49,216	199,239	267,174	117,049	128,933
Sales commissions . . . . .	—	2,951	34,108	8,645	80,326
Consultancy fee (note (b)) . . . . .	—	27,877	257,213	145,369	116,806
Depreciation . . . . .	9,429	15,026	24,058	12,398	22,453
Amortisation of land use rights . . . . .	7,953	31,588	17,404	5,645	10,757
Auditors' remuneration . . . . .	519	1,834	2,442	827	1,546
Donations to governmental charity (included in other operating expenses) . . . . .	6,147	17,021	24,420	21,440	3,355

**(a) Business tax**

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

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

**(b) Consultancy fee**

The consultancy fees for the year ended 31 December 2008 and the six months ended 30 June 2008 and 2009 are mainly related to market promotion, planning and consultancy services provided by a real estate consulting firm.

**23. Staff costs — excluding directors' emoluments**

	Year ended 31 December			Six months ended 30 June	
	2006	2007	2008	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Wages and salaries . . . . .	92,325	205,281	317,524	158,963	171,604
Pension costs — statutory pension (note 30) . . . . .	3,035	5,336	11,893	4,709	9,395
Staff welfare . . . . .	2,858	4,383	13,792	5,857	7,870
Medical benefits . . . . .	1,406	3,746	7,206	2,927	4,819
Other allowances and benefits . . . .	373	8,130	10,774	4,245	10,603
	99,997	226,876	361,189	176,701	204,291

**24. Emoluments for directors and five highest paid individuals****(a) Directors' emoluments**

The remuneration of each director of the Company for the year ended 31 December 2006 is set out below:

	Fees	Salary	Contribution to pension scheme	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Dr. Hui . . . . .	—	—	—	—
Mr. Lin Xiaohui . . . . .	—	131	2	133
Mr. Huang Xiangui . . . . .	—	51	2	53
Ms. Wu Jianmei . . . . .	—	346	—	346
	—	528	4	532

The remuneration of each director of the Company for the year ended 31 December 2007 is set out below:

	Fees	Salary	Contribution to pension scheme	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Dr. Hui . . . . .	—	—	—	—
Mr. Lin Xiaohui . . . . .	—	250	11	261
Mr. Huang Xiangui . . . . .	—	173	8	181
Ms. Wu Jianmei . . . . .	—	250	18	268
	—	673	37	710

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

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

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

The remuneration of each director of the Company for the six months ended 30 June 2009 is set out below:

	Fees	Salary	Contribution to pension scheme	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Dr. Hui . . . . .	—	—	—	—
Mr. Huang Xiangui . . . . .	—	299	7	306
Mr. Xia Haijun . . . . .	—	2,174	—	2,174
Mr. Li Gang . . . . .	—	2,280	11	2,291
Mr. Lai Lixin . . . . .	—	838	10	848
Mr. Don Lim Jung Chiat . . . . .	—	—	—	—
Mr. Wong Man Hoi . . . . .	—	—	—	—
Mr. Timothy Joseph Grady . . . . .	—	—	—	—
Mr. Tommy Cheung . . . . .	—	—	—	—
Mr. Lionel Soh . . . . .	—	—	—	—
	—	5,591	28	5,619

The remuneration of each director of the Company for the six months ended 30 June 2008 is set out below:

	Fees	Salary	Contribution to pension scheme	Total
	RMB'000 (unaudited)	RMB'000 (unaudited)	RMB'000 (unaudited)	RMB'000 (unaudited)
Dr. Hui . . . . .	—	—	—	—
Mr. Lin Xiaohui . . . . .	—	325	5	330
Mr. Huang Xiangui . . . . .	—	194	7	201
Ms. Wu Jianmei ( <i>note (a)</i> ) . . . . .	—	—	—	—
Mr. Xia Haijun . . . . .	—	2,824	—	2,824
Mr. Tam Wai Ying . . . . .	—	1,286	38	1,324
Mr. Xu Wen ( <i>note (a)</i> ) . . . . .	—	901	12	913
Mr. Cai Chunmeng ( <i>note (a)</i> ) . . . . .	—	2,566	11	2,577
Mr. Li Gang . . . . .	—	2,896	11	2,907
Mr. Timothy Joseph Grady . . . . .	—	—	—	—
Mr. Tommy Cheung . . . . .	—	—	—	—
Mr. Lionel Soh . . . . .	—	—	—	—
	<u>—</u>	<u>10,992</u>	<u>84</u>	<u>11,076</u>

(a) These directors resigned in the six months ended 30 June 2008.

No emoluments were paid to any independent non-executive directors during the years ended 31 December 2006, 2007 and 2008 and the six months ended 30 June 2008 and 2009.

**(b) Five highest paid individuals**

During the years ended 31 December 2006 and 2007, none of the five highest paid individuals is director of the Company. During the year ended 31 December 2008 and the six months ended 30 June 2008 and 2009, the five highest paid individuals include 4, 4 and 2 directors, respectively. The aggregate amounts of emoluments of the five highest paid individuals for the years ended 31 December 2006, 2007 and 2008 and six months ended 30 June 2008 and 2009 are set out below:

	Year ended 31 December			Six months ended 30 June	
	2006	2007	2008	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Salaries and other benefits . . . . .	3,135	6,864	16,698	10,497	8,293
Retirement scheme contributions . . . . .	<u>6</u>	<u>73</u>	<u>131</u>	<u>71</u>	<u>95</u>
	<u>3,141</u>	<u>6,937</u>	<u>16,829</u>	<u>10,568</u>	<u>8,388</u>

The emoluments fell within the following bands:

	Year ended 31 December			Six months ended 30 June	
	2006	2007	2008	2008	2009
Nil to RMB 2,000,000 . . . . .	5	4	1	1	3
RMB 2,000,000 to RMB 4,000,000 . . . . .	—	1	2	4	2
RMB 4,000,000 to RMB 6,000,000 . . . . .	<u>—</u>	<u>—</u>	<u>2</u>	<u>—</u>	<u>—</u>

- (c) During the years ended 31 December 2006, 2007 and 2008 and six months ended 30 June 2008 and 2009, no emolument was paid by the group entities to any of the above directors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

25. Finance (costs)/income, net

	Year ended 31 December			Six months ended 30 June	
	2006	2007	2008	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Exchange gain/(loss) . . . . .	26,032	274,310	201,944	191,565	(4,204)
Interest expenses:					
— bank borrowings wholly repayable within five years . . .	(154,202)	(413,857)	(1,232,297)	(593,695)	(529,644)
— liability component of the Convertible Preferred Shares . . . . .	(45,715)	(519,089)	—	—	—
Less: interest capitalised. . . . .	118,076	777,401	1,216,873	586,110	521,540
	<u>(81,841)</u>	<u>(155,545)</u>	<u>(15,424)</u>	<u>(7,585)</u>	<u>(8,104)</u>
	<u>(55,809)</u>	<u>118,765</u>	<u>186,520</u>	<u>183,980</u>	<u>(12,308)</u>

26. Income tax expenses/(credit)

	Year ended 31 December			Six months ended 30 June	
	2006	2007	2008	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Current income tax					
— Hong Kong profits tax. . . . .	—	—	—	—	—
— PRC enterprise income tax . . .	75,540	282,671	232,510	98,628	14,391
— PRC land appreciation tax . . .	64,445	199,667	332,518	282,877	59,538
Deferred income tax					
— PRC enterprise income tax (note 18) . . . . .	125,089	(44,572)	(231,070)	(77,025)	(86,637)
	<u>265,074</u>	<u>437,766</u>	<u>333,958</u>	<u>304,480</u>	<u>(12,708)</u>

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

	Year ended 31 December			Six months ended 30 June	
	2006	2007	2008	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Profit before income tax . . . . .	590,533	1,516,870	966,388	1,165,044	509,652
Calculated at PRC enterprise income tax rate . . . . .	166,714	500,567	229,597	286,961	111,048
Effect of the changes in tax rate . . .	—	(128,837)	—	—	—
PRC land appreciation tax deductible for PRC corporate income tax purposes . . . . .	(21,267)	(65,890)	(83,130)	(70,719)	(14,885)
Income not subject to tax ( <i>note (a)</i> ) .	—	(304,605)	(208,202)	(205,636)	(108,613)
Reversal of provision of deferred tax liabilities of land use right having obtained invoice ( <i>note 21(b)</i> ) . . . .	—	—	—	—	(67,807)
Expenses not deductible for tax purposes . . . . .	55,182	225,299	50,759	8,079	4,327
Tax losses for which no deferred income tax asset was recognised	—	11,565	12,416	2,918	3,684
PRC enterprise income tax . . . . .	200,629	238,099	1,440	21,603	(72,246)
PRC land appreciation tax . . . . .	64,445	199,667	332,518	282,877	59,538
Taxation . . . . .	<u>265,074</u>	<u>437,766</u>	<u>333,958</u>	<u>304,480</u>	<u>(12,708)</u>

- (a) Income not subject to tax for the six months ended 30 June 2009 mainly comprised the additional gain from disposal of 40% equity interests in a subsidiary (*note 21(b)*), gain from partial repurchase of the Structured Secured Loan (*note 21(c)*) and reversal of provision for financial guarantee liabilities (*note 31(b)*).

Income not subject to tax for the year ended 31 December 2008 mainly comprised the exchange gains in the offshore group companies and the gain derived from the cooperative arrangements with a related party of one of the Company's shareholders of RMB 474,465,000 (*note 21(a)*).

Income not subject to tax for the year ended 31 December 2007 mainly comprised the gain from disposal of 40% equity interests in a Success Will Group Limited of approximately RMB 760,382,000 and the exchange gains in the offshore group companies (*note 21(b)*).

The weighted average applicable tax rate for the years ended 31 December 2006, 2007 and 2008 and six months ended 30 June 2008 and 2009 are 28%, 33%, 24%, 25% and 22%, respectively.

#### **Hong Kong profits tax**

No Hong Kong profits tax has been provided for as there is no business operation that are subject to Hong Kong profits tax during the Relevant Periods.

#### **PRC enterprise income tax**

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

For each of the years ended 31 December 2006 and 2007, PRC corporate income tax is provided at the rate of 33% of the profits for the PRC statutory financial reporting purposes, adjusted for those items, which are not assessable or deductible for the PRC corporate income tax purpose.

On 16 March 2007, the National People's Congress approved the Corporate Income Tax Law of the People's Republic of China (the "new CIT Law"), which is effective from 1 January 2008. Under the new CIT Law, the corporate income tax rate applicable to the Group's subsidiaries located in Mainland China from 1 January 2008 is 25%, replacing the applicable tax rate of 33%.

Since the deferred income tax assets and liabilities shall be measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, the change in the applicable tax rate will affect the determination of the carrying values of deferred tax assets and liabilities of the Group's subsidiaries located in the PRC. In these Financial Information, deferred tax assets and liabilities of certain subsidiaries to be realised after 1 January 2008 has been adjusted to the amounts calculated basing on corporate income tax rate of 25% with a credit of RMB 128,837,000 to income tax expenses for the year ended 31 December 2007.

#### **PRC land appreciation tax**

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

#### **27. Earnings per share**

Earnings per share information for each of the years ended 31 December 2006 and 2007 is not presented as its inclusion, for the purpose of this report, is not considered meaningful due to the Reorganisation and the basis of preparation of the Financial Information as disclosed in note 1 above.

The calculation of earnings per share for the year ended 31 December 2008 and six months ended 30 June 2008 and 2009 are calculated by dividing the profits attributable to shareholders of the Company by the weighted average number of ordinary shares in issue during the year/period.

	<b>Year ended</b>	<b>Six months ended 30 June</b>	
	<b>31 December</b>	<b>2008</b>	<b>2009</b>
	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>
Profit attributable to shareholders of the Company . . .	524,760	759,883	500,172
Weighted average number of ordinary shares in issue (thousands) . . . . .	2,524,403	2,271,958	2,774,104
Basic earnings per share (RMB per share) . . . . .	<u>0.21</u>	<u>0.33</u>	<u>0.18</u>

No diluted earnings per share are presented as there were no potential dilutive shares in issue during the year ended 31 December 2008 and six months ended 30 June 2008 and 2009.

#### **28. Dividends**

	<b>Year ended 31 December</b>			<b>Six months ended</b>	
	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>30 June</b>	
	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>2008</b>	<b>2009</b>
Dividends . . . . .	493,518	—	125,651	125,651	—

- (a) The dividends were declared and paid by the group companies to their then equity holders prior to the Reorganisation.

## 29. Cash (used in)/generated from operating activities

	Year ended 31 December			Six months ended 30 June	
	2006	2007	2008	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Profit for the year/period . . . . .	325,459	1,079,104	632,430	860,564	522,360
Adjustments for:					
Income tax expense/(credit) . . . .	265,074	437,766	333,958	304,480	(12,708)
Interest income from bank deposits . . . . .	(6,846)	(27,875)	(34,495)	(8,977)	(12,351)
Interest expense . . . . .	81,841	155,545	15,424	7,585	8,104
Interest income from non-current receivables . . . . .	—	—	(13,168)	—	(8,502)
Exchange (gain)/loss . . . . .	(26,032)	(274,310)	(201,944)	(191,565)	4,204
Gain on partial disposal of a subsidiary . . . . .	—	(760,382)	—	—	(98,800)
Gain on the disposal of available for sale investments . . . . .	(10,800)	—	—	—	—
Gain on repurchase of loan . . . . .	—	—	—	—	(172,475)
Depreciation . . . . .	9,429	15,026	24,058	12,398	22,453
Fair value gain on investment properties . . . . .	(300,103)	(657,067)	(77,415)	(107,912)	(299,657)
Loss on disposal of property and equipment ( <i>note a</i> ) . . . . .	5,736	824	4,481	2,854	8,886
Fair value change on embedded financial derivatives . . . . .	2,515	562,684	—	—	—
Provisions/(reversals) of financial guarantees . . . . .	—	—	65,997	32,315	(146,341)
Changes in working capital:					
Properties under development and completed properties held for sale . . . . .	(115,213)	(2,145,587)	(5,903,962)	(3,035,651)	(2,836,764)
Land use rights . . . . .	4,317	(5,447,746)	(1,914,744)	(218,330)	(1,595,117)
Restricted cash . . . . .	125,145	(750,636)	157,418	(507,813)	(960,695)
Trade and other receivables and prepayments . . . . .	(1,317,852)	(2,881,013)	848,223	630,900	658,833
Trade and other payables and receipt in advance from customers . . . . .	(466,446)	3,666,767	2,025,177	(460,069)	7,735,879
Cash (used in)/generated from operations . . . . .	<u>(1,423,776)</u>	<u>(7,026,900)</u>	<u>(4,038,562)</u>	<u>(2,679,221)</u>	<u>2,817,309</u>

- (a) Loss on disposal of property and equipment during the years ended 31 December 2006, 2007 and 2008 and six months ended 30 June 2008 and 2009 represented the net book value of the property and equipment disposed.

## (b) Non-cash transactions

The principal non-cash transactions during the years ended 31 December 2006, 2007 and 2008 and six months ended 30 June 2008 and 2009 is the restructure of Convertible Preferred Shares as disclosed in note 17.

**30. Pensions — defined contribution plans**

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

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

	Year ended 31 December			Six months ended 30 June	
	2006	2007	2008	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Gross scheme contributions . . . . .	3,035	5,336	11,893	4,709	9,395
				(unaudited)	

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

**31. Financial guarantees**

The Group had the following financial guarantees as at the end of the Relevant Periods:

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

	31 December			30 June
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Guarantees in respect of mortgage facilities for certain purchasers of the Group's property units . . . . .	1,073,910	1,464,222	2,086,980	5,677,510

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

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

**(b) Other financial guarantees**

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

	<b>Financial guarantee liability in relation to the restructure of Convertible Preferred Shares (note (i))</b>	<b>Financial guarantee liability in relation to share subscription (note (ii))</b>	<b>Total</b>
	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>
Initial recognition of financial guarantee liability. . . . .	23,228	108,178	131,406
Charged to the income statement . . . . .	<u>56,388</u>	<u>9,609</u>	<u>65,997</u>
As at 31 December 2008 . . . . .	79,616	117,787	197,403
Credited to the income statement . . . . .	<u>(59,024)</u>	<u>(87,317)</u>	<u>(146,341)</u>
As at 30 June 2009 . . . . .	<u><u>20,592</u></u>	<u><u>30,470</u></u>	<u><u>51,062</u></u>
<b>Unaudited</b>			
Initial recognition of financial guarantee liability. . . . .	23,228	108,178	131,406
Charged to the income statement . . . . .	<u>32,315</u>	<u>—</u>	<u>32,315</u>
As at 30 June 2008 . . . . .	<u><u>55,543</u></u>	<u><u>108,178</u></u>	<u><u>163,721</u></u>

- (i) The Company has provided guarantee and pledge of shares of certain of its subsidiaries for the obligation of Xin Xin in relation to the SI Loan (note 17).

Pursuant to the SI Loan agreements, the Financial Investors have the right to require Xin Xin to repay all or a portion of the loan in cash at any time after the occurrence of any events of default, which include: i) the QIPO does not occur by 31 October 2009 (as extended to 31 March 2010); and ii) any event of default or breach occurs under any document in relation to the Structured Secured Loan (note 16(b)), the partial disposal of Success Will Group Limited (note 21(b)), the New Investment (note 14(e)), the SI Loan or the cooperative agreements in respect of two property development projects (note 21(a)). The guarantee will be released upon the consummation of the QIPO.

- (ii) The Company has provided guarantee and pledge of shares of certain of its subsidiaries for the obligation of Xin Xin and Dr. Hui in relation to the New Investment (note 14(e)).

Pursuant to the New Investment agreements, the investors have a right to put all subscribed shares to Xin Xin, the controlling shareholder of the Company, when there is no QIPO and the put option of the Structured Secured Loan is exercised or due for repayment upon its maturity (note 16(b)). The guarantee will be released upon the consummation of the QIPO.

The fair value and provisions of the Group's financial guarantees have been assessed by Real Actuarial Consulting Limited, an independent qualified valuer.

**32. Commitments****(a) Operating leases commitments**

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

	31 December			30 June
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Property and equipment:				
Not later than one year . . . . .	5,574	27,962	30,742	28,880
Later than one year and not later than five years . . . . .	4,955	84,576	71,749	45,263
Later than five years . . . . .	812	7,262	7,141	6,196
	<u>11,341</u>	<u>119,800</u>	<u>109,632</u>	<u>80,339</u>

**(b) Commitments for property development expenditure**

	31 December			30 June
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Contracted but not provided for . . . . .	<u>1,720,171</u>	<u>8,561,556</u>	<u>12,776,257</u>	<u>14,278,488</u>

**(c) Commitments for land expenditure**

	31 December			30 June
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Contracted but not provided for . . . . .	<u>1,627,454</u>	<u>5,701,475</u>	<u>10,235,592</u>	<u>11,615,701</u>

**33. Business combinations**

On 1 January 2007, the Group acquired 90.4% of the equity interest of 廣州市越秀住宅建設有限公司 (Guangzhou Yuexiu Property Construction Company Limited), a company being principally engaged in provision of construction services for the property development enterprises. The acquired business contributed revenues of RMB 43,970,000 and net profit of RMB 1,941,000 to the Group for the year ended 31 December 2007.

Details of net assets acquired and goodwill are as follows:

Purchase consideration paid . . . . .	RMB'000 41,348
Fair value of net assets acquired . . . . .	<u>(41,348)</u>
Goodwill . . . . .	<u>—</u>

The assets and liabilities as of 1 January 2007 arising from the acquisition are as follows:

	<u>Fair value</u>	<u>Acquiree's carrying amount</u>
Cash and cash equivalents . . . . .	2,012	2,012
Property and equipment ( <i>note 6</i> ) . . . . .	10,897	10,897
Trade and other receivables . . . . .	76,596	76,596
Trade and other payables . . . . .	(35,783)	(35,783)
Borrowings . . . . .	<u>(8,000)</u>	<u>(8,000)</u>
Net assets . . . . .	45,722	45,722
Minority interests (9.6%) . . . . .	<u>(4,374)</u>	
Net assets acquired . . . . .	<u>41,348</u>	
Purchase consideration settled in cash . . . . .		41,348
Cash and cash equivalents in subsidiary acquired . . . . .		<u>(2,012)</u>
Cash outflow on acquisition. . . . .		<u>39,336</u>

### 34. Related party transactions

#### (a) Name and relationship with related parties

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

#### (b) Transactions with related parties

During the years ended 31 December 2006, 2007 and 2008 and the six months ended 30 June 2008 and 2009, the Group had the following significant transactions with related parties:

	<u>Year ended 31 December</u>			<u>Six months ended 30 June</u>	
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2008</u>	<u>2009</u>
	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>
Rental income ( <i>note (i)</i> ):					
Guangzhou Jinbi Dashijie Catering and Entertainment Company Limited . . . . .	<u>3,000</u>	<u>8,606</u>	<u>2,617</u>	<u>1,309</u>	<u>1,309</u>

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

(c) *Key management compensation*

	Year ended 31 December			Six months ended 30 June	
	2006	2007	2008	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Salaries and other short-term employee benefits . . . . .	3,005	8,652	28,832	16,702	17,126
Retirement scheme contributions . . . . .	21	118	317	159	245
	<u>3,026</u>	<u>8,770</u>	<u>29,149</u>	<u>16,861</u>	<u>17,371</u>

(d) *Balances with related parties*

As at 31 December 2006, 2007 and 2008 and 30 June 2009, the Group had the following significant trade and non-trade balances with related parties:

	31 December			30 June
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Amounts due from related parties Included in trade receivables:				
Guangzhou Jinbi Dashijie Catering and Entertainment Company Limited . . . .	—	2,682	2,537	3,805
Included in other receivables (note (i)):				
Xin Xin (BVI) Limited (note (ii)) . . . . .	125,000	125,000	91	522
Others . . . . .	—	—	877	400
	<u>125,000</u>	<u>125,000</u>	<u>968</u>	<u>922</u>
	<u>125,000</u>	<u>127,682</u>	<u>3,505</u>	<u>4,727</u>
Amounts due to related parties Included in trade payables:				
Guangzhou Jinbi Dashijie Catering and Entertainment Company Limited . . . .	—	—	850	—

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

(ii) The amount due from Xin Xin as at 31 December 2007 was offset against the dividends paid out of the Company's share premium in 2008 (note 14(f)).

**(e) Borrowing from related party**

As at 31 December 2006, 2007 and 2008 and 30 June 2009, the Group had the following entrusted bank loans from a related party:

	31 December			30 June
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Guangzhou Hengda Industrial Group Company Limited ( <i>note 16(a)</i> ) . . . . .	211,071	225,508	240,933	249,036

The loan will be settled before the listing of the Company's shares on the Stock Exchange.

**35. Accounting adjustments under common control combination**

The following is a reconciliation of the effect arising from the common control combination on the consolidated balance sheets.

The consolidated balance sheets as at 30 June 2009:

	The Company	The Operating Group	Adjustments	Consolidated
	RMB'000	RMB'000	RMB'000	RMB'000
Investment in the Operating Group . . . . .	2	—	(2)	—
Other assets — net . . . . .	6,405,103	2,601,588	—	9,006,691
Net assets . . . . .	6,405,105	2,601,588	(2)	9,006,691
Share capital . . . . .	209,332	829,813	(829,813)	209,332
Share premium . . . . .	6,000,560	—	—	6,000,560
Merger reserve . . . . .	—	(1,816,285)	829,811	(986,474)
(Accumulated losses)/retained earnings . . .	(819,323)	2,981,634	—	2,162,311
Other reserves . . . . .	1,014,536	361,775	—	1,376,311
Minority interests . . . . .	—	244,651	—	244,651
	6,405,105	2,601,588	(2)	9,006,691

The consolidated balance sheets as at 31 December 2008:

	The Company	The Operating Group	Adjustments	Consolidated
	RMB'000	RMB'000	RMB'000	RMB'000
Investment in the Operating Group . . . . .	2	—	(2)	—
Other assets — net . . . . .	6,141,159	2,441,972	—	8,583,131
Net assets . . . . .	6,141,161	2,441,972	(2)	8,583,131
Share capital . . . . .	209,332	829,813	(829,813)	209,332
Share premium . . . . .	6,000,560	—	—	6,000,560
Merger reserve . . . . .	—	(1,816,285)	829,811	(986,474)
(Accumulated losses)/retained earnings . . .	(1,083,267)	2,745,406	—	1,662,139
Other reserves . . . . .	1,014,536	361,775	—	1,376,311
Minority interests . . . . .	—	321,263	—	321,263
	6,141,161	2,441,972	(2)	8,583,131

The consolidated balance sheets as at 31 December 2007:

	The Company	The Operating Group	Adjustments	Consolidated
	RMB'000	RMB'000	RMB'000	RMB'000
Investment in the Operating Group . . . . .	2	—	(2)	—
Other (liabilities)/assets — net. . . . .	(850,658)	1,701,931	—	851,273
Net (liabilities)/assets . . . . .	<u>(850,656)</u>	<u>1,701,931</u>	<u>(2)</u>	<u>851,273</u>
Share capital . . . . .	125,000	829,813	(829,813)	125,000
Merger reserve. . . . .	—	(1,816,285)	829,811	(986,474)
(Accumulated losses)/retained earnings . . .	(975,656)	2,128,801	—	1,153,145
Other reserves . . . . .	—	346,009	—	346,009
Minority interests . . . . .	—	213,593	—	213,593
	<u>(850,656)</u>	<u>1,701,931</u>	<u>(2)</u>	<u>851,273</u>

The consolidated balance sheets as at 31 December 2006:

	The Company	The Operating Group	Adjustments	Consolidated
	RMB'000	RMB'000	RMB'000	RMB'000
Investment in the Operating Group . . . . .	1	—	(1)	—
Other assets/(liabilities) — net. . . . .	69,540	(577,874)	—	(508,334)
Net assets/(liabilities) . . . . .	<u>69,541</u>	<u>(577,874)</u>	<u>(1)</u>	<u>(508,334)</u>
Share capital . . . . .	125,000	829,812	(829,812)	125,000
Merger reserve. . . . .	—	(1,816,285)	829,811	(986,474)
(Accumulated losses)/retained earnings . . .	(55,459)	166,440	—	110,981
Other reserves . . . . .	—	242,159	—	242,159
	<u>69,541</u>	<u>(577,874)</u>	<u>(1)</u>	<u>(508,334)</u>

### 36. Contingency

On 8 January 2008, the Group entered into a land grant contract with Guangzhou State-owned Land Bureau to acquire a land located in Tianhe District of Guangzhou at a consideration of approximately RMB 4.1 billion. The land was originally designated for residential use, but has since been re-designated by Guangzhou city government as a result of its planned re-zoning of the area as part of a newly established financial district in Guangzhou city. The Group is in negotiation with the government with respect to the amendments to the terms of the land grant contract, including the use of the land and payment terms, but the result is pending as at the date of the accountants' report. The Group has paid a deposit of RMB 130 million but has not paid the remaining land premium which was due in July 2008 according to the original land grant contract. However, The Group has not received any notice from relevant government authorities for violation of the terms of the land grant contract.

Should the Group be unable to reach an agreement in its favour, the Group may be subject to forfeiture of the deposit of RMB 130 million and penalty for delay payment of the land premium in accordance with the original land grant contract. The directors of the Company consider, based on their best estimation of the result of negotiation with the government, that the risk of forfeiture of the deposit and penalty of late payment would be low and therefore has not made any provision for the forfeiture of the deposit and penalty of late payment.

### 37. Subsequent events

- (i) In July 2009, the Group entered into a sale and purchase agreement with four independent third parties to acquire entire interest in Jiangxi Hongji Investment Company Limited ("Jiangxi Hongji") from these four parties at an aggregate consideration of RMB 615,380,000. Jiangxi Hongji was established on 19 April 2004. As at 30 June 2009, the paid-in capital of Jiangxi Hongji was RMB 6,000,000.

Jiangxi Hongji has not carried out any significant business transactions since its establishment other than acquisition of five pieces of lands in Jiangxi Province. As at 30 June 2009, the carrying value of the lands amounted to RMB 108,414,000.

- (ii) In July 2009, the Group has entered into a sale and purchase agreement with two independent third parties to acquire the entire interest in Changsha Xinlin Property Company Limited ("Changsha Xinlin") from these parties at an aggregate consideration of RMB 600,000,000. Changsha Xinlin was established on 9 April 2003. As at 30 June 2009, the paid-in capital of Changsha Xinlin was RMB 8,000,000. Changsha Xinlin has not carried out any significant business transactions since its establishment other than acquisition of a piece of land in Changsha City. As at 30 June 2009, the carrying value of the land amounted to RMB 216,294,000.
- (iii) In July 2009, the Group has entered into a sale and purchase agreement with an independent third party, pursuant to which the Group will acquire a piece of land through acquisition of the entire interest in Taiyuan Mingdu Real Estate Development Company Limited ("Taiyuan Mingdu") set up by the independent third party to hold this land at an aggregate consideration of RMB 445,000,000.
- (iv) In August 2009, the Group entered into a sale and purchase agreement with two independent third parties to acquire entire interest in Jiangxi Cuilin Shanzhuang Limited ("Jiangxi Cuilin") from these two parties at an aggregate consideration of RMB 620,000,000. Jiangxi Cuilin was established on 7 July 2003. As at 30 June 2009, the paid-in capital of Jiangxi Cuilin was RMB 24,793,800. Jiangxi Cuilin has not carried out any significant business transactions since its establishment other than acquisition of a piece of land in Jiangxi Province. As at 30 June 2009, the carrying value of the land amounted to RMB 55,507,000.
- (v) In August 2009, the Group has entered into an agreement with Shijiazhuang State-owned Land Bureau to acquire a piece of land at a consideration of approximately RMB 1.9 billion.
- (vi) In September 2009, the Group entered into a sale and purchase agreement with two independent third parties to acquire entire interest in Anhui Sanlin Property Limited ("Anhui Sanlin") from these two parties at an aggregate consideration of RMB 447,740,000. Anhui Sanlin was established on 2 November 2001. As at 30 June 2009, the paid-in capital of Anhui Sanlin was RMB 100,000,000. Anhui Sanlin has not carried out any significant business transactions since its establishment other than acquisition of a piece of land in Anhui Province. As at 30 June 2009, the carrying value of the land amounted to RMB 138,878,000.

### III. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared for the Company and its subsidiaries in respect of any period subsequent to 30 June 2009. In addition, no dividend or distribution has been declared, made or paid by the Company or its subsidiaries in respect of any period subsequent to 30 June 2009.

Yours faithfully  
**PricewaterhouseCoopers**  
*Certified Public Accountants*  
Hong Kong